IMPORTANT NOTICE

THE BASE PROSPECTUS FOLLOWING THIS NOTICE (THE "BASE PROSPECTUS") IS AVAILABLE ONLY TO: (1) QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED BELOW); (2) INSTITUTIONAL ACCREDITED INVESTORS (AS DEFINED BELOW); OR (3) CERTAIN PERSONS OUTSIDE OF THE U.S.

IMPORTANT: You must read the following before continuing. The following applies to the Base Prospectus, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Base Prospectus. In accessing the Base Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from the Bank, the Arrangers and Dealers (each as defined in the Base Prospectus) as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES DESCRIBED IN THE BASE PROSPECTUS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE U.S. AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THE FOLLOWING BASE PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

The Base Prospectus does not constitute an offer of the securities to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the securities. The Base Prospectus is only being distributed to and is only directed at (i) persons who are outside the United Kingdom; (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); (iii) high net worth entities falling within Article 49(2)(a) to (d) of the Order; or (iv) other persons to whom it may lawfully be communicated (all such persons in (i), (ii), (iii) and (iv) above together being referred to as "relevant persons"). The securities are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on the Base Prospectus or any of its contents.

The Base Prospectus and the securities referred to herein have not been and will not be registered with the Nigerian Securities and Exchange Commission, or under the Nigerian Investments and Securities Act, No. 29 of 2007. Further, neither this Base Prospectus nor any other offering material related to such securities may be utilised in connection with any offering to the public within Nigeria, and the securities may not be offered or sold within Nigeria to, or for the account or benefit of, persons resident in Nigeria, except to the extent that the securities have been registered with the Nigerian SEC and its written approval obtained in accordance with the provisions of the Nigerian ISA and other Nigerian securities law and regulations. Accordingly, this Base Prospectus is not directed to, and such securities are not available for subscription by, any persons within Nigeria.

Confirmation of your representation: In order to be eligible to view the Base Prospectus or make an investment decision with respect to the securities, investors must be either: (1) Qualified Institutional Buyers ("QIBs") (within the meaning of Rule 144A under the Securities

Act); (2) persons who are "accredited investors" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that are institutions ("Institutional Accredited Investors") who execute and deliver an IAI Investment Letter (as defined in the Base Prospectus) in which they agree to purchase the Notes for their own account and not with a view to the distribution thereof; or (3) non-U.S. persons within the meaning of Regulation S outside the United States. The Base Prospectus is being sent at your request and by accepting the email and accessing the Base Prospectus, you shall be deemed to have represented to us that (1) you and any customers you represent are either: (a) QIBs; (b) Institutional Accredited Investors; or (c) non-U.S. persons within the meaning of Regulation S outside the U.S., (2) unless you are a QIB or an Institutional Accredited Investor, the electronic mail address that you gave us and to which this email has been delivered is not located in the U.S., (3) you are a person who is permitted under applicable law and regulation to receive the Base Prospectus and (4) you consent to delivery of the Base Prospectus by electronic transmission.

You are reminded that the Base Prospectus has been delivered to you on the basis that you are a person into whose possession the Base Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Base Prospectus to any other person.

The Base Prospectus does not constitute, and may not be used in connection with, an offer or solicitation in any jurisdiction where offers or solicitations are not permitted by law. If a jurisdiction requires that an offering of securities described herein be made by a licensed broker or dealer and the Arrangers and Dealers or any affiliate of the Arrangers or applicable Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Arrangers or such Dealer or such affiliate on behalf of the Issuer or holders of the applicable securities in such jurisdiction.

The Base Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Bank, the Arrangers and Dealers nor any person who controls them nor any director, officer, employee nor agent of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Base Prospectus distributed to you in electronic format and the hard copy version available to you on request from the Bank, the Arrangers and Dealers.

Please ensure that your copy is complete. You are responsible for protecting against viruses and other destructive items. Your use of this email is at your own risk, and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

BASE PROSPECTUS

ACCESS BANK PLC

(incorporated with limited liability in the Federal Republic of Nigeria)

U.S.$1,000,000,000
Global Medium Term Note Programme

Under this U.S.$1,000,000,000 Global Medium Term Note Programme (the "**Programme**"), Access Bank Plc (the "**Bank**" or the "**Issuer**") may from time to time issue senior notes (the "**Senior Notes**") and subordinated notes (the "**Subordinated Notes**", and together with the Senior Notes, the "**Notes**") denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below), subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Notes may be issued in bearer or registered form (respectively "**Bearer Notes**" and "**Registered Notes**"). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed U.S.$1,000,000,000 (or its equivalent in other currencies calculated as provided for in the Programme Agreement described herein), subject to increase as described herein.

In respect of Bearer Notes, interests in a temporary global note will be exchangeable, in whole or in part, for (i) interests in a permanent global note in bearer form or (ii) for definitive notes in bearer form, in either case, on or after the date 40 days after the later of the commencement of the offering and the relevant issue date, upon certification as to non-U.S. beneficial ownership. Until the expiration of 40 days after the later of the commencement of the offering of a tranche of Regulation S Registered Notes (as defined below) and the issue date thereof, beneficial interests in a global note may be held only through Euroclear Bank SA/NV ("**Euroclear**") or Clearstream Banking S.A. ("**Clearstream, Luxembourg**").

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time to time (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe to such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*" beginning on page 7.

This Base Prospectus has been approved by the Central Bank of Ireland as competent authority under Directive 2003/71/EC as amended (including the amendments made by Directive 2010/73/EU) (the "**Prospectus Directive**"). The Central Bank of Ireland only approves this Base Prospectus as meeting the requirements imposed under Irish and European Union ("**EU**") law pursuant to the Prospectus Directive. Such approval relates only to Notes that are to be admitted to trading on the regulated market (the "**Main Securities Market**") of the Irish Stock Exchange plc (the "**Irish Stock Exchange**") or on another regulated market for the purposes of Directive 2004/39/EC (the "**Markets in Financial Instruments Directive**") and/or that are to be offered to the public in any member state of the European Economic Area ("**EEA**") in circumstances that require the publication of a prospectus. Application has been made to the Irish Stock Exchange for Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to its official list (the "**Official List**") and to trading on the Main Securities Market. References in this Base Prospectus to the Notes being "listed" (and all related references) shall mean that, unless otherwise specified in the applicable Final Terms (as defined below) or the Drawdown Prospectus (as defined below), the Notes have been admitted to the Official List and to trading on the Main Securities Market. The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in a final terms document (the "**Final Terms**") or in a separate prospectus specific to such Tranche (the "**Drawdown Prospectus**") as described under "*Final Terms and Drawdown Prospectuses*" which, with respect to Notes to be listed on the Irish Stock Exchange, will be filed with the Central Bank of Ireland. Copies of such Final Terms and Drawdown Prospectuses will also be published on the Central Bank of Ireland's website at www.centralbank.ie and on the Irish Stock Exchange's website at www.ise.ie.

Notes issued under the Programme may be rated by Standard & Poor's Credit Market Services Europe Limited ("**S&P**"), Fitch Ratings Ltd. ("**Fitch**") or Moody's Investors Service Ltd. ("**Moody's**"), or may be unrated. Where a Series of Notes is rated, such rating will be disclosed in the relevant Final Terms or the relevant Drawdown Prospectus. The Bank's current long-term foreign currency rating by S&P is B (outlook stable), its current long-term foreign currency issuer default rating by Fitch is B and its current long-term foreign currency rating by Moody's is B1. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency. As of the date of this Base Prospectus, each of S&P, Fitch and Moody's is established in the EEA and is registered under Regulation (EU) No 1060/2009 (as amended) (the "**CRA Regulation**"). Whether or not a rating in relation to any Series of Notes will be treated as having been issued by a credit rating agency established in the EEA and registered under the CRA Regulation will be disclosed in the relevant Final Terms or the relevant Drawdown Prospectus.

The Notes have not been, nor will they be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or with any securities regulatory authority of any state or other jurisdiction of the United States, and any Notes issued in bearer form will be subject to U.S. tax law requirements. The Notes may not be offered or sold or, in the case of Bearer Notes, delivered in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. See "*Form of the Notes*" for a description of the manner in which Notes will be issued. Registered Notes are subject to certain restrictions on transfer, see "*Subscription and Sale and Transfer and Selling Restrictions*".

The Bank may agree with any Dealer and Citibank, N.A., London Branch (the "**Trustee**") that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a Drawdown Prospectus will be made available which will describe the effect of the agreement reached in relation to such Notes.

Arrangers and Dealers

Barclays	**Citigroup**	**J.P. Morgan**

Financial Advisers to the Bank

Chapel Hill	**Coronation Merchant Bank**

The date of this Base Prospectus is 23 September 2016

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive.

The Bank accepts responsibility for the information contained in this Base Prospectus, including the Final Terms or the Drawdown Prospectus (as applicable) relating to each Tranche of Notes issued under the Programme. To the best of the knowledge of the Bank (having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Base Prospectus has been filed with and approved by the Central Bank of Ireland as required by the Prospectus (Directive 2003/71/EC) Regulations 2005, as amended (the "Prospectus Regulations"). None of the Dealers and the Trustee nor any of their directors, affiliates, advisers or agents has made an independent verification of the information contained in this Base Prospectus in connection with the issue or offering of any Notes and no representation or warranty, express or implied, is made by the Dealers, the Trustee or any of their respective directors, affiliates, advisers or agents with respect to the accuracy or completeness of such information. Nothing contained in this Base Prospectus is to be construed as, or shall be relied upon as, a promise, warranty or representation, whether to the past or the future, by the Dealers, the Trustee or any of their respective directors, affiliates, advisers or agents in any respect. The contents of this Base Prospectus are not, are not to be construed as, and should not be relied on as, legal, business or tax advice and each prospective investor should consult its own legal and other advisers for any such advice relevant to it.

Copies of the Final Terms and any Drawdown Prospectuses will be available from the registered office of the Issuer and the specified office set out below of each of the Paying Agents (as defined below).

Certain information under the headings "*Book Entry Clearance Systems*", "*Exchange Rates and Exchange Controls*", "*Risk Factors*", "*Management's Discussion and Analysis of Result of Operations and Financial Condition*", "*Nigeria*", and "*The Nigerian Banking Sector*" has been extracted from information provided by the clearing systems, certain Government and other third-party sources, referred to therein. The Bank confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Bank has relied on the accuracy of this information without independent verification.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained in this Base Prospectus or any other information provided by the Bank in connection with the Programme. No Dealer or the Trustee accepts any liability in relation to the information contained in this Base Prospectus or any other information provided by the Bank in connection with the Programme.

Subject as provided in the relevant Final Terms or the relevant Drawdown Prospectus, the only persons authorised to use this Base Prospectus in connection with an offer of Notes are the persons named in the relevant Final Terms or the relevant Drawdown Prospectus as the relevant Dealer or the Managers, as the case may be.

No person is or has been authorised by the Bank, any of the Dealers or the Trustee to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Bank, any of the Dealers or the Trustee.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation, or (ii) should be considered as a recommendation by the Bank, any of the Dealers or the Trustee that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any

Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Bank. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Bank, any of the Dealers or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Bank is correct at any time subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve an adverse change, in the prospects or financial or trading position of the Bank since the date hereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Bank throughout the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and the U.S. Treasury regulations promulgated thereunder.

The Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Bank, the Dealers and the Trustee do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Bank, the Dealers or the Trustee which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the United Kingdom and Nigeria. See "*Subscription and Sale and Transfer and Selling Restrictions*".

In making an investment decision, investors must rely on their own independent examination of the Bank and the terms of the Notes being offered, including the merits and risks involved. The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Base Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Base Prospectus. Any representation to the contrary is unlawful.

None of the Dealers, the Bank or the Trustee makes any representation to any investor regarding the legality of its investment under any applicable laws. Any investor should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

U.S. INFORMATION

Registered Notes may be offered or sold within the United States only to "qualified institutional buyers" ("**QIBs**") within the meaning of Rule 144A ("**Rule 144A**") of the Securities Act or to "accredited investors" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act that are institutions ("**Institutional Accredited Investors**"), in either case in transactions exempt from registration under the Securities Act). Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be being made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A.

Purchasers of Definitive IAI Registered Notes (as defined in "*Form of the Notes—Registered Notes*") will be required to execute and deliver an IAI Investment Letter (as defined under "*Terms and Conditions of the Notes—Transfer of interests*"). Each purchaser or holder of Definitive IAI Registered Notes, Notes represented by a Rule 144A Global Note (as defined in "*Form of the Notes—Registered Notes*") or any Notes issued in registered form in exchange or substitution therefor (together, "**Legended Notes**") will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in "*Subscription and Sale and Transfer and Selling Restrictions*". Unless otherwise stated, terms used in this paragraph have the meanings given to them in "*Form of the Notes*".

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF NOTES OR THE ACCURACY OR THE ADEQUACY OF THIS BASE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

There are two regimes for the enforcement of foreign judgments in Nigeria: the Reciprocal Enforcement of Judgment Ordinance Cap 175, Laws of the Federation of Nigeria and Lagos, 1958 (the "**Reciprocal Enforcement Ordinance**") and part 1 of the Foreign Judgments (Reciprocal Enforcement) Act, Cap F35 Laws of the Federation of Nigeria 2004 (the "**Reciprocal Enforcement Act**").

The Reciprocal Enforcement Ordinance applies to judgments obtained (a) in the High Courts in England or Ireland, or in the Court of Session in Scotland or in any territory under Her Majesty's protection to which the Reciprocal Enforcement Ordinance is extended by proclamation or (b) in the superior court of any of the countries covered by the Reciprocal Enforcement Ordinance. The Reciprocal Enforcement Act applies to judgments from any superior court of any foreign country which accords reciprocal treatment to judgments given in Nigeria. Subject to certain exceptions, judgments obtained in these jurisdictions are enforceable by registration under the Reciprocal Enforcement Ordinance and by virtue of section 10(a) of the Reciprocal Enforcement Act. To be enforceable, such judgments must be registered within 12 months after the date of the judgment or such longer period as may be allowed by a superior court in Nigeria. The judgment must (i) derive from civil proceedings; (ii) be final and capable of execution in the country of delivery; (iii) must not have been wholly satisfied; and (iv) not suffer from want of jurisdiction, lack of fair hearing or fraud, be contrary to public policy or have been discontinued because the issue had already been decided by another competent court before its determination by the foreign court.

Accordingly, under the first regime, foreign judgments relating to the Notes are registrable and enforceable in Nigeria if such judgments are obtained in (a) the High Courts of England or Ireland or in the Court of Session in Scotland or in other parts of Her Majesty's control to which the Reciprocal Enforcement Ordinance is extended by proclamation; or (b) the superior court of any of the countries covered by the Reciprocal Enforcement Ordinance. However, such judgments obtained are not registrable or enforceable in Nigeria where (i) the foreign court acted without jurisdiction; (ii) the judgment debtor, being a person who was neither carrying on business nor ordinarily resident within the jurisdiction of the foreign court, did not voluntarily appear or otherwise submit or agree to submit to the jurisdiction of that court; (iii) the judgment debtor was not duly served with the process of the foreign court; (iv) the judgment was obtained by fraud; (v) the judgment debtor satisfies the registering court that an appeal is pending against the judgment or that he is entitled to and intends to appeal against the judgment; (vi) the judgment was in respect of a cause of action which could not have been entertained by the registering court for reasons of public policy or for some other similar reason; or (vii) such judgment is not registered within 12 months after the date of the judgment or such longer period as may be allowed by a superior court in Nigeria. In this regard, notwithstanding that a judgment emanates from a jurisdiction to which the Reciprocal Enforcement Ordinance applies, such judgment will not be registrable or enforceable in Nigeria if the judgment falls within any of the exceptions enumerated in (i) to (vii) above.

Furthermore, in the event that, in the future, the Minister of Justice of Nigeria (the "**Minister of Justice**") changes the Reciprocal Enforcement Act (discussed below) to apply to judgments from the High Court in England or Ireland, or in the Court of Session in Scotland or to other parts of Her Majesty's control, or from the superior court of any foreign country, then enforcement of such judgments will need to be in accordance with part 1 of the Reciprocal Enforcement Act which is the second regime for the enforcement of judgements in Nigeria.

Under the second regime for the enforcement of foreign judgments in Nigeria that is part 1 of the Reciprocal Enforcement Act, applies to judgments obtained in the superior courts of any country (other than Nigeria) and registered with a superior court of record in Nigeria within six years after the date of the judgement or where there have been proceedings by way of appeal against the judgment, within six years after the date of the last judgement given in those proceedings, subject to the satisfaction of the following two conditions: (i) Nigerian judgments must be accorded substantial reciprocity of treatment in courts of the relevant foreign jurisdiction; and (ii) the Minister of Justice must have made an order extending the applicability of part 1 of the Reciprocal Enforcement Act to judgments obtained in such foreign jurisdiction.

In addition, judgments from such jurisdictions are only registrable: (i) where the judgments have not been wholly satisfied; (ii) where the judgments are final and conclusive as between the parties thereto; (iii) where there is payable under such judgments, a sum of money, not being a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty; and (iv) where the judgments would have been enforceable by execution in the jurisdiction of the original court (the

"**Additional Requirements**"). Despite the registration of a judgment by a superior court in Nigeria, the court may upon the filing of an application by any party against whom a registered judgment may be enforced, set aside the registration of such judgment where the court is satisfied that: (i) the judgment is not a judgment to which part 1 of the Reciprocal Enforcement Act applies or was registered in contravention of the provisions of the Reciprocal Enforcement Act; (ii) the courts of the country of the original court had no jurisdiction in the circumstances of the case; (iii) the judgment debtor, being the defendant in the proceedings in the original court, did not (notwithstanding that process may have been duly served on him in accordance with the law of the country of the original court) receive notice of those proceedings in sufficient time to enable him to defend the proceedings and did not appear; (iv) the judgment was obtained by fraud; (v) the enforcement of the judgment would be contrary to public policy in Nigeria; (vi) the rights under the judgment are not vested in the person by whom the application for registration was made.

Notwithstanding the above, by virtue of Section 10(a) of the Reciprocal Enforcement Act, judgments obtained prior to the order of extension of the Reciprocal Enforcement Act by the Minister of Justice are registrable in Nigeria within 12 months after the date of such judgment or such longer period extended by the court, *provided* they satisfy the Additional Requirements. There is no treaty between the United States and Nigeria providing for reciprocal enforcement of judgments and the Minister of Justice has not directed the application of the Reciprocal Enforcement Act to judgments derived from United States courts. Thus, as of the date hereof, judgments from courts in the United States can only be enforced in Nigeria by registration under section 10(a) of the Reciprocal Enforcement Act if such judgments are registered within 12 months after the date of the judgment or such longer period as may be allowed by a superior court in Nigeria and they satisfy the Additional Requirements.

Based on the provisions of the Reciprocal Enforcement Ordinance, foreign judgments can be enforced and recovered in foreign currency. In contrast, part 1 of the Reciprocal Enforcement Act provides that a foreign judgment to which part 1 of the Reciprocal Enforcement Act applies may only be enforceable in Nigeria in the local currency. However, the relevant provision of the part 1 of the Reciprocal Enforcement Act will only become effective if the Minister of Justice declares that the Reciprocal Enforcement Act shall apply to judgments of superior courts of a particular country that accords reciprocal treatment to judgments of superior courts of Nigeria. In that event, judgments of superior courts of that country (whether or not previously covered by the Reciprocal Enforcement Ordinance), when registered and enforced in Nigeria, will be enforced only in Naira. One challenge presented by this is that the judgment creditor may be faced with significant exchange rate losses given that the judgment sum will be converted into the local currency on the basis of the prevailing rate of exchange on the date the judgment is sought to be enforced and is obtained. To date, the Minister of Justice has not issued any order extending the application of part 1 of the Reciprocal Enforcement Act to judgments of superior courts of any country, and until such order is made, there is no restriction on Nigerian courts to register and enforce foreign judgments which come under the purview of the Reciprocal Enforcement Ordinance and/or section 10(a) of the Reciprocal Enforcement Act in foreign currency.

STABILISATION

In connection with the issue of any Tranche of Notes, one or more relevant Dealers named as the Stabilising Manager(s) (the "**Stabilising Manager(s)**") (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms or the applicable Drawdown Prospectus may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial statements

The Bank maintains its books of accounts in Naira in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS**").

Unless otherwise indicated, financial information set forth herein related to the Bank and its consolidated subsidiaries (the "**Group**") has been derived from the Group's interim consolidated financial statements as at and for the six months ended 30 June 2016 (the "**Interim Financial Statements**"), the Group's consolidated financial statements as at and for the year ended 31 December 2015 (the "**2015 Financial Statements**"), the Group's consolidated financial statements as at and for the year ended 31 December 2014 (the "**2014 Financial Statements**") and the Group's consolidated financial statements as at and for the year ended 31 December 2013 (the "**2013 Financial Statements**" and together with the Interim Financial Statements, the 2015 Financial Statements and the 2014 Financial Statements, the "**Financial Statements**"), each of which were prepared in accordance with IFRS and included elsewhere in this Base Prospectus.

The Financial Statements were also prepared in accordance with the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 ("**CAMA**"), Banks and Other Financial Institutions Act, CAP B3 Laws of the Federation of Nigeria 2004 ("**BOFIA**"), the Financial Reporting Council Act No. 6, 2011 and relevant Central Bank of Nigeria ("**CBN**") circulars and guidelines, which requirements are in addition to, and do not conflict with the requirements under IFRS.

Investors should note that certain other financial information and data set forth herein (including the financial information in "*Selected Statistical and Other Information*"), including monthly average financial information and data, has been derived from the unaudited management accounts of the Group. See "*Non-IFRS Measures of Financial Performance*" below.

The Financial Statements, including the audit reports of PricewaterhouseCoopers, Nigeria ("**Pricewaterhouse**") thereon, are set forth elsewhere in this Base Prospectus. The Financial Statements were audited by Pricewaterhouse, located at 5B Water Corporation Road, Victoria Island, P.O. Box 2419, Lagos, Nigeria, in each case in accordance with International Standards on Auditing ("**ISA**"). Pricewaterhouse is an independent auditor in accordance with ISA.

Non-IFRS measures of financial performance

In addition to the Group's Financial Statements presented in accordance with IFRS, the Group uses certain ratios and measures included herein that would be considered non-IFRS financial measures.

A non-IFRS financial measure is defined as one that measures historical or future financial performance, financial position or cash flows but excludes or includes amounts that would not be so adjusted in the most comparable IFRS measures. These non-IFRS financial measures are not a substitute for IFRS measures, for which management has responsibility. The non-IFRS measures included in this Base Prospectus are not in accordance with or an alternative to measures prepared in accordance with IFRS and may be different from similarly titled non-IFRS measures used by other issuers.

The Bank's management believes that this information, along with comparable measures under IFRS, is useful to investors because it provides a basis for measuring the organic operating performance in the years presented. These measures are used in internal management of the Group, along with the most directly comparable financial measures under IFRS, in evaluating the Group's operating performance. Non-IFRS financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with IFRS. Non-IFRS financial measures as reported by the Group may not be comparable to similarly titled amounts reported by other issuers.

The Bank's management believes that these non-IFRS measures, when considered in conjunction with measures under IFRS, enhance investors' and management's overall understanding of the Group's current financial performance. In addition, because the Group has historically reported certain non-IFRS results to investors, the Bank's management believes that the inclusion of non-IFRS measures provides consistency in the Group's financial reporting.

Restatements and reclassifications

The Group's statement of comprehensive income for the year ended 31 December 2013 was restated to reflect its interest in Associate Discount House Limited as a discontinued operation in the 2014 Financial Statements. Accordingly, the financial information relating to the Group as of and for the year ended 31 December 2013 has been derived from the comparative period information for the year ended 31 December 2014, such that all financial information included in the Base Prospectus is presented on a consistent basis. For further details and a reconciliation of the 2013 comprehensive income included herein to the 2014 Financial Statements, see Note 47 to the 2014 Financial Statements.

The Group's statement of comprehensive income for the year ended 31 December 2014 was restated to reflect certain reclassifications between line items in the 2015 Financial Statements. Accordingly, the financial information relating to the Group as of and for the year ended 31 December 2014 has been derived from the comparative period information for the year ended 31 December 2015, such that all financial information included in the Base Prospectus is presented on a consistent basis. For further details and a reconciliation of the 2014 comprehensive income included herein to the 2015 Financial Statements, see Note 41 to the 2015 Financial Statements.

Third party information

The Bank obtained certain statistical and market information that is presented in this Base Prospectus in respect of the Nigerian banking sector, the Nigerian economy and the Nigerian political landscape in general from certain Government and other third-party sources (including annual reports) as identified where it appears herein. This third-party information is presented in the following sections of the Base Prospectus: "*Exchange Rates and Exchange Controls*", "*Risk Factors*", "*Management's Discussion and Analysis of Results of Operations and Financial Condition*", "*Nigeria*", and "*The Nigerian Banking Sector*". The Bank has accurately reproduced such information and, so far as the Bank is aware and is able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Nevertheless, prospective investors are advised to consider this data with caution. Market studies are often based on information or assumptions that may not be accurate or appropriate, and their methodology is inherently predictive and speculative. Neither the Bank nor any of the Dealers have independently verified the figures, market data or other information on which third parties have based their studies.

Certain statistical information reported herein has been reproduced from official publications of, and information supplied by, a number of Government agencies and ministries, and other governmental and intergovernmental organisations, including:

- the CBN;
- the International Monetary Fund ("**IMF**");
- the Nigerian Debt Management Office ("**DMO**");
- the National Bureau for Statistics of Nigeria ("**NBS**");
- the Nigerian Federal Ministry of Finance ("**FMF**"); and
- the U.S. Central Intelligence Agency ("**CIA**").

Official data published by the Nigerian government may be substantially less complete or researched than those of more developed countries. Nigeria faces a number of challenges in gathering statistical data such as inadequate data coverage, inadequate information on sub-national public finances, lack of regularly available data on economic activity and significant errors and omissions in the balance of payment data, all of which hinder compilation of timely and consistent data. Nigeria has attempted to address some inadequacies in its national statistics through the adoption of the Statistics Act No. 9 of 2007, which established the National Statistical System ("**NSS**") and created the NBS (which came into existence as a result of the merger of the Federal Office of Statistics and the National Data Bank) as its coordinator but there is no assurance that such inadequacies have been resolved.

Investors should note that in April 2014, Nigeria, through the NBS and in partnership with the World Bank, IMF and the African Development Bank (the "**AfDB**"), rebased its gross domestic product

("**GDP**") for the first time since 1990. Following the 2014 rebasing, the size of the Nigerian economy was larger in comparison to the size of the economy prior to rebasing, due to the inclusion of new economic activities, such as the contribution of telecommunications, financial services and internet usage.

Rounding

Certain figures included in this Base Prospectus have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Certain defined terms

In this Base Prospectus:

"**Acquisition**" refers to the acquisition by the Bank on 14 October 2011 of an initial 75 per cent. equity stake in Intercontinental Bank pursuant to the terms of and subject to the conditions in the TIA;

"**Bank**" refers to Access Bank Plc;

"**CAMA**" refers to Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004;

"**CBN**" refers to the Central Bank of Nigeria;

"**euro**" or "**€**" refers to the currency introduced at the start of the third stage of the European Economic and Monetary Union and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended;

"**£**" refers to the lawful currency of the United Kingdom;

"**Group**" refers to (a) in respect of periods prior to completion of the Acquisition, the Bank and its consolidated subsidiaries (excluding the Intercontinental Bank Group), and (b) in respect of periods following completion of the Acquisition, the Bank and its consolidated subsidiaries (including the relevant members of the Intercontinental Bank Group and/or its merged assets, liabilities and undertakings, as applicable) following completion of the Acquisition and/or Merger, as applicable;

"**Intercontinental Bank**" refers to Intercontinental Bank Plc prior to its dissolution on 23 January 2012 as part of the Merger process;

"**Intercontinental Bank Group**" refers to Intercontinental Bank and its consolidated subsidiaries prior to completion of the Merger;

"**LFN**" means the Laws of the Federation of Nigeria, 2004;

"**Merger**" refers to the merger, which completed on 23 January 2012 of the assets, liabilities and undertakings of the Intercontinental Bank Group with the assets, liabilities and undertakings of the Group following completion of the Acquisition, pursuant to the TIA;

"**Naira**" or "**₦**" refers to the Nigerian Naira, the official currency of Nigeria;

"**NDIC**" refers to the Nigeria Deposit Insurance Corporation;

"**Nigeria**" or the "**Government**" refers to the Federal Republic of Nigeria;

"**SEC**" or "**Nigerian SEC**" refers to the Nigerian Securities and Exchange Commission;

"**TIA**" means the Transaction Implementation Agreement dated 6 July 2011 and entered into between the Bank, Intercontinental Bank and Project Star Investments Limited, as amended by the Amending Agreement to the Transaction Implementation Agreement entered into on 15 August 2011 and as further amended by the Further Amending Agreement to the Transaction Implementation Agreement entered into on 11 October 2011;

"**United States**" or the "**U.S.**" refers to the United States of America; and

"**U.S. dollar**" or "**U.S.$**" refers to the lawful currency of the United States of America.

FORWARD-LOOKING STATEMENTS

Certain statements included herein may constitute forward-looking statements that involve a number of risks and uncertainties. They may also constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the United States Securities Act of 1934, as amended (the "**Exchange Act**"); however, this Base Prospectus is not entitled to the benefit of the safe harbour created thereby. Certain such forward-looking statements can be identified by the use of forward-looking terminology such as "believes", "expects", "may", "are expected to", "intends", "will", "will continue", "should", "would be", "seeks", or "anticipates" or similar expressions or the negative thereof or other variations thereof or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Base Prospectus and include statements regarding the Group's intentions, beliefs or current expectations concerning, amongst other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which it operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future.

Prospective investors should be aware that forward-looking statements are not guarantees of future performance and that the Group's actual results of operations, financial condition and liquidity, and the development of the industry in which it operates may differ materially from those made in or suggested by the forward-looking statements contained in this Base Prospectus. In addition, even if the Group's results of operations, financial condition and liquidity and the development of the industry in which it operates are consistent with the forward-looking statements contained in this Base Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause those differences include, but are not limited to:

- anticipated growth of the Group's corporate and investment banking, commercial banking, business banking, personal and private banking businesses;
- the Group's ability to grow its loan portfolio at historical rates; and
- the Group's ability to manage liquidity risks.

Factors that could cause actual results to differ materially from the Group's expectations are contained in cautionary statements in this Base Prospectus and include, amongst other things, the following:

- overall political, economic and business conditions in Nigeria, including oil prices and oil production;
- exchange rate fluctuations, including following the Naira float and any currency control measures imposed or reinstated;
- changes in government regulations applicable to the Group's activities and the Group's customers;
- the demand for the Group's products and services;
- competitive factors in the industries in which the Group and its customers compete;
- interest rate fluctuations and other capital market conditions;
- changes in tax requirements, including tax rate changes, new tax laws and revised tax law interpretations;
- economic and political conditions in international markets, including governmental changes;
- hostilities and restrictions on the ability to transfer capital across borders;
- the impact of the removal of petroleum subsidies by the Nigerian federal government (the "**Federal Government**"); and
- the timing, impact and other uncertainties of future actions.

The sections of this Base Prospectus entitled "*Risk Factors*", "*Management's Discussion and Analysis of Results of Operations and Financial Condition*", "*Description of the Group*" and "*Selected Statistical and Other Information*" contain a more complete discussion of the factors that could affect the Group's future performance and the industry in which it operates. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Base Prospectus may not occur.

These forward-looking statements speak only as at the date of this Base Prospectus. Except as required by applicable law or regulation, the Bank does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Bank or the Group or to persons acting on their behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Base Prospectus.

EXCHANGE RATES AND EXCHANGE CONTROLS

Exchange rates

The Nigerian foreign exchange market has undergone significant changes since its inception in 1986. Prior to the introduction of an official exchange rate market, foreign exchange was processed by the private sector and kept abroad by commercial banks, which acted as agents for local exporters. In 1986, the country introduced its first official foreign exchange market, the Second-Tier Foreign Exchange Market.

Subsequent reforms, including the introduction of the Foreign Exchange Market Bureaux de Change, led to the liberalisation of the foreign exchange market and the introduction of the Autonomous Foreign Exchange Market in 1995.

In 1999, the Inter-Bank Foreign Exchange Market, was introduced to address the shortfalls in the previous exchange rate regime. The IFEM was subsequently succeeded by the Dutch Auction System ("**DAS**") on July 19, 2002 and then replaced by Wholesale Dutch Auction System ("**WDAS**") in 2006.

In recent times however, the decline in global oil prices and the resultant fall in the Nigeria's foreign exchange earnings, has led to volatile exchange rates and a divergence between the official and parallel market rates. This resulted in undesirable practices including speculative demand, round-tripping and an inefficient use of limited foreign exchange resources by market participants. This continued to put pressure on Nigeria's foreign exchange reserves and ultimately led to the closure of the Retail Dutch Auction System / WDAS foreign exchange window at the CBN in 2015.

Nigeria has since operated its foreign exchange transactions through the inter-bank foreign exchange market, albeit under a fixed-currency regime with the Naira pegged to the U.S. dollar. In June 2016, the CBN liberalised the foreign exchange market with the introduction of an autonomous/inter-bank market and the ending of the Naira peg to the U.S. dollar. Additionally, to promote the global competitiveness of the market, the CBN has announced its intention to continue to participate in the foreign exchange market through direct intervention both in the inter-bank and secondary market. As part of the new exchange rate policy, the CBN introduced Foreign Exchange Primary Dealers, registered authorised dealers designated to transact large trade sizes with the CBN on a two-way quote basis.

The following table sets forth information on the Official Exchange Rate between the Naira and the U.S. dollar for each of the periods specified. The average rate for each period means the average of the exchange rates for each day during that period, as applicable:

	Average[(1)]	High	Low	Period End
	(Naira per U.S. dollar)			
September 2016 (through — 16 September, 2016)	315.2	325.3	310.5	315.8
Aug-16	322.0	347.3	310.8	314.3
Jul-16	292.8	319.8	282.0	319.8
Jun-16	233.0	283.5	198.5	281.3
May-16	199.0	199.3	198.8	199.1
Apr-16	198.9	199.3	198.5	199.0
March 2016	199.0	199.4	198.5	199.1
Feb-16	199.0	199.3	198.5	199.1
Jan-16	198.9	199.4	198.5	199.0
2015	197.8	206.0	178.8	199.3
2014	165.2	187.1	158.7	183.5
2013	159.2	163.9	156.1	160.4
2012	158.8	163.5	156.0	156.2

(1) The average of the exchange rates for each day during the year or period, as applicable. Sources: CBN Statistical Bulletin, CBN Financial Markets Department and CBN Exchange Rates.

As of 16 September 2016, the Official Exchange Rate was ₦315.80: U.S.$1.00.

U.S. dollar translation

Solely for the convenience of the reader, this Base Prospectus presents unaudited translations of certain Naira amounts into U.S. dollars. The Group has translated certain financial information into U.S. dollars at the rate of U.S.$1.00 = ₦282.97. This rate represents the rate of the Inter-Bank Foreign Exchange Market on 30 June 2016.

No representation is made that the Naira or U.S. dollar amounts in this Base Prospectus could have been converted in U.S. dollars or Naira, as the case may be, at any particular rate or at all. In addition, fluctuations in the exchange rate between the Naira and the U.S. dollar in the past are not necessarily indicative of fluctuations that may occur in the future.

Exchange controls

The Exchange Control (Repeal) Act No. 8 of 1995 and the Foreign Exchange (Monitoring and Miscellaneous Provisions) Act, Cap F34, LFN, 2004 (the "**Forex Act**"), which repealed various pieces of legislation, substantially liberalised exchange controls in Nigeria which had been in place since 1982. The Forex Act introduced regulatory monitoring provisions on foreign exchange in Nigeria in place of exchange control provisions. The Forex Act allows any person to invest foreign currency or capital imported into Nigeria through an authorised dealer in any enterprise or security in Nigeria (except enterprises expressly prohibited by relevant provisions of Nigerian law). Following importation of the investment capital, the authorised dealer shall, within a period of 24 hours, issue to the investor, a Certificate of Capital Importation ("**CCI**") which guarantees unconditional repatriation and/or transferability of funds in freely convertible currency.

The CCI enables foreign investors (through an authorised dealer) to access the Nigerian foreign exchange market for the purpose of converting the proceeds of capital invested in Nigeria into freely convertible currency.

The Bank intends to use the net proceeds from the issue of the Notes for general banking purposes. See "*Use of Proceeds*".

The Bank may, but is not required to, import the proceeds from the issue of the Notes into Nigeria. Where the proceeds are imported into Nigeria, they will be paid into the Bank's foreign currency domiciliary account and may be converted into Naira or retained in foreign currency.

The Bank will not obtain a CCI in respect of the proceeds of the Notes that are not converted into Naira as a CCI is only issued in respect of capital imported into Nigeria and converted into Naira. In those circumstances, the Bank will make principal repayment and interest payment on the Notes from its foreign currency reserves as it will not be able to obtain access to the Nigerian foreign exchange market. However, the Bank intends to use the proceeds of any Notes to refinance U.S. dollar liabilities or fund its U.S. dollar loan book to customers that earn revenue in U.S. dollars and accordingly can service their borrowings from the Bank in U.S. dollars. See "*Risk Factors - Risks Relating to the Notes – Shortage of U.S. dollar liquidity in the Nigerian market may adversely affect the Bank's ability to service its U.S. dollar liabilities*".

In relation to proceeds of Notes that are in-flowed into Nigeria and converted into Naira, the Bank will obtain a CCI evidencing the inflow of the proceeds of the Notes into Nigeria. The CCI will be issued in the name of the trustee who will use the obtained CCI to repatriate the principal and interest payments due to the Noteholders from the Bank through the Nigerian foreign exchange market. The CCI guarantees the unconditional repatriation and/or transferability of the interest payable on the Notes and the principal amount of the Notes in freely convertible currency.

OVERVIEW OF THE GROUP

This section contains an overview of the detailed information and financial information included elsewhere in this Base Prospectus. This overview may not contain all of the information that may be material to prospective investors and, therefore, should be read in conjunction with this entire Base Prospectus, including the more detailed information regarding the Group's business and financial information and related notes included elsewhere in this Base Prospectus or referenced herein. Prospective investors should also carefully consider the information set forth in the section "Risk Factors".

Access Bank is a full service commercial bank operating through branches and service outlets located in major centres primarily across Nigeria and sub-Saharan Africa, as well as the United Kingdom, with representative offices in China, Lebanon and the United Arab Emirates (Dubai). The Group provides a wide range of banking and other financial services to over 7 million customers from 371 branches and service centres with total assets of ₦3.3 trillion, all as at 30 June 2016. According to The Banker Magazine in February 2016, Access Bank is one of the five largest banks in Nigeria in terms of assets, loans and deposits, and is ranked as one of Africa's top 20 banks by total assets and capital. The Group's strategy focuses on the pursuit of building sustainable practices, innovation, superior service delivery and employee empowerment.

As at 30 June 2016, the Group has over 800,000 shareholders comprising Nigerian and international institutional investors, and more than 5,000 staff. The Group's debt instruments are listed on the London Stock Exchange and the Irish Stock Exchange, and, as at 22 September 2016, the Bank has a credit rating of B from S&P, B from Fitch and B1 from Moody's.

The Group's financial products and services include corporate and trade finance operations, treasury and investment services, retail banking products and services (including current and savings accounts, credit cards, automated teller machine ("**ATM**") services, electronic banking and retail lending), money market activities and private banking services/wealth management.

The Group applies a value chain model ("**VCM**") which it views as a key competitive differentiator to acquire and retain market share, by aiming to develop and align its products and services to the activities of its corporate clients and various stakeholders who participate in creating value for these corporate clients, such as suppliers, distributors, customers, employees (including their family members) and shareholders of such corporate clients, as well as government authorities and regulators who interact with those corporate clients. In 2015, the Group adopted the use of data analytics and technology to support its VCM and grow its share of top corporate and commercial banking customers. In addition, in 2015 the Group re-engineered certain existing processes across the Group to enable enhanced collaboration amongst the Group's strategic business units ("**SBUs**") in an effort to drive sustainability throughout the entire value chain. Under these new processes, each SBU is encouraged to seek to extend the VCM to stakeholders who may not be its immediate customers in partnership with other SBUs. For example, the Commercial Banking SBU, which primarily serves private and public sector business, would be encouraged to collaborate with the Personal Banking SBU to build relationships with potential new clients who may be employees of the private and public sector businesses. This collaboration has permitted the continued development and launch of products tailored to customers across the value chain and which are offered in key growth sectors and markets for Access Bank.

The Group's main business activities are served by the following SBUs:

- ***Corporate and Investment Banking***: Access Bank believes that the Corporate and Investment Banking SBU has become one of the largest support bases for institutional clients that are driving change in Nigeria through infrastructure development projects, the construction of improved transportation links and other commercial and real estate developments. The Corporate and Investment Banking SBU primarily serves multinational, large local and foreign-owned companies with minimum annual turnover of ₦10 billion. The Corporate and Investment Banking SBU continues to seek long-term partnerships with such clients across key growth sectors of the Nigerian economy, particularly oil & gas, telecommunications, power and infrastructure and food and beverages, as well as transport and household utilities. In addition, the Corporate and Investment Banking SBU's treasury team provides solutions to address corporate client needs across funding, foreign exchange, liquidity, investment, hedging and other risks. This SBU also provides customised financial solutions to complex funding challenges of large corporate clients in key sectors of the Nigerian economy and is responsible for the Group's relationships with domestic and international financial institutions (including development finance institutions ("**DFIs**")).

- ***Commercial Banking***: As at 30 June 2016, the Commercial Banking SBU is the largest market-facing business that operates within the Group. This SBU offers specialised business solutions and bespoke financial services to support the needs of its target markets, namely general commerce/trading, manufacturing, construction, hospitality and lifestyle (such as hotels and restaurants), the public sector and the Asian market. The Commercial Banking SBU primarily serves:

    - private sector businesses, consisting of local and foreign-owned institutions operating within the Group's identified market segments with a minimum annual business turnover of ₦1 billion (excluding companies that meet the Corporate and Investment Banking SBU customer criteria); and

    - public sector, federal, state and local government (including ministries, departments and agencies) and government-affiliated businesses.

- ***Business Banking***: The Business Banking SBU primarily serves companies and small and medium enterprises ("**SMEs**") that are seeking to grow their business with annual turnover of not more than ₦1 billion. This SBU has recorded considerable growth in its customer base, with over 300,000 customers spread across key market segments including imports and exports, commerce/distributive trade, educational institutions, contractors and healthcare providers as at 30 June 2016 (as compared with over 150,000 customers as at 30 June 2015).

- ***Personal Banking***: With a retail banking focus, the Personal Banking SBU offers integrated products and services to ultra-high and high net worth individuals, affluent professionals, employees in the value chain of the Group's corporate clients, as well as students, pensioners and informal traders. This SBU also provides international money transfer services through the Group's franchise business primarily for remittance services, utilities and government revenue collection, as well as development banking with emphasis on non-governmental organisations.

- ***Digital Banking***: The Digital Banking SBU provides solutions to enable consumers to make purchases and payments conveniently and allow businesses to sell and accept payment in their preferred manner while seeking to connect businesses and their customers in a way that adds value to both parties. Through the Group's digital banking solutions, Access Bank seeks to provide its customers with the ability to access these payment services across various devices or channels in an effort to enable the Group to deliver a seamless customer experience.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

The following tables set forth selected historical consolidated financial information derived from the Financial Statements. The Financial Statements have been prepared in accordance with IFRS and the provisions of CAMA, BOFIA and relevant CBN circulars and guidelines and are presented in Naira and included elsewhere in this prospectus.

Prospective investors should read the following summary consolidated financial and other information in conjunction with the information contained in "*Management's Discussion and Analysis of Results of Operations and Financial Condition*", "*Selected Statistical and Other Information*" and the Interim Financial Statements, the Financial Statements, and the related notes thereto.

Select consolidated statement of financial position information of the Group

	As at 30 June		As at 31 December		
	2016	2015	2015	2014	2013
			(₦ thousands)		
Assets					
Cash and cash equivalents	612,253,609	421,807,185	478,409,336	405,014,793	439,459,541
Investment under management	11,403,713	—	10,403,608	—	—
Non pledged trading assets	23,778,607	48,596,047	52,298,422	28,411,644	3,877,969
Pledged assets	269,177,523	201,859,244	203,715,397	87,072,147	63,409,851
Derivative financial instruments	155,550,018	63,127,743	77,905,020	24,866,681	102,123
Loans and advances to banks	69,059,407	106,830,748	42,733,910	12,435,659	24,579,875
Loans and advances to customers	1,746,863,344	1,173,400,803	1,365,830,831	1,110,464,441	786,169,703
Investment securities	206,196,592	191,366,618	186,223,126	270,211,388	353,811,348
Other assets	91,048,323	76,471,150	83,014,503	56,310,620	52,019,723
Investment properties	—	—	—	—	23,974,789
Investments in equity accounted investee	—	—	—	—	3,623,326
Property and equipment	80,101,766	72,239,468	73,329,927	69,659,707	67,243,305
Intangible assets	7,026,886	5,862,357	6,440,616	5,592,991	3,659,072
Deferred tax assets/(liabilities)	4,986,776	7,116,843	10,845,612	10,881,984	10,687,635
	3,277,446,564	2,368,678,206	2,591,150,308	2,080,922,055	1,832,618,260
Assets classified as held for sale	140,727	23,438,484	179,843	23,438,484	2,847,740
Total assets	**3,277,587,291**	**2,392,116,690**	**2,591,330,151**	**2,104,360,539**	**1,835,466,000**
Liabilities					
Deposits from financial institutions	208,982,658	153,236,174	72,914,421	119,045,423	72,147,956
Deposits from customers	1,970,423,706	1,639,360,239	1,683,244,320	1,454,419,052	1,331,418,659
Derivative financial instruments	48,090,028	2,934,631	3,077,927	1,989,662	32,955
Debt securities issued	212,484,633	149,401,065	149,853,640	138,481,179	55,828,248
Current tax liabilities	6,317,489	6,949,788	7,780,824	8,180,662	6,899,558
Other liabilities	91,961,420	51,311,200	69,355,947	21,689,079	56,847,216
Retirement benefit obligations	6,164,500	3,656,002	5,567,800	3,269,100	1,933,021
Interest-bearing loans and borrowings	304,070,191	82,310,714	231,467,161	79,816,309	64,338,982
Deferred tax liabilities	476,062	312,857	266,644	59,038	37,861
	2,848,970,687	2,089,472,670	2,223,528,684	1,826,949,811	1,589,448,456
Liabilities classified as held for sale	—	—	—	—	1,499,495
Total liabilities	**2,848,970,687**	**2,089,472,670**	**2,223,528,684**	**1,826,949,811**	**1,590,983,951**
Equity					
Share capital and share premium	212,438,802	172,477,671	212,438,802	172,477,671	172,477,671
Retained earnings	70,691,647	55,939,485	51,730,369	34,139,453	22,232,374
Other components of equity	139,788,357	70,533,657	99,732,330	67,262,761	48,003,894
Total equity attributable to owners of the Bank	**422,918,806**	**298,970,813**	**363,901,501**	**273,879,885**	**242,713,939**
Non controlling interest	5,697,798	3,673,207	3,899,966	3,530,843	1,768,110
Total equity	**428,616,604**	**302,644,020**	**367,801,467**	**277,410,728**	**244,482,049**
Total liabilities and equity	**3,277,587,291**	**2,392,116,690**	**2,591,330,151**	**2,104,360,539**	**1,835,466,000**

Select consolidated statement of comprehensive income information of the Group

	As at 30 June		For the year ended 31 December		
	2016	2015	2015	2014	2013
			(₦ thousands)		
Continuing operations					
Interest income	112,292,554	98,861,986	207,802,768	176,918,223	145,961,028
Interest expense	(43,841,887)	(50,699,097)	(102,421,118)	(76,901,080)	(68,237,387)
Net interest income	**68,450,667**	**48,162,889**	**105,381,650**	**100,017,143**	**77,723,641**
Writeback/(impairment charge) on financial assets	(10,212,305)	(8,886,639)	(14,224,715)	(11,652,271)	6,163,544
Net interest income after impairment charges	**58,238,362**	**39,276,250**	**91,156,935**	**88,364,872**	**83,887,185**
Fee and commission income	35,632,172	17,151,635	33,463,887	30,796,798	31,653,170
Fee and commission expense	(57,448)	(302,016)	(151,118)	(36,763)	(105,638)
Net fee and commission income	**35,574,724**	**16,849,619**	**33,312,769**	**30,760,035**	**31,547,532**
Net gains/(losses) on financial instruments classified as held for trading	33,089,164	39,199,767	62,738,014	23,406,363	1,875,283
Foreign exchange income/(loss)	(11,108,100)	7,929,774	26,501,682	563,922	7,537,545
Other operating income	4,163,527	5,498,791	6,897,879	12,948,230	15,013,907
Fair value gain on investment property	—	—	—	—	4,850,286
Fair value gain on assets held for sale	—	—	—	750,000	—
Personnel expenses	(22,068,132)	(19,689,221)	(42,346,952)	(31,293,540)	(31,081,954)
Operating lease expenses	(990,251)	(867,805)	(1,739,857)	(1,541,417)	(1,451,667)
Depreciation and amortisation	5,115,330	(4,737,820)	(10,098,330)	(9,238,173)	(8,714,544)
Other operating expenses	41,761,035	(44,346,010)	(91,384,023)	(62,698,002)	(59,932,982)
Operating profit	—	—	—	—	43,530,591
Share of profit/(loss) of equity accounted investee	—	—	—	—	1,465,819
Profit before income tax	**50,022,929**	**39,113,344**	**75,038,117**	**52,022,290**	**44,996,410**
Income tax expense	(10,536,217)	(7,826,247)	(9,169,344)	(8,958,811)	(7,498,759)
Profit for the period from continuing operations	39,486,712	31,287,098	65,868,773	43,063,479	37,497,651
Loss from discontinued operations	—	—	—	(87,267)	(1,200,059)
Profit for the period	**39,486,712**	**31,287,097**	**65,868,773**	**42,976,212**	**36,297,592**
Other comprehensive income for the period:					
Items that will not be reclassified to the income statement:					
Remeasurements of post employment benefit obligations	—	—	(1,061,292)	(991,475)	(1,560,220)
Items that may be subsequently reclassified to the income statement:					
Foreign currency translation differences for foreign subsidiaries					
–Unrealised (losses)/gains arising during the year	17,266,423	(420,193)	(1,987,684)	(1,409,686)	(7,248,271)
–Realised gains arising during the year	—	—	—	97,187	979,824
Net changes in fair value of available-for-sale financial instruments					
–Fair value changes arising during the year	13,413,968	3,206,943	3,387,680	3,604,150	6,189,893
–Fair value changes on available-for-sale financial instruments from Associates	—	—	—	21,492	(17,215)
Other comprehensive gain/(loss) for the period, net of related tax effects	30,680,391	2,786,750	338,704	4,141,040	(1,655,989)
Total comprehensive income for the period	**70,167,103**	**34,073,848**	**66,207,477**	**47,117,252**	**34,641,604**
Profit attributable to:					
Owners of the Bank	39,235,574	31,027,064	65,332,540	42,415,329	36,101,830
Non-controlling interest	251,138	260,033	536,233	560,883	195,762
Profit for the period	**39,486,712**	**31,287,097**	**65,868,773**	**42,976,212**	**36,297,592**
Total comprehensive income attributable to:					
Owners of the Bank	68,369,271	33,891,793	65,798,664	46,152,431	34,445,841
Non-controlling interest	1,797,832	182,054	408,813	964,821	195,762
Total comprehensive income for the period	**70,167,103**	**34,073,847**	**66,207,477**	**47,117,252**	**34,641,603**
Total comprehensive income for the period:					
Continuing operations	70,167,103	34,073,847	65,798,664	46,239,698	34,180,081
Discontinued operations	—	—	—	(87,267)	(265,760)
Total comprehensive income for the period	**70,167,103**	**34,073,847**	**66,207,477**	**46,152,431**	**34,445,841**

Key ratios

The following table provides certain of the Group's key ratios as at and for the six months ended 30 June 2016 and 2015, and as at and for the years ended 31 December 2015, 2014 and 2013. The basis for calculation of ratios that are non-IFRS financial measures is set out in the notes below. Non-IFRS financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with IFRS measures. See also "*Presentation of Financial and Other Information—Non-IFRS Measures of financial performance*".

	As at 30 June		As at and for the year ended 31 December		
	2016	2015	2015	2014	2013
			(%)		
Profitability ratios:					
Return on average equity[(1)]	19.9	21.7	20.5	15.7	15.2
Return on average assets[(2)]	2.7	2.8	2.8	2.3	1.9
Net interest margin[(3)]	5.3	5.2	5.2	6.2	5.2
Net interest income/operating income	57.1	44.3	47.8	63.8	53.7
Cost to income ratio[(4)]	53.7	59.2	62.0	62.2	73.0
Operating expenses/average total assets[(5)]	2.4	2.8	7.2	5.3	5.7
Effective tax rate	21.1	20.0	12.2	17.2	17.2
Balance sheet ratios:					
Loans to customers, net/total assets	53.3	49.1	52.7	52.8	42.8
Total loans, net/deposits liabilities[(6)]	73.1	70.9	68.3	67.9	55.2
Loans to customers, net/total equity	407.6	387.7	371.4	400.3	321.6
Deposits from customers/total assets	60.1	68.5	65.0	69.1	72.5
Total equity/total assets	13.1	12.7	14.2	13.2	13.3
Liquid assets[(7)]/total assets	22.4	21.7	24.2	23.2	35.4
Liquid assets[(7)]/customer deposits	37.2	31.7	37.2	33.6	48.7
Liquid assets[(7)]/liabilities of up to three months	38.7	31.7	37.0	32.8	67.7
Capital adequacy ratios:					
Total capital[(8)]	19.6	19.1	19.5	18.7	19.0
Tier 1 capital[(9)]	13.9	14.5	15.2	13.8	18.9
Credit quality ratios:					
Non-performing loans[(10)]/gross loans[(11)]	2.1	2.0	1.8	1.7	2.4
Allowances for impairment losses[(12)]/non-performing loans	220.5	175.0	279.8	159.1	122.0
Allowances for impairment losses[(13)]/total gross loans to customers	2.1	2.1	2.1	1.7	1.8
Impairment charges/average net loans[(14)]	1.2	1.2	0.9	1.2	0.7

(1) Return on average equity is calculated as the Group's net profit for the period attributable to equity holders divided by the average of opening and closing balances of equity attributable to equity holders.

(2) Return on average assets is calculated as the Group's net profit for the period attributable to equity holders divided by the average of opening and closing balances of its total assets.

(3) Net interest margin is calculated as net interest income divided by the average monthly balance of interest-bearing assets during the applicable period.

(4) Cost to income ratio is calculated as operating expenses divided by operating income less net impairment charge.

(5) Calculated as operating expenses divided by the average of opening and closing balances of its total assets.

(6) Deposit liabilities include deposits from financial institutions, deposits from customers and interest-bearing borrowings.

(7) Liquid assets include cash and cash equivalents, treasury bills, trading assets and government bonds.

(8) Total capital is expressed as a percentage of total risk-weighted assets.

(9) Tier 1 capital is expressed as a percentage of risk-weighted assets.

(10) Non-performing loans ("**NPLs**") are past due loans to customers that are impaired.

(11) Non-performing loans to gross loans ratio is calculated as NPLs to customers divided by gross loans to customers.

(12) Allowances for impairment losses include allowances for specific impairment that relates to individually significant exposures, and allowances for collective loans, established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

(13) Impairment charges on loans to average net loans ratio is calculated as impairment charges on loans for the period divided by the average of opening and closing balances of net loans for the period indicated.

CONTENTS

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the relevant Final Terms or the relevant Drawdown Prospectus.

This Overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 (as amended) implementing the Prospectus Directive.

Words and expressions defined in "*Form of the Notes*" and "*Terms and Conditions of the Notes*" shall have the same meanings in this Overview.

Issuer:	Access Bank Plc
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These factors are set out under "*Risk Factors*". In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are also set out under "*Risk Factors*" and include the fact that the Notes may not be a suitable investment for all investors, certain risks relating to the structure of particular Series of Notes and certain market risks.
Description:	Global Medium Term Note Programme
Arrangers:	Barclays Bank PLC, Citigroup Global Markets Limited and J.P. Morgan Securities plc
Dealers:	Barclays Bank PLC, Citigroup Global Markets Limited and J.P. Morgan Securities plc and any other Dealers appointed in accordance with the Programme Agreement.
Trustee:	Citibank, N.A., London Branch
Certain Restrictions and Approvals:	The update of the Programme was duly authorised by a resolution of the Board of Directors of the Bank dated 19 September 2016. All necessary corporate and regulatory approvals will be obtained by the Bank prior to each issuance of Notes under the Programme. Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale and Transfer and Selling Restrictions*") including the following restrictions applicable at the date of this Base Prospectus: **Notes having a maturity of less than one year** Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent. See

	"*Subscription and Sale and Transfer and Selling Restrictions*". **Bearer Notes** The Notes in bearer form are subject to certain restrictions on transfer. See "*Subscription and Sale and Transfer and Selling Restrictions*".
Exchange Agent:..	Citibank, N.A., London Branch
Principal Paying and Transfer Agent for the Registered Notes:...........................	Citibank, N.A., London Branch
Registrar:	Citigroup Global Markets Deutschland AG
Programme Size:	Up to U.S.$1,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) aggregate nominal amount of Notes outstanding at any time. The Bank may increase the size of the Programme in accordance with the terms of the Programme Agreement.
Distribution:...	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:..	Notes may be denominated in any currency agreed between the Issuer and the relevant Dealer, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Maturities:...	The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:..	Notes may be issued at an issue price which is at par or at a discount to, or premium over, par.
Final Terms or Drawdown Prospectus:....	Each Tranche will be the subject of a Final Terms or a Drawdown Prospectus which, for the purpose of that Tranche only, completes (in the case of Final Terms) or supplements, amends and/or replaces (in the case of a Drawdown Prospectus) the Conditions and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes are the Conditions as completed by the relevant Final Terms or as supplemented, amended and/or replaced by the relevant Drawdown Prospectus.
Form of Notes:	The Notes will be issued in bearer or registered form as described in "*Form of the Notes*". Registered Notes will not be exchangeable for Bearer Notes and *vice versa*.
Clearing Systems:......................................	Euroclear and Clearstream, Luxembourg for Bearer Notes. Euroclear and Clearstream, Luxembourg or Euroclear, Clearstream, Luxembourg and the Depository Trust Company ("**DTC**") for Registered Notes or as may be

	specified in the relevant Final Terms or the relevant Drawdown Prospectus.
Fixed Rate Notes:..	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer. Interest on Fixed Rate Notes in bearer form will only be payable outside the United States and its possessions, subject to Condition 6(e) (*Payments—General provisions applicable to payments*).
Reset Notes:...	Reset Notes will have reset provisions pursuant to which the relevant Notes will, in respect of an initial period, bear interest at the Initial Rate of Interest specified in the applicable Final Terms. Thereafter, the fixed rate of interest will be reset on one or more date(s) by reference to a Mid Swap Rate for the relevant Specified Currency, and for a period equal to the First Reset Period and each Subsequent Reset Period, the rate of interest will reset to the Mid-Swap Rate plus the First Reset Margin or the Subsequent Reset Margin (as applicable), in each case as may be specified in the applicable Final Terms or Drawdown Prospectus. Interest on Reset Notes will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Bank and the relevant Dealer and specified in the relevant Final Terms or the relevant Drawdown Prospectus.
Floating Rate Notes:...................................	Floating Rate Notes will bear interest at a rate determined: (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as of the Issue Date of the first Tranche of the Notes of the relevant Series); or (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service. The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes and specified in the relevant Final Terms or the relevant Drawdown Prospectus. Interest on Floating Rate Notes in bearer form will only be payable outside the United States and its possessions, subject to Condition 6(e) (*Payments—General provisions applicable to payments*).
Other provisions in relation to Floating Rate Notes:	Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and

	the relevant Dealer and specified in the relevant Final Terms or the relevant Drawdown Prospectus.
Zero Coupon Notes:	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and redeemed at their nominal amount, or offered and sold at their nominal amount and redeemed at a premium to their nominal amount, as may be specified in the relevant Final Terms or the relevant Drawdown Prospectus, and will not bear interest.
Redemption:...	The relevant Final Terms or the relevant Drawdown Prospectus will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or (in respect of Senior Notes only) the Noteholders. The terms of any such redemption, including notice periods and the relevant redemption dates and prices will be indicated in the relevant Final Terms or the relevant Drawdown Prospectus, and in the case of any relevant conditions to redemption to be satisfied, will be specified in the Conditions or the relevant Drawdown Prospectus. In respect of Senior Notes only, if the relevant Final Terms or the relevant Drawdown Prospectus so specify, Noteholders shall have the option, in the event of a Put Event, to require the Issuer to redeem or purchase the relevant Senior Notes at par plus accrued interest, as further described in Condition 7(f) (*Redemption and Purchase—Redemption or Purchase at the option of the Noteholders on a Put Event (Change of Control Put)*). In respect of Subordinated Notes only, if the relevant Final Terms or the relevant Drawdown Prospectus so specify, the Issuer shall have the option, in the event of a Capital Disqualification Event, to redeem all but not some only of the relevant Subordinated Notes, subject to having obtained the prior approval of the CBN if required pursuant to the Applicable Banking Regulations, at par plus accrued interest, as further described in Condition 7(d) (*Redemption and Purchase—Early Redemption of Subordinated Notes at the Option of the Issuer following a Capital Disqualification Event*). Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution. See "*Certain Restrictions and Approvals: Notes having a maturity of less than one year*" above.
Denomination of Notes:.............................	The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions and Approvals: Notes having a maturity of less than one year*" above, and save that the minimum denomination of each Note will be

	€100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency). Unless otherwise stated in the relevant Final Terms or the relevant Drawdown Prospectus, the minimum denomination of each Definitive IAI Registered Note will be U.S.$500,000 or its approximate equivalent in other Specified Currencies.
Taxation:	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Relevant Jurisdiction as provided in Condition 8 (*Taxation*). In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 8 (*Taxation*), be required to pay additional amounts to cover the amounts so deducted.
Negative Pledge:	The terms of the Senior Notes will contain a negative pledge provision as further described in Condition 4(a) (*Covenants—Negative Pledge*).
Certain Other Covenants:	The Senior Notes and, where and to the extent specified as applicable in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), Subordinated Notes will also contain covenants relating to certain capital adequacy requirements and, amongst other things, a limited restriction on dividends and similar payments, and restrictions on certain consolidations or mergers, disposals and transactions with affiliates. See Condition 4 (*Covenants*).
Cross Default:	The terms of the Senior Notes will contain a cross-default provision as further described in Condition 10 (*Events of Default and Enforcement*).
Status of the Senior Notes:.........................	The Senior Notes and any related Coupons are direct, general, unconditional, unsubordinated and (subject to the provisions of Condition 4(a) (*Covenants—Negative Pledge*)) unsecured obligations of the Issuer and (subject as stated above) rank and will at all times rank *pari passu*, amongst themselves and at least *pari passu* in right of payment with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
Status of the Subordinated Notes:............	Payments in respect of the Subordinated Notes will be subordinated as described in Condition 3(b) (*Status of the Notes—Status of the Subordinated Notes*) and the Trust Deed.
Rating:...	The Bank's current long-term foreign currency rating by S&P is B (outlook stable), its current long-term foreign currency issuer default rating by Fitch is B and its current long-term foreign currency rating by Moody's is B1. Notes issued under the Programme may be rated by S&P, Fitch or Moody's, or may be unrated. Where a Series of Notes is rated, such rating will be disclosed in the relevant Final Terms or the relevant Drawdown Prospectus. A security rating is not a recommendation to buy, sell or

	hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.
Listing and admission to trading:	Application has been made to the Irish Stock Exchange for Notes issued under the Programme to be admitted to the Official List and to the Irish Stock Exchange for such Notes to be admitted to trading on the Irish Stock Exchange's regulated market. Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Unlisted Notes and/or Notes not admitted to trading on any market may also be issued. The relevant Final Terms or the relevant Drawdown Prospectus will state on which stock exchanges and/or markets the relevant Notes are to be listed and/or admitted to trading.
Governing Law:..	The Notes and any non-contractual obligations arising out of or in connection with them will be governed by, and construed in accordance with, English law, except Condition 3(b) (*Status of the Notes—Status of Subordinated Notes*) which shall be governed by, and construed in accordance with, Nigerian law.
Selling Restrictions:....................................	There are restrictions on the offer, sale and transfer of the Notes in the United States, the United Kingdom and Nigeria and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See "*Subscription and Sale and Transfer and Selling Restrictions*".
United States Selling Restrictions:	Regulation S (Category 2), Rule 144A and Section 4(a)(2); Bearer Notes will be issued in compliance with rules identical to those provided in: (a) U.S. Treasury Regulation §1.163-5(c)(2)(i)(D) ("**TEFRA D**") or (b) U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) ("**TEFRA C**") such that the Bearer Notes will not constitute "registration required obligations" under section 4701(b) of the Code, as specified in the applicable Final Terms or the applicable Drawdown Prospectus. Such rules impose certain additional restrictions on transfers of the Bearer Notes. See "*Subscription and Sale and Transfer and Selling Restrictions*".

RISK FACTORS

The Bank believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and the Bank is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

If the risks described below materialise, the Bank's business, results of operations, financial condition and/or prospects could be materially adversely affected, which could cause the trading price of the Notes to decline and investors to lose all or part of their investment. Furthermore, Notes issued under the Programme will have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily, or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

The Bank believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Bank to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Bank based on information currently available to them or which they may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

Risks related to the Bank and the Group

The Group's business is highly dependent on the health of the Nigerian economy, which is dependent on global prices of oil and oil production in Nigeria

Access Bank's financial results and condition depends to a significant extent on the performance of the Nigerian economy. The Nigerian economy is highly influenced by oil prices and by the country's level of oil & gas production.

Oil price impact

The global decline in oil prices that began in 2014 has adversely impacted the Nigerian economy. According to the National Bureau of Statistics (the "**NBS**"), Nigeria's real GDP at 2010 constant basic prices grew by 2.8 per cent. in 2015 as compared to 6.2 per cent. in 2014, 7.4 per cent. in 2013, 6.7 per cent. in 2012 and 5.1 per cent. in 2011 (at 2010 basic prices). In 2015, Nigeria's GDP was U.S.$484.3 billion as compared to U.S.$568.5 billion in 2014 (at 2010 basic prices). While the country's real GDP has grown at an average of approximately 6.0 per cent. over the last decade (2005-2015), real GDP growth slowed to 2.8 per cent. by the end of 2015, largely due to a decline in oil prices as a result of global supply and demand imbalance, and a slowdown in global economic growth, as well as an inflexible domestic foreign exchange policy. The real GDP growth rate contracted in the first quarter of 2016 to (0.4) per cent. compared with growth of 2.1 per cent. in the fourth quarter of 2015 as a result of the slowdown in the services sector due to a weakening Naira and the declining oil prices. In the second quarter of 2016, Nigeria's GDP growth rate contracted by (2.06) per cent. (year-on-year) in real terms. This represents a decrease of 1.70 per cent. in relation to the negative growth rate of (0.36) per cent. recorded in the preceding quarter, and a decrease of 4.41 per cent. in relation to the growth rate of 2.35 per cent. recorded in the corresponding quarter of 2015. Quarter-on-quarter, real GDP, however, increased by 0.82 per cent.

Rebasing of GDP

In April 2014, Nigeria rebased its GDP for the first time since 1990. Following the 2014 rebasing, the size of the Nigerian economy was larger as compared with before the rebasing, due to the inclusion of new economic activities, such as the contribution of telecommunications, financial services and internet usage in the GDP calculation. Notwithstanding the rebasing, according to the NBS, the oil & gas sector contributed approximately 9.9 per cent. to Nigeria's GDP in 2015 (according to the 2014 rebased GDP figures). Given Nigeria's dependence on oil exports for foreign exchange earnings and government revenue, the country's foreign exchange reserves, Naira/U.S. dollar exchange rate and government revenues have declined by 23.6 per cent., 40.6 per cent. and 47.4 per cent., respectively, between 1

January 2014 and 30 June 2016 due to more than a 60.0 per cent. decline in prices of crude oil since mid-2014 when the price of oil peaked at over U.S.$115 per barrel. In December 2013, the price of crude oil was U.S.$112.75 per barrel. Crude oil prices then fell significantly to U.S.$57.54 per barrel in December 2014 and to U.S.$36.36 per barrel in December 2015 and increased slightly to U.S.$40.80 per barrel in the second quarter of 2016. In addition to the global price decline, local supply disruptions (caused by theft and sabotage) in Nigeria continue to hamper output in the oil sector and have been a significant factor in the decline of the oil & gas sector's contribution to Nigeria's GDP. According to the Nigerian National Bureau of Statistics, the oil sector contributed 8.1 per cent., 10.8 per cent. and 14.4 per cent. to GDP in 2015, 2014 and 2013 respectively (at 2010 basic prices). The quarterly contribution of oil & gas to Nigeria's GDP declined from 10.7 per cent. in the first quarter of 2015 to 8.4 per cent. in the fourth quarter of 2015. The contributions of oil & gas to Nigeria's real GDP was 10.3 per cent. in the first quarter of 2016 but declined to 8.3 per cent. in the second quarter of 2016 mostly due to lower oil production following militant attacks in the Niger Delta. See "*Risk Factors—Militant activities in the Niger Delta could further destabilise oil production in Nigeria, adversely affecting Nigeria's economy and the Group's business*" below. The decline in oil prices coupled with disruptions to production has had a negative impact on government revenues, with many states unable to pay employee salaries, which is particularly significant in Nigeria, where in many states the government is the largest employer. These declines in price and production of oil have also adversely affected other sectors such as manufacturing and construction, as well as consumer spending.

Impacts on the Group's business

The Group's loan portfolio is highly concentrated, including in the oil & gas, public services, manufacturing and construction sectors. As such, any weakened performance in these sectors could result in increased liquidity risk, declines in the Group's credit quality, an increase in non-performing loans and other material adverse effects on the Group's business, results of operation, financial condition and/or prospects. See "*Risk Factors—The Group's investment and loan portfolios and deposit base are highly concentrated*" below. In May 2016, the Nigerian government announced that petrol prices were expected to rise by two thirds following the Government's plans to eliminate an existing oil subsidy on refined petroleum products. Such significant increases in petrol prices may have a material adverse impact on the Group's retail customers, who may depend on petrol to commute to work, and the Group's corporate or institutional customers who are in the transportation sector or who rely on petrol for the delivery of their goods and services. The Group's retail business may also be adversely impacted should the Group's retail customers be unable to make payments on existing loans provided by the Group, maintain their deposit accounts or experience a significantly decreased appetite for new loan products and services due to a decrease in consumer confidence and spending, late salary payments (including by state employers) or job loss caused by the factors described above. Any such significant declines in retail deposits or increases in retail loan defaults could increase the Group's liquidity risk, lower its credit quality and have a material adverse effect on the Group's business, results of operation, financial condition and/or prospects.

Reduction in oil production

Further reductions in oil production could have a material adverse effect on the Nigerian economy, the Group's business and the ability of the Group to fulfil its obligations under the Notes. Nigeria's oil revenues are a function of the level of oil production in the country and prevailing world oil prices. Oil prices are subject to wide fluctuations in response to relatively minor changes in the supply of and demand for oil, as well as a variety of additional factors beyond Nigeria's control. These factors include, but are not limited to, political conditions in the Middle East and other regions, internal and political decisions of the Organization of the Petroleum Exporting Countries ("**OPEC**") and other oil producing nations as to whether to decrease or increase the production of crude oil, domestic and foreign supplies of oil, consumer demand, weather conditions, domestic and foreign government regulations, transport costs, the price and availability of alternative fuels and overall economic conditions. Such factors have led to significant fluctuations in world oil prices in recent years. Given the significant contribution of oil revenues to GDP growth in Nigeria, a continuance of low oil prices or a further decline in oil prices might lead to, or signal, weak performance of the Nigerian economy, including the possibility of worsening the economic recession.

Oil production in Nigeria has also fluctuated in recent years, primarily as a result of violence in the Niger Delta region. Militant activity in the Niger Delta has led to significant disruptions in the production of oil and no assurance can be given that militant activity will not continue or increase from current levels or that violence in the Niger Delta region will not lead to significant disruptions in oil production in future periods. The level of oil production by Nigeria may also be adversely affected by other factors, including changes in oil production quotas by OPEC or the response of international oil companies to changes in the regulatory framework for oil production in Nigeria. There may also be loss of revenue arising from the interruption of production operations and theft of crude oil from pipelines and tank farms. In addition, there may be a high incidence of abandoned projects by oil companies in communities where activities are disrupted by militants, which may lead to slower growth in oil & gas production. Many developed economies are actively seeking to develop alternative sources of energy and reduce their dependence on oil as a source of energy. Any long-term shift away from fossil fuels could adversely affect oil prices and demand and the resulting oil revenue of Nigeria and the Nigerian economy in general, and, as a result, have a material adverse effect on the Group's business, results of operations, financial conditions and/or prospects.

No assurances can be given that continued declines in oil production or oil prices will not have a material adverse effect on the Nigerian economy as a whole, which could adversely impact the Group's business and the Group's customers. The impact of continued weak or declining oil production or oil prices may not just be limited to an adverse impact on the Group's oil & gas customers, but could adversely impact the performance of the Group's customers in those sectors whose performance is linked with that of the oil sector. These include the public sector, the manufacturing and construction sector (where demand for services is linked with the oil sector) the consumer sector, which is dependent on consumer confidence, employment rates and the performance of the economy as a whole. Continued weak oil production and oil prices may further adversely affect the Group's credit quality, loan portfolio growth, as well as the prices of real estate and other property held as collateral for loans, which may lead to an increase in non-performing loans and loan impairment charges. As with all Nigerian banks, a significant portion of the Group's growth and operating profit arises from customers in the oil sector or sectors linked to the performance of the oil sector and as such the Group's business, results of operations, financial condition and/or prospects are particularly exposed to the risk of a downturn in the Nigerian economy generally and in the oil & gas sector in particular. In July 2016, the CBN granted a one-off forbearance, to banks, to write-off fully provided NPLs without waiting for the mandatory one year period stipulated in the prudential guidelines. The Group has not written off any NPLs under this CBN action.

Citing the adverse economic effects of the contraction in oil production in Nigeria, on 16 September 2016, S&P lowered Nigeria's sovereign credit rating by one level to B, with a stable outlook. Following the sovereign downgrade, on 22 September 2016 the Bank's credit rating was downgraded by S&P to B. While the Bank has not received notice of a downgrade of its existing ratings of B+ from Fitch and B1 from Moody's, no assurance can be given that Access Bank's credit ratings may not be further downgraded. Any further downgrades in the sovereign credit ratings or in the Bank's credit ratings may adversely affect the Group's business, results of operations, financial condition and/or prospects.

Impact of Nigerian economic slowdown

The Nigerian economic slowdown in 2015 and the first half of 2016 due to the significant drop in oil prices and decrease in production has led to a significant spike in non-performing loans in the Nigerian banking sector as a whole. This led to a number of Nigerian banks issuing profit warnings prior to the publication of their 2015 results, including banks classified as systemically important banks ("**SIBs**") by the CBN. While Access Bank has not issued such profit warnings, as at 30 June 2016, 27.7 per cent. of Access Bank's total loan portfolio is represented by loans to the oil & gas sector and 15.6 per cent. is comprised of loans to the government, whose budget is heavily dependent on the oil sector. Many other sectors of the Nigerian economy have been adversely affected by the decrease in oil prices and declining production, including Access Bank's clients in the government, manufacturing, construction and retail sectors, which account for a significant proportion of Access Bank's business. Due to the significant link between oil production and the performance of the Nigerian economy as a whole, there can be no assurances that Access Bank's business, results of operations, financial conditions and/or prospects will not be affected in the future should oil prices remain low or further decrease or if Nigeria's production of oil continues to decrease.

Militant activities in the Niger Delta could further destabilise oil production in Nigeria, adversely affecting Nigeria's economy and the Group's business

Over the past few years, there has been an increase in violence and civil disturbance in the Niger Delta, Nigeria's southern oil-producing region, mainly from militant groups who oppose, amongst other things, the activities of the oil companies in the area. This violence has mainly focused on oil interests in the region and oil production from onshore fields has slowed as a result of several kidnappings and bombings of oil installations and facilities. The outcome of such actions may have a continued significant impact on Government revenues from oil production, given that most of Nigeria's oil revenues come from oil produced in the Niger Delta region.

At least one international oil company present in Nigeria has raised the possibility that it might cease operations in Nigeria if conditions continue to worsen, while several international oil companies have begun the process of actively divesting their onshore assets in Nigeria, although it is not clear if the divestments were a direct result of the situation in the Niger Delta. For example, Conoco Phillips has fully divested all of its offshore and onshore assets in Nigeria. Since 2014, Shell Petroleum Development Company, Nigerian Agip Oil Company Limited, Total E&P Nigeria Limited and Chevron Nigeria Limited, have all divested part of their assets in Nigeria as a result of oil spills, sabotage and theft. It is estimated that the Government loses a minimum of U.S.$6 billion in revenue annually as a result of these acts.

In 2009, the Nigerian Government commenced an amnesty programme for former militants who had been disrupting oil production through sabotage and theft; this included a ceasefire between rebel groups and the Government. Despite set-backs, by May 2016 the amnesty programme had significantly reduced but not eliminated tensions in the region. In 2014, the Movement for the Emancipation of the Niger Delta ("**MEND**") renewed its attacks on oil industry participants and security operatives. Since its inception in 2009, the amnesty programme had included monthly cash stipends and employment training. Such monthly cash stipends continued until May 2016, when the Nigerian government cut the budget allocated for the amnesty programme by more than two thirds. There can be no assurance that such cuts have not caused the recent increase in militant activities in the Niger Delta and will not result in increased attacks by MEND or other groups in the region on oil industry participants and security operatives.

Since March 2016, a new militant group, the Niger Delta Avengers ("**NDA**") has carried out attacks in the Niger Delta. In July 2016, the NDA claimed responsibility for seven new attacks in the Niger Delta area. Media sources are reporting that these attacks in the Niger Delta have pushed crude oil production to 30-year lows. Nigeria's oil production in 2015, 2014 and 2013 averaged 2.4 million barrels per day ("**mbd**"), 2.4 mbd and 2.3 mbd, respectively. As a result of these and other attacks, oil production in Nigeria has fallen from 2.2 mbd at the beginning of 2016 to reportedly as low as 1.4 mbd at various points throughout the first half of 2016.

In addition, increased oil activity may create new conflicts between local communities and oil companies. In March 2016, certain Niger Delta communities brought a court action against Royal Dutch Shell ("**Shell**"), due to the damage these farming and fishing communities had suffered as a result of repeated oil spills from pipelines. Shell's Nigerian subsidiary argues that the affected areas are heavily impacted by crude oil theft, pipeline sabotage and illegal refining, not the company's actions. Shell has agreed to clean up oil spills; however, it is litigating the liability for damage. The case is ongoing, but it is possible that Shell may negotiate a settlement with the claimants. In 2015, Shell agreed to pay £55 million to farmers, fishermen and a community in the Niger Delta in settlement of a similar suit brought against it in London. Should tensions between oil companies and local communities regarding oil exploration, oil spills or other environmental issues continue to escalate or fail to be resolved, there could be an increase in oil sabotage activities in the region resulting in further declines in oil supply or even a potential standstill in oil production.

In spite of the Government's efforts, militant acts in the Niger Delta continue to be directed at oil industry participants and against the presence of foreign oil interests in the region and there is no assurance that militant acts will not occur in the future. Continued unrest in the Niger Delta region may lead to lower oil production, deter foreign direct investment, lead international oil companies to curtail their operations in Nigeria or lead to increased political instability and unrest and could have a material adverse effect on Nigeria's economy and, as a result, on the Group's business, results of operations, financial condition, cash flows, liquidity and/or prospects.

The Group is subject to foreign exchange risk and is affected by changes in the value of the Naira against other currencies

In 2015, the CBN instituted certain currency control policies and pegged the Naira at ₦197 to the U.S. dollar. The CBN's measures were an attempt to protect Nigeria's resources following depleted earnings caused by the falling price of oil. However, in practice meant that the CBN was unable to meet the demand for foreign currency at the official exchange rate, resulting in many market participants turning to the unofficial parallel markets to obtain foreign currency where the Naira was trading between ₦300 to ₦350 to the U.S. dollar. The capital control measures and currency peg also resulted in inflation accelerating to 16.5 per cent. as at June 2016, the highest level since 2005, while foreign investment declined significantly due to concerns over devaluation. See "*Risk Factors—Risks relating to the Nigerian banking sector—Nigeria's currency controls*". Following strong recommendations by the IMF and the private sector to remove these currency control measures, in June 2016 the CBN stated that it would abandon its previous policy of pegging the Naira to the U.S. dollar and on 20 June 2016 the CBN reintroduced market-driven currency trading under a flexible exchange rate system whereby the CBN will only intervene for a select number of items deemed critical by the Nigerian government. On the day of the CBN's announcement, the Naira fell approximately 30 per cent. in value to ₦280 to the U.S. dollar and as at 16 September 2016 was valued at ₦316 to the U.S. dollar.

The Group is exposed to foreign exchange risk, as a result of adverse movements in exchange rates, primarily through its loan and deposit portfolios that are denominated in foreign currencies and through acting as an intermediary in foreign exchange transactions between central and commercial banks. Following the CBN's free-float measures, which resulted in a significant devaluation in the Naira, the Group is exposed to increased costs from foreign exchange-related contracts and other operating expenses. Access Bank's efforts to keep such costs within planned thresholds by accessing the over the counter foreign exchange futures window proposed by the CBN may not be sufficient. Furthermore, Access Bank may experience declines in asset quality following the Naira depreciation. As such, any further significant fluctuations in the Naira against such foreign currencies could have a material adverse effect on the Group's financial condition, liquidity and/or results of operations.

The CBN instructed, via a circular dated 27 July 2016, all banks to make adequate and proper provisioning for all foreign-currency denominated loans in their income statements. The directive from the CBN was in furtherance of the new foreign exchange policy adopted in June 2016, which liberalized the foreign exchange market and led to an increase in balances on foreign currency-denominated loans and advances in the books of banks. The Group is in compliance with the instructions from the CBN's 27 July 2016 circular.

The Group's presentation currency and its functional currency is the Naira. As at 30 June 2016, 39.6 per cent. of the Group's financial assets and 46.0 per cent. of the Group's financial liabilities, respectively, were denominated in foreign currencies, principally the U.S. dollar. The Group is also subject to translation risk. Monetary assets and liabilities originally denominated in foreign currencies are translated into Naira at the relevant balance sheet date. 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 Group's income statement. Having a significant net foreign currency balance sheet position tends to result in foreign exchange translation gains when the Naira depreciates against such foreign currencies and in foreign exchange translation losses when the Naira appreciates against such foreign currencies in nominal terms. Gains and losses arising from such translations are reflected in the Group's income statement as foreign translation gains less losses. As a result, the Group's reported income is affected by changes in the value of the Naira with respect to foreign currencies (primarily the U.S. dollar). As at 30 June 2016, the gap between the Group's foreign currency assets and liabilities was a loss of U.S.$194,785 million for U.S. dollars. Although the Group has entered into forward contracts, including cross-currency linked forward contracts, to hedge against the mismatches in the foreign currency structure of its assets and liabilities, these measures may not adequately protect the Group from the effect of exchange rate fluctuations or may limit any benefit that the Group might otherwise receive from favourable movements in exchange rates. Should currency control measures or the Naira peg be reintroduced, the Group and its customers may also face renewed foreign exchange liquidity risks.

In addition, the Group's customers may be subject to substantial foreign exchange risk, which indirectly affects the Group's credit risk profile. As at 30 June 2016, 49.5 per cent. of the Group's loans and advances to customers were denominated in foreign currencies, mainly U.S. dollars, primarily due to its lending to companies in the oil & gas and power sectors and in connection with its trade finance business. Further, the Bank intends to use the net proceeds of the offering of the Notes to increase its lending in U.S. dollars to these customers. While, as at the date of this Prospectus, many of the Group's borrowers of foreign currency denominated loans have significant foreign currency denominated cash flows, any further significant decline in the value of the Naira may result in borrowers being unable to repay foreign currency denominated loans, which may have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

The Group's investment and loan portfolios and deposit base are highly concentrated

The Group's investment portfolio (consisting of non-pledged trading assets, pledged assets, investment securities and investment properties) constituted 17.1 per cent. of total assets, or ₦442,236 million, as at 31 December 2015, compared to 18.3 per cent. of total assets, or ₦385,695 million, as at 31 December 2014, and to 24.2 per cent. of total assets, or ₦445,074 million, as at 31 December 2013. The Group's investment portfolio is highly concentrated in Federal Government bonds (the "**FGN Bonds**") and state government bonds and treasury bills (together with the FGN Bonds and the state government bonds, the "**Government Bonds**"). As at 31 December 2015, ₦191,934 million, or 43.4 per cent. of the Group's investment portfolio, consisted of investments in FGN Bonds and state government bonds, and ₦193,827 million, or 43.8 per cent., consisted of investments in treasury bills. Further, in the event that the Group's deposits grow at a faster pace than its loan portfolio, it may need to increase its investments in Nigerian treasury bills and federal and state government bonds, which are subject to the risk of declining yields and/or default. In the event that the Nigerian government defaults on its obligations, the value of the Government Bonds decline or if there is some other interruption in the market for the Government Bonds, there could be a significant adverse impact on the Group.

The Group's loan portfolio is also highly concentrated across industries with oil & gas accounting for 24.7 per cent. and 27.2 per cent. of total assets as at 31 December 2015 and 31 December 2014, respectively. Due to the factors described below, lending to the public sector increased significantly since 2014, accounting for 15.6 per cent. of loans and advances to customers as at 30 June 2016 and 12.1 per cent. of loans and advances to customers as at 31 December 2015, compared to 2.1 per cent. as at 30 June 2015 and 4.9 per cent. as at 31 December 2014, respectively. Failure to diversify or any further increases to such industry concentration could expose the Group to increased default risk and potentially deteriorating asset quality risk which have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects. Additionally, the Group's significant exposure to the public sector and to the oil & gas sector increases the Group's exposure to downturns in the Nigerian economy. See "*Risk Factors—The Group's business is affected by declines in the Nigerian economy, which is dependent on global prices of oil and oil production in Nigeria".*

As at 31 December 2015 and 31 December 2014, the Group's top 20 borrowers accounted for 23.2 per cent. and 23.6 per cent. of its gross loan portfolio, respectively. As at 31 December 2015, 46.6 per cent. of the Group's total loans were denominated in foreign currencies (primarily U.S. dollars), of which its 20 largest borrowers accounted for 14.0 per cent. Whilst this in part reflects the limited number of high-quality corporate credits in Nigeria, the Group will require continued emphasis on credit quality and the continued development of credit management and credit control systems to monitor this credit exposure; failure to do so could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects. In addition, if the Group fails to conduct periodic stress tests of its major credit risk concentrations in compliance with the CBN Prudential Guidelines (a set of prudential regulations for Deposit Money Banks in Nigeria issued by the CBN in May 2010 to ensure a stable, safe and sound banking sector and the financial system as a whole), it may not be able to identify and respond to potential changes in market conditions in a timely manner, which could adversely affect the Group's business, results of operations and financial condition. The CBN has recently issued Monetary, Credit, Foreign Trade and Exchange Policy Guidelines for Fiscal Years 2016/2017, which state that the CBN Prudential Guidelines shall continue to apply through 2017.

As at 31 December 2015 and 31 December 2014, the Group's 20 largest depositors accounted for 28.2 per cent. and 30.6 per cent. of total deposits, respectively. As at 31 December 2015, 31.6 per cent. of the Group's total deposits were denominated in foreign currencies (primarily U.S. dollars), of which its 20 largest depositors accounted for 18.9 per cent. The Bank intends to reduce the concentration in its deposit base by attracting further deposits from retail depositors. Failure to reduce such concentration could expose the Group to increased liquidity risk and have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The Group relies on short-term deposits as its primary source of funding, which may result in liquidity gaps

As is common with other banks in Nigeria, the Group has historically relied almost exclusively on corporate and retail depositors to meet its funding needs as access to other funding sources, including the capital markets, has been limited. As at 31 December 2015, 31 December 2014 and 31 December 2013, the Group's deposits accounted for 73.1 per cent., 78.7 per cent. and 81.7 per cent. of total funding (which is defined as deposits from banks, deposits from customers, borrowings, share capital, share premium and retained earnings), respectively. The Group is currently trying to diversify its funding sources by the issuance of capital market instruments, including the Notes, although the ability of the Group to attract such funds could be affected by a number of factors, including Nigerian economic and political conditions, the state of the Nigerian markets and general international economic and capital markets conditions.

Nigerian companies usually withdraw their deposits on a frequent basis, and are not typically in a position to place significant funds within the banking sector on a long-term basis. No assurance can be given that the Group will be able to maintain its existing level of deposits without increasing its cost of funding, particularly as the Nigerian banking sector becomes more competitive. If a substantial portion of the Group's depositors withdraw their demand deposits or do not roll over their time deposits upon maturity, the Group may need to seek more expensive sources of funding to meet its funding requirements. In addition, there are limited opportunities in the Nigerian market for banks to sell or factor assets other than those that are highly liquid, such as government securities. As such, no assurance can be made that the Group will be able to obtain additional funding on commercially reasonable terms as and when required. There can be no assurance that decreases in corporate deposits and/or unexpected withdrawals of retail deposits will not result in liquidity gaps that the Group will need to cover.

A deterioration of the Nigerian economy, an inability to access alternative sources of funds in the international capital, syndicated loan and interbank markets, significant withdrawals of corporate and retail deposits and/or continued mismatches between the Group's assets and liabilities may, together or separately, have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The Group has been subject to regulatory investigations, including by the EFCC, which may harm the Group's reputation or impact the market price of the Notes

Following his election in March 2015, President Muhammadu Buhari identified tackling corruption as one of the central objectives of his new administration. Included amongst the reforms of the new government was a mandate to the EFCC to recover funds from former government officials and/or funds that were alleged to have been diverted from government sources under the previous administration.

On 6 May 2016, officials of the EFCC visited Access Bank's headquarters in Lagos to investigate a specific transaction, which took place in 2015, involving an individual customer of the bank (who is a politically exposed person) and sought Access Bank's cooperation. The transaction involved a package that was sent by the customer to Access Bank's offices for safekeeping. The package was deposited at a branch of Access Bank. A couple of days after being deposited with the branch, the customer collected the package. The EFCC has made no public statement regarding this investigation, however, the media has reported that the EFCC was seeking the recovery of an amount of U.S.$5 million as part of the EFCC's anticorruption operations relating to members of, and persons associated with, the prior Nigerian government. The EFCC's visit was without prior notification and Access Bank cooperated fully with the investigation. The EFCC met with the Group's Managing Director, Mr. Herbert Wigwe, and Access Bank's Chief Conduct and Compliance Officer, Mr. Pattison Boleigha, who provided all requested information and documentation. Thereafter, the EFCC requested the Group's Managing Director to accompany the EFCC to its office for questioning, and he willingly acceded. Following additional interviews and the receipt by the EFCC at its request of payment of U.S.$5 million made by Petralon Energy Limited ("**Petralon**"), the Group's Managing Director was permitted to leave the EFCC's offices the same day. Petralon is a company in which the former managing director of Access Bank is a shareholder and director and is unrelated to the customer of the transaction being investigated by the EFCC. The former managing director has a vested interest in the reputation of Access Bank. Access Bank did not make any payment to the EFCC and has no commitment or obligation to any party to make any payments or repayments with respect to this matter; however Access Bank is working with the parties to facilitate repayment from the customer to Petralon of the amount paid by Petralon.

The EFCC has taken no action involving Access Bank or any of its officers or directors with respect to this matter since 6 May 2016. The EFCC has stated that it would continue to include banks and their directors, officers and employees in further investigations in connection with its recovery efforts of allegedly misappropriated funds going forward. There can be no assurance that the EFCC, the CBN or other regulators will not continue the investigation described above or undertake similar investigations in the future, which may result in adverse publicity (regardless of the merits of such investigations) or other adverse consequences for the Group or its employees, any of which could have a material adverse effect on the Group's reputation or business and could adversely impact the market price of the Notes.

The Group and certain of its current and former executive officers have been subject to lawsuits and regulatory investigations, which may harm the Group's reputation or impact the market price of the Notes

Since the completion of the acquisition of, and merger with, Intercontinental Bank (the "**Acquisition**"), the Group and certain of its current and former executive officers have been the subject of various allegations by former executives, shareholders and employees of Intercontinental Bank. The Group strongly refutes these allegations and believes the Acquisition was conducted in compliance with all applicable laws, having received in advance both shareholder and Board approval from both the Bank and Intercontinental Bank, as well as all regulatory and judicial approvals. In Nigeria, the local and international press, from time to time, generate speculative reports that contain allegations about Nigerian companies or individuals, irrespective of whether those allegations have any factual basis. The Group is also a party to lawsuits relating to the Acquisition, which the Group believes are without merit. However, any negative publicity or lawsuits involving the Group and the Acquisition, even if such publicity or suits are based on false or inaccurate information, could have a material adverse effect on the Group's reputation or business, could take up unnecessary management time, and could adversely impact the market price of the Notes.

The Bank is participating in Federal Government-sponsored bailout programmes designed to support payment of Nigerian state government employees' salaries. If the Federal Government does not adequately support these programmes, the Bank may be obliged to make certain advances and seek repayment from the Federal Government.

Due to recently declining global oil prices and decreased oil production, many Nigerian states have been unable to pay their employees' salaries as most states rely extensively on allocations received from oil revenues for their budget and operations. Since 2015, the majority of Nigerian states have required intervention by the Federal Government to pay state employee salaries. In order to provide financial relief to state governments and support the Nigerian economy, the Federal Government has implemented two facilities, the State Bail-Out Fund (the "**SBO**") and the conditional Budget Support Facility (the "**BSF**"), available to states who meet a 22-point reform agenda created under the Federal Government's Fiscal Sustainability Plan. In order to receive funds under these facilities, each state must, amongst other criteria, meet targets to enhance internally generated revenue, establish efficiency units to reduce overhead costs, work to privatise state-owned enterprises and comply with limits on securing further bank loans. In 2015, the CBN disbursed ₦338 billion in total funds under the SBO and BSF to commercial banks for on-lending to the 27 states in Nigeria that complied with the Fiscal Sustainability Plan. The CBN has provided these funds to Nigerian commercial banks for a maximum tenor of 20 years at a 2 per cent. interest rate and permitted these banks to on-lend to the states at a maximum 9 per cent. interest rate. Of the 27 eligible states, 16 states accessed such funds through Access Bank, which, as at 30 June 2016, amounted to ₦197 million in funds or 11 per cent. of the total loan book. In order to provide a loan to a state, each participating commercial bank is required to appraise a state's loan request based on prudential guidelines and the CBN's minimum conditions precedent to drawdown and each state is required to issue an irrevocable standing payment order to the commercial bank to ensure repayment of the loan as a first line charge before the state government is permitted access to their federal account allocation. Access Bank is also serving as a payroll agent for these states. The BSF was guaranteed by the Federal Government and the allocations were conditional upon the state meeting the terms of the sustainability plan. The BSF was guaranteed by the Federal Government, and the allocations were conditional upon the state meeting the terms of the sustainability plan. Though the Federal Government has currently met its payment obligations to the states under the federal allocation, these payments to the states have previously been delayed. Should the Federal Government be unable to raise sufficient revenue to pay each state's federal allocation or should the BSF become excessively depleted, Access Bank may be unable to collect the amount due to it from each state under the SBO and BSF facilities. In such circumstances, Access Bank could be required to make such payments to the states from its own reserves outside the SBO and BSF facilities, and then seek repayment from the Federal Government.

The Group operates in an uncertain regulatory environment and recent changes to and by the CBN may have a material adverse effect on the Group

Revised Guide to Bank Charges

The CBN implemented rules that are negatively affecting the Group's results of operations. The Revised Guide to Bank Charges, which took effect on 1 April 2013, provides a standard for the application of charges in the banking industry. The Revised Guide to Bank Charges provides that Nigerian savings accounts must earn interest at a minimum rate of 30 per cent. of the Monetary Policy Rate ("**MPR**") per annum. At the current MPR of 14 per cent., this translates to a minimum of 4.2 per cent. per annum. For the years ended 31 December 2015, 2014 and 2013, the average interest rate paid by the Group on its average balance of customer deposits was 5.1 per cent., 4.5 per cent. and 4.7 per cent., respectively. An increase in interest paid on customer deposits has led to an increase in the Group's cost of funds in 2015 and the Group's cost of funds may continue to increase in the future.

The Revised Guide to Bank Charges also phases out the commission on turnover (the "**CoT**") charged by banks over a three-year period from 2013 to 2016, after which customers will no longer be charged for transactions on current accounts. Prior to 1 April 2013, banks were permitted to charge CoT of ₦5 per ₦1,000. This reduction in CoT is expected to reduce the Group's fee and commission income. For the year ended 31 December 2015, 9.6 per cent. of the Group's fee and commission income was comprised of income from CoT, compared to 19.1 per cent. and 19.8 per cent. for the years ended 31 December 2014 and 31 December 2013, respectively. For the year ended 31 December 2015, 4.3 per cent. of the Group's profit before income tax was comprised of income from CoT, compared to 11.3 per cent. for the year ended 31 December 2014 and 14.4 per cent. for the year ended 31 December 2013. While the Revised Guide to Bank Charges issued on 1 April 2013 is still in force, on 11 March 2016, the CBN issued a draft of the Guide to Charges for Banks and Other Financial Institutions in Nigeria, which if implemented by the CBN would replace the Revised Guide to Bank Charges. The 11 March 2016 draft indicates that the new Guide to Charges for Banks and Other Financial Institutions in Nigeria, if implemented, would retain minimum interest rate at 30 per cent. per annum while CoT was retained at zero with effect from January 2016.

Contributions to the Asset Management Corporation of Nigeria

In addition, the Group is required to contribute to a sinking fund to cover any net deficits incurred by the Asset Management Corporation of Nigeria ("**AMCON**"). On this basis, beginning in January 2011, each Nigerian bank was required to contribute to the sinking fund an amount equal to 0.3 per cent. of its total assets as of 31 December each year, in respect of the immediately preceding financial year. Starting from 1 January 2013, the contribution percentage was raised to 0.50 per cent. of total assets. It has also been proposed to impose an additional charge of 0.50 per cent. of one-third of the amount of each bank's off balance sheet liabilities. Any increase in such charge would have a negative impact on the Group's profitability.

Framework for regulation of Systemically Important Banks

In November 2013, the CBN issued a draft paper where it designated certain Nigerian banks, including Access Bank, as SIBs. In 2014, the CBN commenced the implementation of the Framework for the Regulation and Supervision of Domestic Systemically Important Banks ("**D-SIBs Framework**"). The CBN adopted the indicator-based measurement approach as recommended by the Basel Committee on Banking Supervision and utilised the following indices in identifying banks which were systemically important to the Nigerian financial system:

- Total assets (size measure);
- Net interbank placements (interconnectedness measure);
- Total credits and total deposits (substitutability measure); and
- Total number of branches and foreign subsidiaries (complexity measure).

Accordingly, SIBs are required to set aside an additional one per cent. of capital as higher loss absorbency charge. In addition, those banks with an international banking licence and SIBs are required to maintain a minimum capital adequacy ratio of 15 per cent. in contrast to 10 per cent. for other banks. Further, banks designated as SIBs are required to maintain a minimum capital adequacy ratio of 15 per cent., of which Tier 2 capital is required to constitute not more than 25 per cent. of the qualifying capital. Tier 1 capital, therefore, is required to be at least 75 per cent. of the Bank's qualifying capital.

The CBN fully implemented the D-SIBs Framework as at 30 December 2015 with eight deposit money banks designated as SIBs. As at 30 December 2015, SIBs accounted for 68.9 per cent. (₦18.2 trillion) of the banking industry's total assets of ₦26.4 trillion and 71.3 per cent. (₦11.9 trillion) of the banking industry's total deposits of ₦16.73 trillion.

Rising cash reserve requirements

In May 2015, the CBN's Cash Reserve Requirement (the "**CRR**") for non-public sector deposits rose to an all-time high of 31 per cent. compared with 20 per cent. as at January 2015. The CRR was thereafter decreased to 22.5 per cent. in March 2016. In July 2016, the Monetary Policy Committee of the CBN voted to retain CRR at 22.5 per cent. Meanwhile, the CRR for public sector deposits (i.e. deposits of all tiers of government, including ministries, departments, agencies and government-owned enterprises) was maintained at 75 per cent. following its increase from 50 per cent. in January 2014. As at 31 December 2015, 16.0 per cent. of the Group's deposits were from public sector sources. The immediate impact of the increase in the CRR for public sector deposits is reduced liquidity in the Nigerian banking sector generally. In the long term, the Group expects the change in the CRR to result in a higher interest rate environment. The CBN also announced the implementation of a treasury single account, in which all bank accounts of the Federal Government are held centrally with the CBN, rather than in commercial banks as was the case previously, to ensure effective aggregate control over government cash balances. The increase in CRR on public sector funding and the new CBN policy on a single treasury settlement account have resulted in a decrease in the Group's deposits from public sector and financial institutions. Retail deposits stayed relatively flat in 2016. For further information, see "*Management's Discussion and Analysis of Results of Operations and Financial Condition—Financial Condition—Deposits from customers*".

Under the administration of the current governor of the CBN, Mr. Godwin Emefiele, who was appointed on 3 June 2014, the CBN has sought to reduce interest rate and deposit charges and strengthen Nigeria's foreign currency reserves through capital control measures, which were largely released in June 2016. See. "*Risk Factors—The Group is subject to foreign exchange risk and is affected by changes in the value of the Naira against other currencies*". However, in August 2016, the CBN announced it would revoke the licences of all but three money transfer companies who do business in Nigeria in an effort to bolster the country's foreign exchange reserves. Given the high volume of remittances to Nigeria from abroad via money transfer operators, this action taken by the CBN may make it difficult for individuals and businesses, including the Group's customers, to manage cashflow which could lead to an increase in consumer prices, lay-offs and bankruptcies. Any such adverse results for the Group's customers could also expose the Group to increased risks with respect to its credit quality and liquidity. In 2016, the CBN has also increased both capital requirements regulations and monetary policy regulations. Given the recent economic slow-down, the regulatory environment in Nigeria may remain uncertain, which can adversely impact the Group and lead to operational challenges for its business.

These factors, and any future regulatory changes introduced by the CBN (including any changes implemented by the acting CBN governor or the governor's successor) create an uncertain regulatory environment, which could materially and adversely affect the Nigerian banking industry as a whole and have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and liquidity.

The Group may be sanctioned for non-compliance with regulations applicable to banks in Nigeria

The Bank is subject to the risk of being sanctioned by the CBN for non-compliance with applicable regulations. The Bank is subject to many regulations which are not clearly defined and may inadvertently contravene an extant provision. The powers of the CBN under the laws and regulations are extensive and include the power to take over the management of banks. The CBN has recently targeted Nigerian banks who fail to meet minimum capital reserves, taking action directly against senior management. For example in July 2016, the CBN announced it had approved a new board of directors and executive management for Skye Bank following its deterioration of asset quality. In August 2016, the CBN dispelled rumours that Skye Bank was being liquidated and stated that Skye Bank is not in distress and remains a healthy bank in the Nigerian banking system. The CBN described its changes to the board of directors of Skye Bank as proactive steps to resolve corporate governance challenges faced by the bank. Also in August 2016, the CBN suspended nine banks from the foreign exchange market for allegedly failing to remit approximately U.S.$2.3 billion in funds of the Nigerian National Petroleum Corporation (the "**NNPC**") to the Treasury Single Account. The nine banks were however reinstated on 31 August 2016 upon presentation of repayment plans to the CBN.

The Bank is also subject to the regulatory purview of certain regulators such as the Financial Reporting Council of Nigeria ("**FRCN**") whose role in the industry is yet to be agreed by industry participants. The FRCN was set up to develop and publish accounting and financial reporting standards to be observed in the preparation of financial statements of public entities in Nigeria including the Bank. There are, however, unresolved controversies relating to the extent of the powers of the FRCN. In October 2015, the FRCN purportedly removed certain directors of Stanbic IBTC Bank Plc in connection with perceived irregularities in Stanbic IBTC Bank Plc's financial statements and requested the CBN to take disciplinary actions against Stanbic IBTC Bank Plc. However, in a letter to the FRCN, the CBN declined to take any disciplinary actions against Stanbic IBTC Bank Plc, contradicted the findings of FRCN in respect of Stanbic IBTC Bank Plc's financial statements and noted that the FRCN did not have the power to impose such sanctions on Stanbic IBTC Bank Plc. There is no assurance that the Group would not be subject to similar disciplinary action, and such actions could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The Group may not be successful in its strategic aims

The Group has grown rapidly in a short period of time, primarily through the growth of its loan book. Historically, the largest portion of the Group's assets has been invested in investment securities, primarily Nigerian federal and state government bonds and treasury bills. However, in the last couple of years, in an effort to obtain a higher return on its assets, the Group has increased the amount of its lending, focusing on the public sector, including state governments, and corporate clients (institutional and commercial). The Group has expanded its scope of operations significantly and may expand by opening new domestic and foreign branches in the future. The degree of expansion of the Bank's activity may put new demands and pressures on its management and systems. In addition, such activities in the past have required and, if this growth continues, will require significant allocation of capital and management resources, further development of the Group's financial, internal controls and information technology systems, continued upgrading and streamlining of its risk management systems and additional training and recruitment of management and other key personnel. At the same time, the Group must maintain a consistent level of client services and current operations to avoid loss of business or damage to its reputation. The Group's ability to successfully implement its strategic objectives will depend on its ability to successfully manage its growth and to cost effectively develop any new branches as well as to secure and effectively allocate resources to meet the needs of its expanded business.

Management of the Group's growth has required significant managerial and operational resources and has increased the overall complexity of the Group's business and such demands will continue to increase with the expansion of the Group's banking business. As the Group's loan and deposit portfolio and business grow, the Group will need to obtain new resources, particularly personnel and upgraded information technology infrastructure, to manage the growth and to control the credit quality of its loan book. If the Group fails to manage its growth successfully, this could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The Group faces increased levels of competition in the Nigerian banking industry

The Nigerian market for banking and financial services is highly competitive and the Group faces competition from different banks in each of the segments and regions where it operates. Although historically the Group has achieved consistent and profitable growth, it may be unable to maintain or improve its market position. See "*—Risks relating to the Nigerian banking sector—The increasingly competitive environment in the Nigerian banking industry may negatively affect the Group's prospects*".

The Nigerian banking sector is undergoing a transformation which is expected to continue over the next few years. In the aftermath of the global economic and financial crisis, the banking sector consolidation, aided by AMCON and CBN, is reducing the number of existing banks and changing the Nigerian banking landscape. The Bank believes that in order to meet the competition driven by a more concentrated Nigerian banking industry, it will be critical for the Group to achieve economies of scale and be able to effectively offer the greater reach and financial capacity of larger banks.

Against this background, the Group's growth depends on its ability to gain market share, extend its distribution network, manage its cost base, access low cost deposits and grow quality risk assets, in order to allow it to maintain strong levels of profitability and returns despite being required to hold higher levels of capital by the CBN. If the Bank is not able to generate the profitability, economies of scale and financial capacity to enable it to compete with the largest Nigerian banks, the Group's business, financial condition, results of operations and/or prospects may be materially and adversely affected.

The Group is subject to risks relating to its information technology systems and its ability to remain competitive depends on its ability to upgrade such systems

The Group depends on its information technology systems to process a large number of transactions on an accurate and timely basis, and to store and process substantially all of the Group's business and operating data. The proper functioning of the Group's financial control, risk management, credit analysis and reporting, accounting, customer service and other information technology systems (such as its electronic fraud monitoring and surveillance systems and customer insurance programmes), as well as the communication networks between its branches and main data processing centres, are critical to the Group's business and ability to compete effectively. Unlike banks in many other countries, the Group is unable to rely on state or utility providers of power and telecommunication services for the quality and quantity of services it requires for its operations, and has to make its own arrangements to secure these services. The Group's business activities would be materially disrupted if there were to be a partial or complete failure of any of the Group's material information technology systems or communications networks. Such failures can be caused by a variety of factors, including natural disasters, extended power outages and computer viruses. In addition, limited national fibre optic coverage makes reliance on technology used to transmit narrowband data, such as the Very Small Aperture Terminal ("**VSAT**") mandatory in certain remote areas, which may also be affected by occurrences of similar events. The proper functioning of the Group's information technology systems also depends on accurate and reliable data and other system inputs, which are subject to human errors. Any failure or delay in recording or processing the Group's transaction data could subject it to claims for losses and regulatory fines and penalties.

Information security risks for large financial institutions have increased in recent years, in part because of the proliferation of new technologies, the use of internet and telecommunications technology and the increased sophistication and activities of organised criminals and hackers. In addition, to access the Group's products and services, customers may use personal smartphones, personal computers and other computing devices, personal tablet computers and other mobile devices that are beyond the Group's control systems. Although the Group takes protective measures and endeavours to modify them as circumstances warrant, its computer systems, software and networks may be vulnerable to unauthorised access, misuse, denial-of-service attacks, phishing attacks (including Short Message Service ("**SMS**") phishing by which individuals or even organised groups send SMS or text messages to the Bank's customers to obtain sensitive information or account credentials) computer viruses or other malicious code and other events that could result in the unauthorised release, gathering, monitoring, misuse, loss or destruction of confidential proprietary and other information of the Group, its employees, customers or third parties or otherwise materially disrupt the Group's or its customers' or third parties' network access or business operations.

The Group and its customers have been and continue to be subject to a range of cyber-attacks, such as denial of service, malware and phishing and the Group has experienced an increase in fraudulent SMS accounts. Cyber-attacks could give rise to the loss of significant amounts of customer data and other sensitive information, as well as significant levels of liquid assets (including cash). In addition, cyber-attacks could give rise to the disablement of the Group's information technology systems used to service the Group's customers. As attempted attacks continue to evolve in scope and sophistication, the Group may incur significant costs in its attempt to modify or enhance its protective measures against such attacks, or to investigate or remediate any vulnerability or resulting breach, or in communicating cyber-attacks to its customers. If the Group fails to effectively manage its cybersecurity risk, e.g. by failing to update its systems and processes in response to new threats, this could harm its reputation and adversely affect its operating results, financial condition and prospects through the payment of customer compensation, regulatory penalties and fines and/or through the loss of assets. It is possible that the

Group (or its third-party suppliers) may not be able to anticipate or to implement effective measures to prevent or minimise damage that may be caused by all information security threats, because the techniques used can be highly sophisticated, can evolve rapidly and those that would perpetrate attacks can be well resourced.

Information security threats may also occur as a result of the Group's size and role in the financial services industry, its plans to continue to implement internet banking and mobile banking channel strategies and develop additional remote connectivity solutions, and the threat of cyber-terrorism. As financial technology continues to develop, the Group may be exposed to new risks to its business and the security of its data, including risks it may not be able to anticipate, as well as increased operating costs from ensuring that any new products and services it provides are implemented correctly and operated safely and securely.

An information security failure could have serious consequences for the Group, including operational disruption, financial losses, a loss of customer or business opportunities, litigation, regulatory penalties or intervention, reputational damage, theft of intellectual property and customer data, and could result in violations of applicable privacy laws, all of which could have a material impact.

The primary and secondary data centres for the Group are both located in Lagos, on Lagos Island, and the disaster recovery centre is also located in Lagos, although on the mainland part of Lagos. Any natural disaster, power outage or other event affecting the Lagos region may cause disruptions or damages to the data and/or disaster recovery centres, which may adversely affect the Group's operations. The Group's ability to remain competitive will, to a certain extent, depend on its ability to upgrade its information technology systems on a timely and cost-effective basis. Whilst the Group has not experienced any material disruptions or security breaches in the past, any material security breach or other disruptions could expose the Group to risk of loss and regulatory actions and harm its reputation. In addition, the information available to and received by the Group through its existing information technology systems may not be timely or sufficient for the Group to manage risks and plan for, and respond to, market changes and other developments in the current operating environment. Any substantial failure to improve or upgrade the Group's information technology systems effectively or on a timely basis or failure to implement more efficient process automation, could materially and adversely affect the Group's competitiveness, results of operations, financial condition and/or prospects.

The Group's inability to recruit, train and retain qualified personnel could have an adverse effect on its business

The Group is dependent on members of its Board and other key members of the management teams for the development and implementation of its strategy. Should members of the management team leave the Group, the operational efficiency of the management team may be compromised, which in turn may have an adverse effect on the Group's efficiency.

The CBN Prudential Guidelines prescribe a maximum of ten years for chief executive officers of banks and prohibit CEOs from qualifying for appointment in their former bank or subsidiaries of such bank in any capacity until after three years following the expiration of their tenure as CEO. The Bank is in compliance with this directive, with its current CEO, Dr. Herbert Wigwe, having served for approximately three years as at the date of this Prospectus.

The Group's success will depend, in part, on its ability to attract, motivate and retain qualified and experienced banking and management personnel. Competition in the Nigerian banking industry for personnel is considerable. Whilst the Group believes that it has effective staff recruitment, training and incentive programmes in place, there can be no assurance that these will be sufficient to allow the Group to recruit, train and retain an adequate number of qualified personnel to run its business and to execute its strategy. The Group's failure to recruit, train and/or retain necessary personnel could have a material adverse effect on its business, results of operations, financial condition, cash flows, liquidity and/or prospects. Therefore, maintaining employee morale, training, and retaining and incentivising employees is key to the Group's growth strategy.

The Group is exposed to liquidity risks due to maturity mismatches

The Group, like other commercial banks in Nigeria and elsewhere, is exposed to liquidity risk due to maturity mismatches between its assets and liabilities. The Group has historically funded its risk assets with deposits and shareholders' funds. Deposits from banks and customers represented 79.0 per cent. of total liabilities as at 31 December 2015, as compared to 86.1 per cent. as at 31 December 2014 and 88.2 per cent. as at 31 December 2013. As at 31 December 2015, 74.6 per cent. of the Group's financial liabilities (comprising deposits from banks and customers, derivative financial instruments, claims payable, liabilities on investment contracts, and interest-bearing loans and borrowings) were due within three months and 31.3 per cent. of the Group's financial assets (comprising cash and cash equivalents, non-pledged trading assets, pledged assets, derivative financial instruments, loans and advances to banks and customers, insurance receivables and investment securities) had maturities of less than three months. See Note 5.3.1 of the 2015 Financial Statements for more details. The Group could face difficulties in meeting its liabilities as they fall due if it does not have sufficient liquid assets to meet these maturities or withdrawals, or if it fails to attract additional medium- to long-term financing or if the Group were to suffer a sudden increase in withdrawal of deposits, which currently form a significant portion of the Group's funding.

The Bank believes that the Group's liquidity risk management policy, which includes maintaining and monitoring its cash and liquid securities portfolio to try to ensure that they are sufficient to meet current demands, coupled with its ability to call and/or reprice most of its loans on an annual basis, allow and will continue to allow it to meet its liquidity needs. In addition, the Group has historically maintained a liquidity ratio above the relevant CBN regulatory requirement, being 30.0 per cent. of liquid assets (cash and cash equivalents, treasury bills, trading assets and government bonds) to total deposits as at the date of this Prospectus. However, a deterioration of the Nigerian economy, an inability to access alternative sources of funds in the international capital, syndicated loan and interbank markets, significant withdrawals of corporate and retail deposits and/or continued mismatches between the Group's assets and liabilities may, together or separately, have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The Group may not be able to sustain the current level of growth in its loan book, and may have difficulty in maintaining credit quality, which could impact its profitability

The Group's gross loans and advances to customers was ₦1,784,860 million as at 30 June 2016, ₦1,394,522 million as at 31 December 2015, ₦1,129,446 million as at 31 December 2014 and ₦800,644 million as at 31 December 2013. In 2013, with the integration process of Intercontinental Bank completed, the Group was able to focus its resources on executing its strategy and growing its loan book. The public sector and large corporate customers in key sectors (in particular, oil & gas, power, manufacturing, agriculture and telecommunications) continue to constitute the Group's core customer base. There can be no assurance that the Group will be able to sustain its current levels of growth in the future. In May 2016, citing constricted government revenue due to low global oil prices and decreased oil production in the Niger Delta, the Government stated that it would remove all subsidies on petrol in Nigeria. As there are few oil refineries in Nigeria, the Nigerian government has historically imported refined oil products to meet domestic demand, which required payment to these refineries in U.S. dollars. With the pegged Naira, the Federal Government experienced challenges sourcing sufficient U.S. dollars at the official exchange rate to meet demand. However, following removal of the currency peg, the Naira's devaluation has significantly increased the relative cost of the petroleum subsidy to the Federal Government. In May 2016, the Minister of State for Petroleum Resources stated that the removal of petroleum subsidies would save the Federal Government up to ₦16.4 billion per month. Following removal of the subsidies, petrol prices have risen 66 per cent.; however, the full impact of the latest removal of oil subsidies on the Group is not yet known. There can be no assurance that the Group will not experience the same or greater negative impact on its gross loan portfolio that followed the removal of petroleum subsidies in 2012. The Group, along with other banks in Nigeria, is susceptible to political and economic events in Nigeria, including removal of petroleum subsidies, and these events could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospectus. See also "*—Risks relating to the Nigerian banking sector—The banking sector is affected by changes in the Nigerian economy*" and "*—Risks Relating to Nigeria and the other regions in which the Group operates—The regulatory environment in the oil & gas sector in Nigeria is subject to significant ongoing change*". Also, as a result of the CBN Monetary Policy Committee ("**MPC**") raising the CRR on public sector deposits from 50 per cent. to 75 per cent. in July 2013, the Group saw limited growth in its gross loan portfolio in 2013 as it, along with other Nigerian banks, tried to manage its liquidity position in the face of a sharp increase in cost of funds caused by the increase in CRR. See "*Nigeria—The Nigerian Economy—Interest Rates*".

An increase in the overall level of lending could increase the credit risk of the Group. In particular, retail and small commercial banking customers typically have less financial strength than large companies; negative developments in the Nigerian economy could affect these borrowers more significantly than large companies. This could result in higher levels of classified loans (that is, loans classified by the Group as substandard, doubtful or lost) for which an impairment is or needs to be made, also known as NPLs, and as a result, higher levels of provisioning. See "*Risk Factors—The Group's investment and loan portfolios and deposit base are highly concentrated*" and "*—The Group is subject to foreign exchange risk and is affected by changes in the value of the Naira against other currencies*".

According to data from the CBN, the Nigerian banking industry's NPLs as a proportion of total loans increased to 4.9 per cent. as at 31 December 2015 from 3.0 per cent. as at 31 December 2014 and 3.4 per cent. as at 31 December 2013. The Group's NPLs as at 31 December 2015 stood at ₦24,417 million, representing 1.8 per cent. of total gross loans and advances, compared to ₦25,261 million or 1.7 per cent. of total gross loans and advances as at 31 December 2014, and ₦22,589 million or 2.4 per cent. of total gross loans and advances as at 31 December 2013. A significant contributing factor in the decrease of NPLs over the periods is due to the improved risk management framework and structure. Although the Group continues to actively manage and monitor its loan portfolio, there can be no assurance that, in the future, the Group will be able to maintain the NPL ratio recorded at 31 December 2015. Factors which may contribute to an increase in the amount of the Group's NPLs include an increased loan portfolio and the reduced ability of existing customers to pay their foreign exchanged denominated debt, or generally any slowdown in the Nigerian economy, any further decreases in oil prices and any further impacts of the Naira free float. Government policies and economic changes which adversely affect sectors to which the Bank has significant exposure may contribute to the amount of the Group's NPLs.

Any significant increase in credit exposure will require continued emphasis by the Group on credit quality, the adequacy of its provisioning levels and the continued development of financial and management control. Due to the size of each loan to corporate customers, a single default by a corporate borrower could significantly impact the Group's loan losses. Failure to successfully manage growth and development and to maintain the quality of its assets could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

If the Group fails to receive or maintain licences required to conduct its operations, or if any existing licences are revoked, its operations may be adversely affected

Banking and other operations performed by Nigerian banks in Nigeria require licences from the CBN. The CBN has granted the Group its commercial banking licence with international authorisation. The Group has obtained all other licences in connection with its banking operations, including banking operations involving foreign currencies. However, there is no assurance that members of the Group will be able to obtain required licences or maintain existing licences in the future. In the event that the Group loses a CBN licence or is required to apply for a new licence, the process could be burdensome and time-consuming. Pursuant to the Regulation on Banking Activities and Ancillary Matters No. 3 of 2010 issued by the CBN (the "**CBN Regulations**"), which repealed the Universal Banking Guidelines, every Nigerian bank that held a universal banking licence was required to apply to the CBN to have its universal banking licence exchanged for an appropriate licence to conduct banking business as one of the permitted types of banks in Nigeria (commercial, merchant or specialised). The Group currently holds an international commercial banking licence. The CBN may, at its discretion, impose additional requirements or deny any request by the Group for licences. Similar actions by the CBN could limit the Group's operations or materially adversely affect its business, financial condition, results of operations and prospects. In particular, the loss of its commercial banking licence, a breach of the terms of a general banking licence by the Group or a failure to obtain such a licence in the future could result in the Group being unable to continue some or all of its banking activities, being unable to expand its business internationally and being subject to penalties and fines by the CBN. Any such failure could, in turn, have a material adverse effect on the Group's results of operations, financial condition and/or prospects.

A decline in the value or the illiquidity of the collateral securing the Group's loans, and difficulty in obtaining and enforcing adequate security as collateral for the Group's loans may adversely affect its loan portfolio

Whilst there are limitations on securing effective collateral over certain assets, including land, a substantial portion of the Group's loans to corporate customers and individuals is secured by collateral such as real property, land leasing rights, production equipment, vehicles and securities. Downturns in the relevant markets, a lack of an existing market for the collateral within Nigeria or a general deterioration of economic conditions may result in declines in the value of collateral, securing a number of loans to levels below the amounts of the outstanding principal and accrued interest on those loans. If collateral values decline, they may not be sufficient to cover irrevocable amounts on the Group's secured loans (including any NPLs) which may require the Group to reclassify the relevant loans, establish additional loan loss expenses and increase reserve requirements. A failure to recover the expected value of collateral may expose the Group to losses, which may materially adversely affect the Group's financial condition and/or results of operations.

As at 31 December 2015, 66.1 per cent. of the Group's loans and advances to customers were secured. If the Group enforces the security, for various reasons the realisable value from the security may be less than the outstanding loan. Some secured loans, particularly in the Retail Banking unit, have lower recovery rates on the collateral following a default in the loan, due to the types of collateral involved – generally consumer products, such as appliances and cars, which are difficult to recover. Certain types of security are also difficult to perfect such as mortgages, due to government bureaucracy, perfection costs and incomplete documentation. Additionally, in 2015, a bigger portion of the Group's loans and advances to customers were secured with property, which will provide some level of security over the Group's loans and advances to customers as collateral.

Under relevant Nigerian land laws, the Group is required to obtain the consent of the Governor of the relevant state in which real property collateral is situated or the consent of the minister in charge of lands in respect of lands designated as federal lands in order to perfect its security in the property. The process of perfecting title to land is bureaucratic and may prolong the Group's ability to realise security for loans advanced. In addition, the Nigerian judicial system is still developing and faces a number of challenges, which often result in delays in the judicial process. Accordingly, there is a possibility that the Group's loan portfolio may be affected by challenges in realising security for loans due to inefficiencies in the judicial system.

Failure to obtain security with sufficient value, to adequately perfect security interests or to recover collateral held for loans could have a material adverse effect on the Group's business, results of operations and/or financial condition.

The Group's risk management and internal control policies and procedures may leave it exposed to unidentified or unanticipated risks

The Group has devoted resources to developing its risk management policies and procedures, particularly in connection with credit, market, liquidity, interest rate and operational risks, and the Bank expects to continue to do so in the future in accordance with its Enterprise Risk Management Framework ("**ERM Framework**"). Nonetheless, the Group's risk management techniques and internal control policies and procedures may not be fully effective in mitigating its risk exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated. The Group is also subject to political, economic and other risks associated with Nigeria and the other countries in which it operates, which cannot be effectively managed. In addition, the Group is vulnerable to various kinds of other risks which range from, but are not limited to, money transfers fraud, electronic fraud, identity theft, internet and telephone fraud. As the risks posed by these factors constantly change, so do the approach and techniques used in managing such risk, which include constant monitoring and risk assessment. Conventional risk management framework focused on credit management, operational risk management and market risk in the past. However, emerging trends in fraud indicate that failures in management of information assets and exposures in this area give rise to more emphasis being placed on information security risk management. Other risk management methods depend upon evaluation of information regarding the markets which the Group operates in, its clients or other matters that are publicly available or otherwise accessible by the Group. This information may not be accurate, complete, up-to-date or properly evaluated in all instances. The magnitude of the potential impact of the foregoing risks may be compounded as the Group grows its business in the future. Any failure in the Group's risk management may have a material adverse effect on its business, results of operations and/or financial condition.

In the past the Group has suffered from certain credit-quality problems, lapses in credit approval and control processes, internal control deficiencies and operational problems as a result of weaknesses in the Group's risk management and internal controls. There can be no assurance that the Group's risk management and internal control policies and procedures will adequately control, or protect the Group against, all credit and other risks to which it is subject. Certain risks are unidentified or unforeseeable, and could be greater than the Group's empirical data would otherwise indicate. In addition, the Group cannot guarantee that all of its staff will adhere to its risk management and internal control policies and procedures. Moreover, the Group's growth and expansion may affect its ability to implement and maintain stringent internal controls. The Group's risk management and internal control capabilities are also limited by the information, tools and technologies available to the Group. Although the Bank believes that the Group's financial systems are sufficient to ensure compliance with the requirements of applicable laws, any material deficiency in its risk management or other internal control policies or procedures may expose the Group to significant credit, liquidity, market or operational risk, which may in turn have a material adverse effect on the Group's business, results of operations and financial condition and/or prospects.

The Group's net interest margin may be under pressure due to government monetary policies and the Nigerian banking sector environment

The banking industry in Nigeria has become increasingly competitive, which has resulted in increasing pressure on the loan rate chargeable by the Group, particularly in the corporate segment as the Group competes for business. The Group's net interest margin (defined as net interest income divided by average interest earning assets) was 5.2 per cent. for the year ended 31 December 2015, 6.2 per cent. for the year ended 31 December 2014 and 5.2 per cent. for the year ended 31 December 2013.

Since 2014, the Group has focused on shifting its loan book away from customers with higher risk ratings towards customers with lower risk ratings, as well as using the proceeds from its U.S. dollar denominated Eurobond issuance in July 2012 to extend U.S. dollar denominated loans to its corporate customers, all of which earn a relatively lower rate of interest. The Group believes that as it develops its relationship with its corporate clients, it will be able, over time, to benefit from increased business along the value chain of these corporate clients, such as its suppliers, distributors, customers, employees and shareholders of such corporate clients.

Additionally, the Nigerian government has put in place several policies that have caused a decrease in interest income of Nigerian banks. The CBN's MPR serves as an indicative rate for transactions in the interbank money market, as well as other market rates. Increases in the MPR cause increases in the cost of borrowing and therefore may have a negative impact on the net interest rate margin. The MPR was held constant for most of 2015 at 13.0 per cent., but was reduced to 11.0 per cent. in November 2015. In March 2016, the MPR was raised to 12.0 per cent. and again to 14.0 per cent. in July 2016, where it remains as of the date of this Prospectus. The decision to increase the MPR was taken to tighten monetary policy further in response to increasing inflationary pressures, to support the Naira and to maintain price stability. In addition, as a result of the recent banking sector reforms, as set out in more detail in "*—Risks relating to the Nigerian banking sector—Risks related to Nigeria and other regions in which the Group operates—Lack of confidence in the Nigerian banking system resulting from the global financial crisis may affect the Group's performance*" below, largely through the AMCON's purchase of NPLs in the Nigerian banking sectors and subsequent recapitalisation of certain Nigerian banks (amongst which the Group was not included), as well as increased levels of capital and availability of funding (such as the ability to access the international capital markets), the banking industry in Nigeria has become increasingly competitive, which has resulted in increasing pressure on the Group's yields earned in the corporate segment as the Group competed for business. In the future, these factors could materially and adversely affect the Nigerian banking industry as a whole and have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The Group is subject to interest rate risk

The Group is exposed to interest rate risk through the interest-bearing assets and liabilities in its trading and banking books. Fluctuations in interest rates could adversely affect the Group's operations and financial condition in a number of different ways. An increase in interest rates generally may decrease the value of the Group's fixed rate loans and raise the Group's funding costs. Such an increase could also generally decrease the value of fixed rate debt securities in the Group's investment portfolio (primarily comprised of Government Bonds). In addition, an increase in interest rates may reduce overall demand for new loans and increase the risk of customer default, while general volatility in interest rates may result in a gap between the Group's interest rate sensitive assets and liabilities, particularly given the Group's reliance on short-term liabilities to fund longer-term assets. This risk could be heightened in the event of sudden large fluctuations or changes in interest rates in response to economic or other conditions, such as the 200 basis points increase in the MPR in July 2016 (following a meeting of the MPC) from 12.0 per cent. in June 2016. Interest rates are sensitive to many factors beyond the Group's control, including the policies of central banks, such as the CBN, domestic and international economic conditions and political factors. There can be no assurance that the Group will be able to protect itself from the adverse effects of future interest rate fluctuations. Any fluctuations in market interest rates, and the Group's inability to monitor such fluctuations so as to respond in a timely and cost-effective manner, could lead to a reduction in net interest income and adversely affect the Group's financial condition and results of operations.

The Group's objective for management of interest rate risk is to ensure a higher degree of interest rate margin stability and lower interest rate risk over an interest rate cycle. The Group tries to achieve this by hedging material exposures with the external market. However, the Group's operations remain subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprice at different times or in differing amounts. These risks impact both the earnings and the economic value of the Group which, if material, could have a material adverse effect on the Group's financial condition, liquidity, results of operations and/or prospects.

The effect of an unsuccessful introduction of new products could result in the Group not being able to achieve its intended results

Expansion of the Group's business activities (into new geographies or new market segments), or the introduction of new products (e.g. mobile banking, franchised products or additional electronic banking ("**E-Banking**") products) exposes the Group to a number of risks and challenges, including the following:

- the Group may have limited or no experience in certain new business activities and may not compete effectively in these areas;
- there is no guarantee that the Group's new business activities will meet expectations for profitability;
- the Group will need to hire or retrain personnel who are able to conduct new business activities; and
- the Group must continually add to the capability of its risk management and information technology systems to support a broader range of activities.

If the Group is not able to achieve the intended results in these new business areas or products, its business, results of operations and financial condition may be materially adversely affected. In addition, if the Group fails to promptly identify and expand into new areas of business to meet the increasing demand for certain products and services, the Group may fail to maintain its market share or lose some of its existing customers to its competitors.

The Group may not have adequate insurance to cover losses suffered as a result of deficiencies in its internal control policies and procedures

There is a risk that the Group will not be able to ensure that its internal control policies and procedures will protect it from fraud or other criminal acts committed by its employees. The Group maintains a system of controls designed to keep operational risk at appropriate levels. However, there can be no assurance that the Group will not suffer losses from any failure of these controls to detect or contain operational risk in the future and the inadequacy or a failure of the Group's internal processes or systems may result in unauthorised transactions and errors which may not be detected. The Group also manages its operational risk by obtaining insurance from external providers. Nevertheless, there can be no assurance that the Group's insurance will be sufficient to cover the Group's losses from all such transactions or errors which, in turn, may have a material adverse effect on the Group's financial condition and results of operations.

The Group's reputation and its ability to do business may be impaired by corrupt behaviour by any of its employees or agents or those of its subsidiaries

The Group operates in countries and sectors known to experience corruption. While the Group and its subsidiaries are committed to conducting business in a legal and ethical manner, there is a risk that its employees or agents may take actions that would be prohibited by the U.S. Foreign Corrupt Practices Act or the United Kingdom Bribery Act 2010 or legislation promulgated pursuant to the 1997 Organisation for Economic Co-Operation and Development Convention on Combating Bribery of Foreign Public

Officials in International Business Transactions, the Nigerian Corrupt Practices and Other Related Offences Act No. 5 of 2000 or other applicable anti-corruption rules or regulations. These actions could result in monetary penalties against the Group and its subsidiaries and could damage the Group's reputation and, therefore, its ability to do business. The UK Bribery Act is broader in scope than other such anti-corruption laws, such as the U.S. Foreign Corrupt Practices Act, and applies to public and private corruption and contains no exception for facilitating payments. Despite the Group's training and compliance programmes, there can be no assurance that the internal control policies and procedures will protect the Group from reckless or criminal acts committed by those of the Group's employees or agents who violate the Group's policies. Any investigation of any potential violations of the UK Bribery Act or other anti-corruption laws by UK or foreign authorities could also adversely affect the Group's reputation and, therefore, its ability to do business. See also "*Risk Factors—Risks related to the Bank and the Group—The Group has been subject to regulatory investigations, including by the EFCC, which may harm the Group's reputation or impact the market price of the Notes*". If the Group is found not to be in compliance with the UK Bribery Act and other laws governing the conduct of business with government entities (including local laws), the Group may be subject to criminal and civil penalties and other remedial measures, which could have a material adverse effect on the Group's business, financial condition and/or results of operations.

The Group may not be able to fully comply with anti-money laundering regulations, which could result in governmental fines and a damaged reputation

Corruption and money laundering have been and continue to be identified by external analysts as significant issues in Nigeria. As a result, the Nigerian government has sought to implement various measures to prevent and fight these issues, including by enactment of the updated Money Laundering (Prohibition) Act of 2011, as amended by the Money Laundering (Prohibition) (Amendment) Act of 2012, as well as the Terrorism (Prevention) Act of 2012, as amended by the Terrorism (Prevention) (Amendment) Act of 2013, which requires financial institutions to monitor certain financial transactions of their customers more closely for evidence of money laundering and increases the reporting requirements of financial transactions by financial institutions. In addition, the CBN now requires banks to ensure that their customers who are "designated non-financial institutions" (which include dealers in jewellery, cars and luxury goods, supermarkets, hotels and casinos) are registered with the Special Control Unit on Money Laundering of the Federal Ministry of Trade and Investments prior to establishing a business relationship with them. The Nigerian government also established the EFCC in 2004, whose purpose is to investigate all financial crimes including, amongst others, advance fee fraud money laundering, counterfeiting and futures market fraud.

The Group is required to comply with a variety of anti-money laundering, anti-terrorism laws and other regulations in Nigeria, as well as in other jurisdictions in which it has operations. However, the Group's policies and procedures aimed at detecting and preventing the use of its banking network for money laundering and terrorist activities may not completely eliminate instances where the Group may be used by other parties to engage in money laundering and other illegal or improper activities. In common with other banks in Nigeria, however, the Bank continues to face ongoing risks relating to corruption and potential money laundering schemes perpetrated by individuals and companies in Nigeria. To the extent the Group fails to fully comply with applicable laws and regulations, the relevant government agencies to which reports have the power and authority to impose fines and other penalties on the Group, including the suspension or removal of its banking licence. See also "*Risk Factors—Risks related to the Bank and the Group—The Group has been subject to regulatory investigations, including by the EFCC, which may harm the Group's reputation or impact the market price of the Notes*". The Group's business and reputation could also suffer as a result of the imposition of any such penalties or any allegations relating thereto, which could, in turn, have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

The Group has significant off-balance sheet credit-related commitments that may lead to potential losses

The Group conducts business involving contingent liabilities and commitments including acceptances, endorsements, performance bonds, indemnities, guarantees and letters of credit. All such credit-related commitments are classified as off-balance sheet items in the Group's consolidated financial statements. As at 31 December 2015, the Group had ₦972,850 million in off-balance sheet assets, compared to ₦633,992 million as at 31 December 2014 and ₦442,414 million as at 31 December 2013. Although the Group has established allowances for its off-balance sheet credit-related commitments as it does for its on-balance sheet credits, there can be no assurance that these allowances will be sufficient to protect the Group from the actual losses that the Group may potentially incur on its credit-related commitments. The Group does not create provisions for off-balance sheet liabilities so long as they are performing. However, in the event that an off-balance sheet liability becomes non-performing the Group will take it on balance sheet and create a provision. See "*Management's Discussion and Analysis of Results of Operations and Financial Condition—Off-balance sheet arrangements*".

Risks relating to the Nigerian banking sector

The banking sector is affected by changes in the Nigerian economy

The financial results and condition of Nigerian banks depend to a significant extent on the performance of the Nigerian economy. Nigeria's economy is currently experiencing contraction characterised by slow or negative growth, high inflation and fluctuations in the value of the Naira. In July 2016, the Minister of Finance stated that Nigeria was technically in recession. See "*Risk Factors—The Group's business is highly dependent on the health of the Nigerian economy, which is dependent on global prices of oil and oil production in Nigeria*". In the first quarter of 2016 Nigeria's GDP growth contracted to -0.4 per cent. year-on-year, a decline of 2.5 per cent. from the previous quarter (2.1 per cent.) and 4.3 per cent. from the first quarter of 2015 (4.0 per cent.). The manufacturing sector witnessed the largest fall in growth, contracting -8.1 per cent. in the first quarter of 2016, a decline of 8.0 per cent. from the 0.4 per cent. growth recorded in the previous month.

The decline in the manufacturing sector was due to disruptions in the supply chain stemming from fuel shortages and the low availability of foreign exchange to manufacturers to source raw materials, in addition to the inability to pass on higher costs to customers. The service sector, which accounted for 55.2 per cent. of GDP in 2015, recorded the second worst performance with growth declining by 6.2 per cent. from 7.0 per cent. in the first quarter of 2015 to 0.8 per cent. in the first quarter of 2016. This was largely driven by a decline in imports and low availability of foreign exchange

The Nigerian economy is highly influenced by oil prices and by the country's level of oil & gas production. According to the NBS, the oil & gas sector contributed approximately 9.9 per cent. to GDP in 2015 and 10.4 per cent. in 2014 (according to the rebased GDP figures). Supply disruptions (theft and sabotage) continue to hamper output in the oil sector and are one of the reasons for the decline in the oil & gas sector's contribution to GDP. Quarterly contribution of oil & gas to GDP declined from 10.7 per cent. in the first quarter of 2015 to 8.4 per cent. in the fourth quarter of 2015. Given Nigeria's dependence on oil exports for foreign exchange earnings and government revenue, the country's foreign exchange reserves, Naira/U.S. dollar exchange rate and government revenues have declined by 23.6 per cent., 40.6 per cent. and 47.4 per cent., respectively, between 2014 and the second quarter of 2016 due to more than a 60 per cent. decline in prices of crude oil since mid-2014 when the price of Brent peaked at U.S.$115 per barrel. The decline in oil prices coupled with disruptions to production has had a negative impact on government revenues, with many states unable to pay salaries. This has affected other sectors such as manufacturing and construction, as well as consumer spending resulting in a decline in GDP growth by 0.36 per cent. in the first quarter of 2016, the first decline in Nigeria's GDP for over a decade, which continued in the second quarter of 2016 with GDP growth declining by 2.06 per cent.

In December 2013, the price of crude oil was U.S.$112.75 per barrel. Crude oil prices then fell significantly to U.S.$57.54 per barrel in December 2014 and to U.S.$36.36 per barrel in December 2015. The average price of crude oil in the second quarter of 2016 increased slightly to U.S.$41.00.

The average daily production of crude oil in the third quarter of 2013 was 2.3 mbd, an increase from 2.1 mbd per day in the second quarter of 2013. Average daily production was 2.4 mbd, 2.4 mbd and 2.1 mbd in 2014 and 2015 and the first half of 2016, respectively. As at January 2015, Nigeria's crude oil reserves, as estimated by the U.S. Energy Information Administration, stood at approximately 37.1 billion barrels as compared to approximately 37.4 billion barrels as at January 2016.

Nigeria's annual inflation rate as measured by the consumer price index ("**CPI**") was 9.0 per cent., 8.1 per cent. and 8.5 per cent. in 2015, 2014 and 2013, respectively. The inflation rate has risen steadily in 2016 to a peak of 16.5 per cent. in June 2016, largely attributable to the removal of fuel subsidies, the decline in the value of the Naira and a rise in food prices.

The exchange rate of the Naira against the U.S. dollar is significantly affected by international oil prices. The sharp decline in international oil prices from over U.S.$100 per barrel in 2014 to below U.S.$40.08 per barrel as at 30 June 2016 contributed to the depreciation of the Naira against the U.S. dollar during that period with the CBN officially devaluing the Naira twice in the period to ₦168 to the U.S. dollar and eventually to ₦197 to the U.S. dollar. The official average exchange rate was ₦197.80 for the year ended 31 December 2015 and ₦156.90 for the year ended 31 December 2014. By early 2016, the unofficial parallel market rate had reached around ₦385 to the U.S. dollar and peaked at ₦400 per U.S. dollar, with the CBN being the only supplier of U.S. dollars at the official rate. In May 2016, the CBN announced it would introduce a flexible exchange rate policy where the exchange rate will be determined primarily by market forces at the interbank market. In August 2016, the Naira depreciated to ₦324.5 to the U.S. dollar.

The substantial decline in international oil prices and the exchange rate in 2015 and the first half of 2016, had a significant impact on the import contracts of importers, most of which were unhedged, particularly in the downstream oil & gas sector and the banks, including the Group, which had extended credit to them. As at 16 September 2016, the exchange rate declined further to ₦316 to the U.S. dollar.

Any deterioration in economic conditions in Nigeria as a result of these or other factors, or any significant fluctuation in GDP, oil prices, inflation, the value of the Naira or interest rates could adversely affect Nigerian banks, including the Group.

The bank regulatory system in Nigeria is still developing and may change in a manner that is adverse to the Group

The Nigerian banking sector is at a relatively early stage of development compared with more developed countries. Nigeria's banking industry has historically been characterised as highly fragmented, poorly capitalised and weak in banking regulations, and it is unclear how legal and regulatory developments may affect the competitive banking landscape in Nigeria. In addition, the Nigerian banking sector has experienced rapid credit growth over the past few years, without necessarily having the appropriate regulatory structure, risk management practices and controls in place to protect asset quality. There may also be an increased risk of smaller banks failing to adapt to regulatory changes and the new, more competitive environment. To support the CBN's cashless policy in Nigeria and to encourage wider adoption and use of the electronic payments channel in Nigeria, the CBN is also pushing to strengthen the legal framework to protect consumers against fraud, losses and undue charges. The CBN intends to pursue the enactment of several bills by the National Assembly to tighten financial sector regulations. The Electronic Transaction Bill would give effect to the admission in evidence of all electronically generated statements of account. The Financial Ombudsman Bill aims to facilitate faster resolution of financial disputes, while the Alternative Dispute Resolution ("**ADR**") Regulatory Commission Bill has proposed to create an ADR Commission to promote and regulate the practice and use of ADR in Nigeria.

The current governor of the CBN, Mr. Godwin Emefiele, was appointed on 3 June 2014, following the suspension of Sanusi Lamido Sanusi by the then President Goodluck Jonathan. Mr. Emefiele's vision for the CBN was to create a central bank that would be professional, apolitical and people focused. His 10-point agenda for the CBN includes the two initiatives of achieving a reduced interest rate and reduced deposit charges. During his tenure, Nigeria has been faced with a foreign exchange crisis and dwindling oil prices leading to the adoption of stringent measures to protect the Naira and protect Nigeria's foreign reserves. See "*Risk Factors—The Group is subject to foreign exchange risk and is affected by changes in the value of the Naira against other currencies*". No assurance can be given that the regulatory environment in which the Group operates in Nigeria will not change in the future and in a manner that will not have a material adverse effect on the Group's ability to compete and thus on its business, results of operations, financial condition, cash flows, liquidity and/or prospects. Regulatory standards applicable to banks in Nigeria and the oversight and enforcement thereof by regulators may differ from those applicable to banking operations in countries with highly developed regulatory regimes. As a result, investors may not have the benefit of all of the protections available in such other countries.

Capital adequacy requirements in Nigeria differ from international standards and the Group may face difficulties meeting capital adequacy requirements

In October 2010, the CBN revoked the Universal Banking Guidelines. As a replacement, the CBN released the revised guideline "CBN Scope, Conditions & Minimum Standards for Commercial Banks Regulations", which introduced significant reforms to the minimum paid-up capital requirement. The new banking guidelines aimed to ensure a sound financial banking system in Nigeria by providing clarity to the market on the terms on which commercial banking business may be conducted. Under the CBN Prudential Guidelines, key regulations were passed such as the separation of non-core business lines from deposit-money commercial banking and maintenance of a minimum paid-up share capital of ₦25 billion for institutions granted a national banking licence and ₦50 billion for institutions granted an international banking licence. See also "*The Nigerian Banking Sector—Other policy and regulatory considerations*" for information on the implementation in Nigeria of the capital adequacy framework by the Basel Committee on Banking Supervision (the "**Basel Committee**"), which may differ in material respects from the capital requirements as adopted by the Basel Committee.

There can be no assurance that the CBN will not further amend or raise the capital requirements applicable to the Group and if the Group requires additional capital in the future, there can be no assurance that it will be able to obtain this capital on favourable terms, in a timely manner or at all. Accordingly, it may face difficulties in meeting these requirements in the future. As at 31 December 2015, the Group's total capital to risk-weighted assets ratio was 19.50 per cent. (calculated on the basis of IFRS), the CBN minimum requirement being 15 per cent. for banks in Nigeria with international activities. If the Group fails to meet the capital adequacy requirements, the CBN may take certain actions, including restricting its asset growth, suspending all but its low risk activities and imposing restrictions on the payment of dividends. Further, the Bank fully adopted the Basel II rules for minimum capital adequacy computation in June 2014 in compliance with the deadline set by the CBN. The adoption of the Basel II capital adequacy guidelines is likely to reduce the Group's capital to risk-weighted assets ratio. Failure of the Group to comply with capital adequacy or other ratios may also result in the revocation of the Group's licence and breach of loan covenants. These actions could materially and adversely affect the Group's business, results of operations, financial condition, ability to grow its loans to customers and other risk assets and/or prospects.

The increasingly competitive environment in the Nigerian banking industry may negatively affect the Group's prospects

The Nigerian market for financial services is highly competitive in the sphere of standard commercial banking activities. The Group principally competes with a number of other nationwide banks, some of which have a broader geographic reach and greater capital resources than the Group. As at the date of this Prospectus, there are a total of 21 commercial deposit-taking banks registered in Nigeria. The Group's most significant competitors include First Bank of Nigeria Limited ("**FBN**"), UBA, Zenith Bank and Guaranty Trust Bank Plc ("**GT Bank**"). AMCON's divestment from the last of its three wholly owned temporary banks established pursuant to the provisions of the Nigeria Deposit Insurance Corporation Act (or "**Bridge Banks**"), which it expects to complete in 2016, may also lead to further consolidation which would further increase competition amongst these banks and in the retail banking business. Additionally, international banks, including Ecobank Nigeria Limited (a subsidiary of Ecobank Transnational Incorporated), Standard Chartered Bank Nigeria Limited (a wholly owned subsidiary of Standard Chartered Bank U.K.), Stanbic IBTC Bank Plc (a subsidiary of The Standard Bank of South Africa) and Citibank Nigeria Limited (a subsidiary of Citigroup) are increasing their presence in Nigeria and competing with the Group for its high net worth and corporate clients. Furthermore, Société Générale Bank, which regained its operating licence approximately three years ago, recommenced business under the new name Heritage Bank in March 2013, and the CBN also recently issued a merchant bank licence to FSDH Merchant Bank Limited and Rand Merchant Bank, a division of FirstRand Bank Limited, a South African banking group.

Some of the Group's competitors in Nigeria, in particular with respect to corporate lending activities, are international banks which have the support of foreign parents and have greater capital resources available to them. The Group expects the Nigerian corporate and commercial banking market to become even more competitive, which is likely to result in a further narrowing of spreads between deposit and loan rates and have an adverse impact on the Group's profitability. Additionally, the CBN has restricted exposure to certain investments by Nigerian banks, such as equity investments, to 20.0 per cent. of paid-up capital and statutory reserves, and loans to any single borrower are limited to 20.0 per cent. of shareholders' funds, thus making it potentially difficult for the Group to make future loans or investments in Nigeria compared to banks with larger capital bases. In addition, commercial banks like the Group are now restricted to only those equity investments permitted under the BOFIA and the CBN Regulations. The Group's inability to continue to compete successfully in the competitive markets in which it operates would have a material adverse effect on its business, financial condition, results of operations and/or prospects.

The CBN, in November 2013, issued a draft paper designating the Bank, together with FBN, GT Bank, Zenith Bank Plc, United Bank for Africa Plc, Skye Bank, Ecobank Nigeria and Diamond Bank Plc, as SIBs in Nigeria, owing to the fact that their failure could pose a systemic risk to the Nigerian banking industry and the larger economy. For more information on SIBs, see "*Risk Factors—The Group operates in an uncertain regulatory environment and recent changes to and by the CBN may have a material adverse effect on the Group*".

The Group's growth depends on its ability to gain market share, extend its distribution network, manage its cost base, access low cost deposits and grow quality risk assets, in order to allow it to maintain strong levels of profitability and returns despite being required to hold higher levels of capital by the CBN. If the Group is not able to generate the profitability, economies of scale and financial capacity to enable it to compete with the largest Nigerian banks, the Group's business, financial condition, results of operations and/or prospects may be materially and adversely affected.

The high credit risk of Nigerian borrowers and the lack of a fully developed central credit bureau in Nigeria may adversely affect the Group's retail loan portfolio

As the bulk of its activities and services are conducted in Nigeria, the Group, like most Nigerian banks, is subject to the credit risk that Nigerian borrowers may not make payments of principal and interest on loans in a timely manner, if at all, and that upon any such failure to pay, the Group may not be able to enforce any security interest or guarantee that it may have against such borrowers. The credit risk of Nigerian borrowers is relatively high when compared to borrowers from developed markets due to the stage of maturity of the Nigerian market and uncertainties inherent in the political, economic, legal and regulatory environment and the higher risk of fraud. Additionally, the current legal and administrative framework for ownership and transfer of land in Nigeria makes it difficult and expensive for landowners to register land rights and therefore it is difficult for them to pledge their land ownership rights as collateral for a mortgage or other loan.

The risk inherent to Nigerian borrowers negatively affects the Group as it exposes the Group to higher risks and creates higher potential losses through its loan portfolio which banks in more developed countries may be immune to. Such losses, if material, could have a material adverse effect on the Group's financial condition, liquidity and/or results of operations.

The CBN has established a Credit Risk Management System ("**CRMS**"), which operates as a public credit registry. The CBN has also licensed some private credit bureaux, including CreditRegistry and XDS Credit Bureau, to provide credit information to banks and other entities that are registered with the bureau. The bureaux are, however, facing challenges of a dearth of information on individuals and poor data gathering techniques, as well as a lack of a universal unique identifier to facilitate identity theft. In addition, international rating agencies do not have sufficiently wide coverage of Nigerian borrowers. Furthermore, Nigeria's system for gathering and publishing statistical information relating to the Nigerian economy generally, or specific economic sectors and companies within it, is not as comprehensive as those of many countries with established market economies. Thus, the statistical, corporate and financial information available to the Group relating to some of its prospective borrowers, particularly middle tier companies, makes the assessment of credit risk, including the valuation of collateral, more challenging. Although the Group ordinarily makes provisions for loans and advances in line with the CBN Prudential Guidelines, the absence of additional statistical, corporate and financial information may decrease the accuracy of the Group's assessments of credit risk. This may increase the risk of borrower default and decrease the likelihood that the Group will be able to enforce any security in respect of the corresponding loan or that the relevant collateral will have a value commensurate to the loan secured on it. This could, in turn, have an adverse effect on the Group's business, financial condition, results of operations and/or prospects.

Delay or failure to effectively implement industry reforms may adversely affect the growth prospects of Nigerian banks, including the Group

The Government is in the process of implementing reforms in the oil & gas, power and shipping sectors. Legislative initiatives behind these reforms include the Nigerian Oil and Gas Industry Content Development Act 2010 (the "**Nigerian Content Act**"), the proposed Petroleum Industry Bill (the "**PIB**") and the Coastal and Inland Shipping (Cabotage) Act No. 5 of 2003 ("**Cabotage Act**"). A bill which seeks to amend the Cabotage Act is currently before the House of Representatives having passed through the first reading in May 2016, the bill is currently at the second reading stage. Amongst other things, this bill seeks to restrict the use of foreign vessels in domestic costal trade, promote the development of indigenous tonnage and establish a cabotage vessel financing fund. The Bank believes that such reforms will generate new business opportunities (including increased lending opportunities) for Nigerian banks. However, there is a risk that the PIB may not be enacted into law as the passing of the PIB has suffered significant delays resulting from the introduction of additional legal and regulatory provisions for a third regulator for the mid-stream petroleum subsector, as well as other ancillary provisions.

In 2016, following the call from stakeholders for the PIB to be enacted into law, the National Assembly resolved to enact the PIB in a piecemeal fashion by splitting the PIB into four Bills including the Petroleum Industry Governance Bill ("**PIGB**"), the Fiscal Regime Bill, the Upstream and Midstream Administration Bill and the Petroleum Revenue Bill (together, the "**New Bills**"). The PIGB, which will be the first of the New Bills to be considered by the National Assembly, seeks to provide for the governance and institutional framework for the Nigerian petroleum industry and to create clear separation between the policy, regulatory and commercial institutions.

There is also a risk that the Nigerian Content Act, the Cabotage Act (including the proposed bill, if enacted), the New Bills and other expected reforms may not be implemented, or, if implemented, may not provide the expected benefits to the banking sector. Further, any uncertainty or turbulence caused as a result of the implementation (or lack of implementation) of these reforms can have a material impact on the banking sector as it did in the first quarter of 2012, when the Government partially removed petroleum subsidies, which caused market disruptions that adversely affected the Group's lending to the downstream oil & gas sector, a key sector for the Group's Institutional Banking business. See "*—Risks related to Nigeria and other regions in which the Group operates—Certain proposed legal and regulatory reforms in Nigeria may not be successfully implemented*" below.

Risks related to Nigeria and other regions in which the Group operates

There are risks relating to countries in which the Group operates

Substantially all of the Group's operations are conducted, and most of its customers are located, in Nigeria. Accordingly, the Group's business, results of operations, financial condition, cash flows, liquidity and/or prospects, and the ability to recover on its loans and other assets, could depend significantly on the economic and political conditions prevailing in Nigeria.

Emerging markets such as Nigeria are subject to greater risks than more developed markets, and financial turmoil in any emerging market could disrupt the Group's business, as well as cause the price of the Notes to decrease.

Investing in securities of issuers in emerging markets, such as Nigeria, generally involves a higher degree of risk than investments in securities of corporate or sovereign issuers from more developed countries and carries risks that are not typically associated with investing in more mature markets. These risks include, but are not limited to, the following:

- higher volatility and less liquidity in respect of the Notes;
- greater political risk, and changes in, and instability of, the political and economic environment;
- civil strife, acts of war, terrorism, guerrilla activities (including sabotage of oil production) and insurrection;
- competition from existing market participants that may have a longer history or greater familiarity with the foreign markets;
- government interventions, regulatory investigations resulting in detentions and fines levied;
- potential adverse changes in laws and regulatory practices, including import and export licence requirements and restrictions, tariffs, legal structures and tax laws;
- trade barriers;
- difficulties in staffing and managing operations;

- lack of well-developed legal systems, which could make it difficult for the Group to enforce its contractual rights and intellectual property;
- security and safety of employees;
- risk of uncollectible accounts and long collection cycles;
- currency controls and currency fluctuations, including as a result of changes in monetary policy;
- consequences of corrupt practices on the economy;
- logistical and communications challenges; and
- changes in labour conditions.

Investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in securities of issuers in emerging markets, such as Nigeria, is only suitable for sophisticated investors who fully appreciate the significance of the risks involved and investors are urged to consult their own legal and financial advisers before making an investment in the Notes. Investors should also note that emerging markets such as Nigeria are subject to rapid change and that the information set forth in this Prospectus may become outdated relatively quickly.

Moreover, financial turmoil in any emerging market country tends to adversely affect prices in equity markets of other emerging market countries, as investors move their money to more stable, developed markets. As has happened in the past, financial problems or an increase in the perceived risks associated with investing in emerging economies could dampen foreign investment in Nigeria and adversely affect the Nigerian economy. In addition, during such times, companies that operate in emerging markets can face severe liquidity constraints as foreign funding sources are withdrawn. Thus, even if the Nigerian economy remains relatively stable, financial turmoil in any emerging market country could adversely affect the Group's business, as well as result in a decrease in the price of the Notes.

Disruptions in the international capital markets may also lead to reduced liquidity and increased credit risk premiums for certain market participants and result in financing being unavailable for certain entities. Companies located in emerging market countries may be particularly susceptible to disruptions in the capital markets and the reduced availability of credit or the increased cost of debt, which could result in them experiencing financial difficulty. In addition, the availability of credit to entities operating within emerging markets is significantly influenced by levels of investor confidence in such markets as a whole and so any factors that impact market confidence (for example, a decrease in credit ratings or state or central bank intervention) could affect the price or availability of funding for entities within any of these markets.

There are risks related to political instability, religious differences, ethnicity and regionalism in Nigeria

With the adoption of a presidential constitution in May 1999, Nigeria has undergone its longest period of civilian rule since obtaining independence from the United Kingdom in 1960. In May 2015, former President, Goodluck Jonathan, left his position upon the election of President Muhammadu Buhari that is acclaimed as the most credible election in the history of Nigeria. The handover by former President Goodluck Jonathan without contesting the outcome of the election was believed to have defused a looming political crisis. Post-election violence had been common in Nigeria with the latest incident occurring in 2011 after the former President Goodluck Jonathan was announced the winner of the presidential election following widespread dissatisfaction with the results of the elections by supporters of an opposition party. Nigeria has also experienced recurrent ethnic and religious unrest. In early 2010, hundreds of lives were lost around the central city of Jos, Plateau State, due to conflicts relating to issues of land ownership. There have been incidents of ethnically or religiously motivated attacks on people, especially in the northern part of the country. Currently, nomadic cattle herdsmen have been clashing with agrarian communities over destruction of crops by animals, resulting in hundreds of deaths of residents of these communities.

In 2016, the Nigerian government claimed victory over Boko Haram, an Islamic militant group operating predominantly in North-East Nigeria, which has been categorised as an international terrorist group.

The Nigerian government has announced the liberation of cities which were hitherto under siege by the insurgents and encouraged internally displaced persons ("**IDPs**") to return to their communities. It is strongly suspected that the leader of the Boko Haram terrorist group was killed during the military operations, but Boko Haram strongly denies it. However, there are still incidents of bombings and attacks by the insurgents. In July 2016, a team from the United Nations International Children Emergency Fund was attacked by suspected Boko Haram insurgents, leaving several injured and leading UNICEF to momentarily withdraw aid for IDPs. In August 2016, the so-called Islamic State in Syria, a Middle-Eastern terrorist group to which Boko Haram had pledged allegiance announced the appointment of a new leader for Boko Haram, thereby validating the suspicion that its former leader had been killed by the Nigerian military.

Additionally, there is resentment in the oil-rich Niger Delta towards the expenditure of oil revenue in other parts of the country and the allocation of oil revenue expenditure has provoked political debates. The oil producing areas claim that they deserve some additional benefit in the form of jobs and compensation for environmental degradation. The Nigerian government also operates an amnesty programme for former militants who had been disrupting activities of oil companies through kidnappings, sabotage and theft. See "*Risk Factors—Militant activities in the Niger Delta could further destabilise oil production in Nigeria, adversely affecting Nigeria's economy and the Group's business*". Media sources have reported that these attacks in the Niger Delta have pushed crude oil production to 30-year lows. Nigeria's oil production in 2013, 2014 and 2015 averaged 2.3, 2.4 and 2.4 million barrels per day, respectively. As a result of these and other attacks, oil production in Nigeria has fallen from 2.2 mbd at the beginning of 2016 to reportedly as low as 1.4 mbd at various points throughout the year.

These events have had a direct impact on the Group. The Access Bank Group has suffered loss of properties in the regions affected by the conflict, and has had to incur additional expenses to implement extra security measures at its branches in the affected areas, and has also had to limit the operating hours of some branches at affected locations. Unless resolved by the Government, these conflicts may adversely affect Nigeria's political and economic stability which may, in turn, further affect the Group's business, financial condition, results of operations and/or prospects.

Failure to adequately address actual and perceived risks of corruption may adversely affect Nigeria's economy and ability to attract foreign direct investment

Although Nigeria has implemented and is pursuing major initiatives to prevent and fight corruption and unlawful enrichment, corruption remains a significant issue in Nigeria as it is in many other emerging markets. Nigeria is ranked 136 out of 167 countries in Transparency International's 2015 Corruption Perceptions Index and ranked 169 out of 189 in the World Bank's Doing Business 2016 report, which is benchmarked to June 2015. Since 2000, Nigeria has implemented various measures to prevent and fight corruption and unlawful enrichment. In particular, Nigeria created the Independent Corrupt Practices Commission in 2000 to receive complaints, investigate and prosecute offenders. In 2004, Nigeria also created the EFCC, which is mandated to combat economic and financial crimes (including powers of investigation and prosecution) and to enforce the provisions of certain laws and regulations relating to economic and financial crimes.

Despite various reform efforts, corruption continues to be a serious problem impacting Nigeria. There have been a number of high-profile convictions for corruption, including that of a former Inspector General of the Police. There have been a number of high profile arrests and prosecutions for corruption. The Buhari administration has stated its commitment to tackling corruption. However, failure to address these issues, continued corruption in the public sector and any future allegations of or perceived risk of corruption in Nigeria could have an adverse effect on the Nigerian economy and may have a negative effect on Nigeria's ability to attract foreign investment and, as a result, may have a material adverse effect on the Group's business, results of operations, financial condition, cash flows, liquidity and/or prospects. Although President Muhammadu Buhari has indicated his intention to probe various officials and projects of the last administration and some of the investigations have begun, it is difficult to determine whether such probes would be successful and whether this would bring about a positive change in the wave of corruption in Nigeria.

__Nigeria's economic stability is subject to risks__

Despite many efforts to move it forward, the Nigerian economy still faces significant challenges. During the years of military rule, national infrastructure and services were neglected. The agricultural sector, which had been thriving at independence, was allowed to fall into a deep malaise. Nigeria went from being a net food exporter to a food importer as military heads of state neglected all but the lucrative oil sector. Manufacturing and industry, both burgeoning in the 1960s, received no government support. Despite being a major oil producer, Nigeria frequently suffers from fuel shortages. According to the Nigeria Power Baseline Report of August 2015, only about 45 per cent. of Nigeria's total population has access to the public electricity supply due to inadequate transmission and distribution networks. Nigeria records one of the lowest annual per capita consumptions of power in the world, which was 126 kilowatt hour as at August 2015. To remedy these issues, the Nigerian government moved to privatise the power sector with the Electric Power Sector Reform Map of 2005 and the launch of the Roadmap for Power Sector Reform in 2010. The former National Electric Power Authority was replaced by the Power Holding Company of Nigeria which was unbundled into separate generation and distribution companies and the Transmission Company of Nigeria. Beginning in 2013, the generation and distribution companies were handed over to private owners with the FGN retaining a minority stake. However, the reforms have not led to an actual improvement in the generation and consumption of power in Nigeria. As at August 2015, the installed capacity of Nigeria's power sector was 12,522 megawatts ("**MW**") and only 25 per cent. of the installed capacity was distributed. Widespread inefficiency means that only a low percentage of this capacity is operational. In 2016, power output in Nigeria plunged after attacks on natural gas pipelines cut supplies of the fuel to electricity producers leading to the decline of total generation to 1,000 MW from almost 2,000 MW in May 2016. In July 2010, the Government launched Vision 20:2020, a long-term strategic plan for Nigeria to become one of the 20 largest economies in the world by 2020. In May 2010, the Government adopted the First National Implementation Plan (the "**First NIP**") for the years 2010-2013, a medium-term plan for implementing Vision 20:2020 and the first of three expected national implementation plans. Continued pursuit of long-term objectives such as those set forth in Vision 20:2020 and the First NIP will depend on a number of factors, including continued political support across all levels of Nigerian society and across multiple government administrations, adequate funding, and positive coordination. It is unclear whether a Second National Implementation Plan ("**Second NIP**") was ever adopted or implemented. However, following the failed re-election bid by President Goodluck Jonathan and the handover to President Muhammed Buhari on 29 May 2015, it is unlikely that the current administration would continue the implementation of Vision 20:2020. Moreover, some planned reforms may disadvantage certain existing stakeholders, who may seek to curtail such reforms. For example, planned privatisations of state-owned enterprises have in some cases been met with strikes or threats of strikes in anticipation of job losses and price increases. If the Government is unable to fund or implement the medium-term objectives contained in the First NIP or the Transformation Agenda, or if there is a delay in such funding or implementation, then the Government may not be able to meet the long-term strategic objectives set forth in Vision 20:2020 by 2020, which could result in an adverse effect on the economy of Nigeria, and consequently on the business, results of operations, financial condition, cash flows, liquidity and/or prospects of the Group.

__The continuing depletion of the Excess Crude Account and the uncertainties surrounding the National Sovereign Wealth Fund could have adverse impacts on the Nigerian economy__

The Excess Crude Account ("**ECA**") is an account set up to assist in stabilising the Government's finances to address volatility in crude oil prices and production. The ECA is funded with the positive difference, if any, between the revenue generated by the price of oil per barrel included in the budget for the year and the actual revenue received in that year. The ECA has historically funded government subsidies of refined oil products as well as other purposes, including disbursements of approximately U.S.$8 billion to fund the National Integrated Power Project ("**NIPP**") of Nigeria and U.S.$1 billion as seed capital for the National Sovereign Wealth Fund ("**NSWF**") (which funds have been ring fenced and are not included in the balance of the ECA). As at 17 January 2014, the balance in the ECA was less than U.S.$2.50 billion and fell to below U.S.$2.45 billion as at January 2015. The recent decline in oil production has adversely affected the balance of the ECA. As at April 2016, the balance of the ECA was U.S.$2.26 billion. The balance in the ECA is shared between the Federal Government, state governments and local governments in Nigeria according to a specified formula. Depletion of the ECA in recent times has been cited with concern by rating agencies and other third parties who view the ECA as an important factor in ensuring the stability of the Nigerian economy. No assurance can be given that the ECA will not continue to be depleted at a rate greater than that necessary for the Government to stabilise its finances from the impact of volatility in oil prices and production, or that the actual price of oil will exceed the price of oil included in the budget in future periods by amounts sufficient to ensure significant funding for the ECA in the future. The absence of such funding for the ECA may constrain the Government's ability to finance budget deficits in the future.

On 28 May 2011, the NSWF was created. The purpose of the NSWF is to build a savings base for future generations of Nigerian citizens, enhance development of the infrastructure sector and provide stabilisation support in times of economic stress. In addition, the NSWF will support and/or replace the ECA as a secondary stabilisation account in the event of changes in oil prices and production. Pursuant to the Nigeria Sovereign Investment Authority Act and the decision of the National Economic Council, the initial funding of U.S.$1 billion to the NSWF was to be provided by the Federal, State, FCT, and local governments and Area Councils of Nigeria (although the initial funding in fact came from the ECA as described above). Future funding for the NSWF will be derived from residual funds received into the Federation Account from excess oil revenues, being those over and above the amount needed to fund Nigeria's national budget. The initial funding and all subsequent allocations to the NSWF will then be allocated to three special funds—the Nigerian Infrastructure Fund, the Future Generations Fund and the Stabilisation Fund—for the purpose of making investments to support the aims and purpose of the NSWF, as described above. In February 2014, an additional U.S.$550 million was added to the NSWF, bringing the total balance of the NSWF to U.S.$1.55 billion. The Nigeria Sovereign Investment Authority, managers of the NSWF, stated that the NSWF generated ₦26.3 billion in income in 2015, a 67 per cent. increase over the ₦15.77 billion in total comprehensive income declared in 2014. Whilst the creation of the NSWF is an improvement to the management of Nigeria's inflow from oil exploration funds, it is still in its infancy stage and there can be no assurance as to whether it will have the necessary safeguards in place to shield it from misappropriation and political pressures, whether it will continue to have sufficient funding (as this is dependent on the price of oil), whether it will make profitable investments or achieve its strategic objectives or how it will be perceived by ratings agencies or other parties. Furthermore, there is still a pending claim before the Supreme Court instituted by State Governors challenging the constitutionality of the NSWF with regard to its funding from proceeds in the ECA (the legality of the flow of funding into which the State Governors are also challenging). The State Governors are of the view that pursuant to the Constitution, all revenues generated ought to be transferred to the Federation Account before distribution amongst the three tiers of government (including the ECA and the NSWF) in accordance with the provisions of the Constitution. The Supreme Court approved the parties' request to settle the matter out of court. Nevertheless, the Federal Government and the 36 states of the federation failed to reach an agreement and the matter is yet to be resolved

The continuing depletion of the ECA and the uncertainties surrounding the newly established NSWF may negatively affect the Nigerian economy in general and, as a result, have a material adverse effect on the Group's business, results of operations, financial condition, cash flows, liquidity and/or prospects.

Lack of confidence in the Nigerian banking system resulting from the global financial crisis may affect the Group's performance

The global financial crisis and the resulting decline in the Nigerian equities market in 2009 resulted in significant provisions at a number of Nigerian banks and the CBN decided in 2009 to intervene and examine all the banks in Nigeria.

Following a special examination and investigation (the "**Special Examination**") conducted by the CBN, together with the NDIC in 2009, of the 24 banks that comprised the Nigerian banking system at the time, the CBN found significant irregularities (including, in certain cases, weaknesses in corporate governance) and capital adequacy and liquidity deficiencies at 10 of the 24 banks. Out of these 10 banks, two banks (being Wema Bank and Unity Bank) were required to (and successfully undertook) a recapitalisation exercise, while the other 8 banks (the "**Intervened Banks**") (amongst which the Group was not included) were ultimately subject to intervention (including a requirement to recapitalise before 30 September 2011) by the CBN. AMCON was established as a key stabilising and re-vitalising tool to revive the financial system by acquiring a significant portion of the NPLs of banks operating in Nigeria. In December 2010, AMCON issued ₦866.2 billion of consideration bonds (the "**AMCON Bonds**") to purchase eligible bank assets ("**EBAs**") from eligible financial institutions and 21 Nigerian banks including the Intervened Banks participated in the AMCON scheme in the first round. See "*The Nigerian Banking Sector—Banking sector reform—2009 to present*".

In January 2014, AMCON announced the issuance of ₦3.8 trillion (U.S.$24.5 billion) Redeemable Notes due 2023 subscribed to by the CBN on 27 December 2013. AMCON has also completed the scheduled redemption of its Series I bonds due in December 2013 and the early redemption of its Series II, III and IV bonds, due in August, October and November 2014 (the Notes issuance and the redemption are collectively referred to as the "**Refinancing**").

AMCON's audited accounts reflected that it incurred a ₦304.4 billion loss at the end of the December 2015 financial year, which exceeded the ₦275.5 billion loss it recorded at the end of 2014. AMCON has attributed this loss to the fact that it wrote down the value of collaterals recovered from the purchase of bad loans from commercial banks and also as a result of the interest paid on the ₦3.8 trillion bond due to the CBN, which it used to acquire the bad loans. It currently has a cumulative loss of ₦4.5 trillion. The economic slowdown in 2015/2016 as a result of the approximately 70 per cent. drop in oil prices has led to a significant spike in non-performing loans in the Nigerian banking sector. This led to a number of banks issuing profit warnings prior to the publication of their 2015 results, including banks classified as SIBs by the CBN. In July 2016, the CBN announced that it has approved a new board of directors and executive management for Skye Bank following its deterioration of asset quality. In August 2016, the CBN dispelled rumours that Skye Bank was being liquidated and stated that Skye Bank is not in distress and remains a healthy bank in the Nigerian banking system. The CBN described its changes to the board of directors of Skye Bank as proactive steps to resolve corporate governance challenges facing the bank.

If AMCON and other initiatives introduced by the CBN fail to achieve the desired results, the continued weakness in the banking sector may continue to have an adverse effect on investment and confidence in, and the performance of, the Nigerian economy. In addition, the ability of the Government to provide further support may be limited given Nigeria's sovereign rating of B by S&P and B+ by Fitch, which may have a material adverse effect on the Group's business, results of operations, financial condition, cash flows, liquidity and/or prospects.

Although the Group is not one of the Intervened Banks, it is nonetheless affected by these developments in the Nigerian banking sector, including the risk of deterioration of the commercial soundness and/or perceived soundness of the Nigerian banking sector. Continued systemic weakness in the banking sector, notwithstanding the reforms, may continue to have an adverse effect on investment in, and the performance of, the Nigerian economy and the banking sector, and in turn the Group's business, results of operations, financial condition, cash flows, liquidity and/or prospects.

The regulatory environment in the oil & gas sector in Nigeria is subject to significant ongoing change

Nigeria is pursuing a number of new policy directions with the aim of restructuring its upstream and deregulating its downstream oil & gas sectors, but the final form that these measures will take is subject to significant uncertainty and subject to political and economic influences. The National Assembly had since 2009 deliberated on the passing of the PIB, which is intended to significantly change the way in which the oil & gas industry is structured and regulated in Nigeria and have a significant impact on Nigeria's oil & gas business and the Nigerian economy.

The passing of the PIB has, however, suffered significant delays as a result of the introduction of additional legal and regulatory provisions for a third regulator for the mid-stream petroleum subsector as well as other ancillary provisions.

In 2016, following the call from stakeholders for the PIB to be enacted into law piecemeal, the National Assembly resolved to split the PIB into four Bills, namely the Petroleum Industry Governance Bill ("**PIGB**"), the Fiscal Regime Bill, the Upstream and Midstream Administration Bill and the Petroleum Revenue Bill (the "**New Bills**"). The PIGB, which will be the first of the New Bills to be considered by the National Assembly, seeks to provide for the governance and institutional framework for the Nigerian Petroleum Industry and creates a clear separation between policy, regulatory and commercial institutions.

Risks associated with the enactment of the New Bills and related efforts to reform the Nigerian oil & gas industry may include:

- as the New Bills have not yet been enacted, no assurance can be given as to when they will be enacted or whether they will be enacted at all, or that the final form of any of the bills ultimately enacted will not differ significantly from the current proposal before the National Assembly;
- the uncertainty created by the New Bills and the necessary implementing regulations may lead international oil companies to defer further major investment in Nigeria until the new regulations

have been enacted and the new legal framework for the industry has been more clearly defined, or may decide to reduce their investments in Nigeria and/or decline to pursue certain investments as a result of the new framework;

- the proposed changes in the tax structure for oil & gas companies operating in Nigeria may lead certain companies to curtail their operations or future investment;
- the proposed deregulation of the petroleum products market and the recent removal of petroleum subsidies may adversely affect the segments of the economy most affected by the resulting increase in prices. This could also lead to further inflationary pressures in the economy. The new framework may also generate less new capacity than anticipated and any new capacity may take longer than anticipated to begin operations;
- the initiatives designed to promote gas production may prove ineffective;
- the New Bills may fail to adequately address the concerns of communities in the Niger Delta region or create new grounds for further conflict;
- initiatives proposed in the New Bills may further polarise the Northern and other political regions of Nigeria; and
- the proposed national oil company, which is part of the oil & gas sector reforms, may not be successful.

There are risks associated with weak corporate governance standards in Nigeria

In January 2011, the Nigerian SEC approved the implementation of a new code of corporate governance for public companies. The regulation, which took effect in April 2011, was expected to bring about more stringent standards of transparency and accountability. However, no assumption can be made that these standards are equivalent to those required in the United States or Western Europe.

In May 2014, the CBN issued a revised Code of Corporate Governance for Banks and Discount Houses in Nigeria and Guidelines for Whistle Blowing in the Nigerian Banking Industry, which became effective on 1 October 2014 (the "**Revised Code**"). The Revised Code, which supersedes the previous code issued in March 2006, amends certain sections of the previous code of corporate governance in order to align the Revised Code with current realities and global best practice and to eliminate perceived ambiguities and strengthen governance practices. The CBN, in ensuring the enforcement of the Revised Code, creates an obligation on banks and discount houses to submit quarterly returns on their compliance with the provisions of the Revised Code not later than seven days after the end of each quarter.

In addition, the FRCN released a revised draft National Code of Corporate Governance in January 2016. The FRC National Code of Corporate Governance is aimed at providing a minimum national standard for the not-for-profit, private and public sectors. The National Code of Corporate Governance would also apply alongside any sector-specific code that the sector regulator may issue and compliance with the National Code of Corporate Governance, when it becomes operative, would be mandatory. It is expected that the finalised version of the National Code of Corporate Governance will become operative in the third quarter of 2016. As the draft National Code of Corporate Governance has not yet been enacted, no assurance can be given as to when it will be enacted or whether it will be enacted at all. It is also uncertain whether the proposed National Code of Corporate Governance would be enforced when, or if, it is enacted.

Certain proposed legal and regulatory reforms in Nigeria may not be successfully implemented

Several Government reforms are underway to improve Nigeria's electricity generation, transmission and distribution infrastructure. Following the transfer by the Federal Government, in 2013, of over 15 Electricity Generation Companies ("**Gencos**") and Electricity Distribution Companies ("**Discos**") to preferred bidders as part of the execution of the privatisation programme of the power sector in Nigeria, the industry has experienced major transformation. However, the Gencos and Discos have identified the current weak transmission network as a major obstacle to achieve the 10,000 MW target set by the Federal Government to be achieved by 2019, which is believed to result from the high non-technical losses and low infrastructure coverage of the country. The current administration has, however, expressed its commitment to the power sector reforms initiated by the previous government, and has indicated its willingness to introduce measures to sustain private sector investment and address extant challenges in the power sector.

Government reforms in the sea transportation sector aim to shorten the turnaround time of cargo ships in Nigerian ports, reduce administrative charges, increase competition, improve safety and security and dredge the Lagos and Bonny harbours to accommodate large ocean liners. The Government is also encouraging the establishment of indigenous shipping lines through the enactment of the Cabotage Act to restrict the use of foreign vessels in domestic coastal trade in Nigeria and promote domestic shipping companies. The Cabotage Act, which is currently undergoing amendment before the National Assembly, also provides for the establishment of the Cabotage Vessel Financing Fund to promote the development of ship acquisition capacity by providing financial assistance to Nigerian operators.

There are certain provisions in each of the abovementioned regulations and reforms which, if effectively implemented, are expected to result in the growth and development of the Nigerian banking industry and also in increased levels of business and returns for the Group. For example, the extant Nigerian Content Act provides that all operators, contractors and other entities engaged in any operation, business or transaction in the Nigerian oil & gas industry requiring financial services shall retain only the services of Nigerian financial institutions or organisations, except where this is impracticable. The Nigerian Content Act also requires all operators, contractors and sub-contractors to maintain a minimum of 10 per cent. of the total revenue accruing from their Nigerian operations in bank accounts domiciled in Nigeria. The Cabotage Act contains local content provisions in connection with domestic coastal carriage of cargo and passengers, which are expected to also increase Nigerian entities' requirements for finance and financial services from Nigerian banks, including the Group.

There is a risk that the regulatory reforms may not be implemented effectively. If the reforms are not implemented as intended, the Nigerian economy and Nigerian banking sector may not achieve the growth prospects expected from the several ongoing government reforms, which could, in turn, have a material adverse effect on the Group's business, results of operations, financial condition, cash flows, liquidity and/or prospects.

High inflation could have a material adverse effect on Nigeria's economy

Nigeria is exposed to the risk of high inflation.

As at February 2014, the inflation rate stood at 7.7 per cent. with an increase in the inflationary rate to 9.6 per cent. in December 2015. The consumer price index in Nigeria, which measures inflation, continued to record relatively strong increases as the inflation rate surged by 16.5 per cent. year-on-year in June, 2016, 0.9 per cent. higher than the 15.6 per cent. recorded in May 2016. Figures came in above the market expectation of a 16.3 per cent. increase, mostly driven by a sharper rise in the cost of food, housing and utilities. On a monthly basis, consumer prices went up 1.7 per cent. compared to a 2.8 per cent. rise in the preceding month.

In addition, a significant portion of Nigeria's food is imported. Although Nigeria has recently experienced growth in the agricultural sector and improved harvests, the country continues to rely heavily on food imports. The Government has launched two comprehensive initiatives aimed at stimulating growth in the agricultural sector. The Agricultural Transformation Action Plan is intended to cut Nigeria's dependency on food imports and industrialise food production, particularly in poorer regions in rural Nigeria, whilst the Agricultural Transformation Agenda goal is to stimulate private sector investment in the Agricultural sector throughout Nigeria. The Government is hoping that with these two programmes it can increase Nigeria's agricultural output to 20 million tonnes of food per year and create 3.5 million jobs. The introduction of the Agricultural Transformation Agenda brought about reforms in the input delivery or Growth Enhancement Support Scheme, agricultural financing, value chain development, including the Staple Crop Processing Zones, and farm mechanisation, which has yielded an abundant harvest for farmers and great gains for the country. The agricultural sector had a growth rate of approximately 4.5 per cent. in the second quarter of 2016 as compared to 3.9 per cent. in the first quarter of 2016. The agricultural sector's contribution to Nigeria's overall GDP in real terms was approximately 22.6 per cent. in the second quarter of 2016, which was higher than both its share in the second quarter of 2015 and the first quarter of 2016, by 1.4 per cent. and 2.1 per cent., respectively. Direct farm jobs rose by 3.56 million in the period 2012 to 2014 due to the Agricultural Transformation Agenda interventions. In the first quarter of 2016, 1,131 jobs were generated by the agricultural sector, which represented a decline from the 2,524 jobs created in the preceding fourth quarter of 2015. Although the Federal Government has recently reaffirmed its commitment to diversify the Nigerian economy in order to guarantee food security and enable the growth of a multi-sectoral Nigerian economy, which may help to curb inflation, the impact on inflation of higher food, fuel and other import prices is beyond Nigeria's control particularly since most of these products are imported.

Changes in monetary and/or fiscal policy may also result in higher rates of inflation. There can be no assurance that the inflation rate will not rise in the future. Significant inflation could have a material adverse effect on Nigeria's economy and, as a result, on the Group's business, results of operations, financial condition, cash flows, liquidity and/or prospects.

The statistical information published by Nigeria may differ from that produced by other sources and may be unreliable

The NBS and CBN, as well as a range of ministries, including the Ministry of Finance, Ministry of Petroleum, Ministry of Commerce and Industry and Ministry of Environment produce statistics relating to Nigeria and its economy. Although there have been significant efforts to improve the compilation of Nigeria's data in recent years including through technical assistance provided by the IMF, there can be no assurance that these statistics are as accurate or as reliable as those published by more developed countries.

CBN may intervene in the currency markets by drawing on external reserves and the Naira is subject to volatility

The CBN has historically favoured maintaining the Naira within a narrow band with periodic adjustments. External reserves fluctuated from U.S.$42.85 billion as at 31 December 2013, U.S.$34.5 billion as at 31 December 2014, and U.S.$29.1 billion as at 31 December 2015. Foreign reserves dropped to U.S.$26.3 billion as at 30 June 2016. In 2015, the CBN instituted certain currency control policies and pegged the Naira at ₦197 to the U.S. dollar. The CBN's measures were an attempt to protect Nigeria's resources following depleted earnings caused by the falling price of oil. However, following recommendations from both the IMF and the private sector to remove these currency control measures, in June 2016, the CBN decided to abandon its previous policy of pegging the Naira to the U.S. dollar. On 20 June 2016, the CBN reintroduced market-driven currency trading under a flexible exchange rate system whereby the CBN will only intervene for a select number of items deemed critical by the Nigerian government. On the day of the CBN's announcement, the Naira fell by approximately 30 per cent. to ₦280 to the U.S. dollar and as at 16 September 2016 the Naira stood at ₦316 to the U.S. dollar. Nigeria's external reserves were U.S.$26.2 billion as at 30 August 2016.

Given the fluctuations in Nigeria's external reserves, its high dependence on oil exports and the fact that Nigeria pays for its key imports, such as refined oil, in U.S. dollars, the Naira will remain vulnerable to external shocks which could lead to a sharp decline in its value.

Increased volatility in crude oil prices has contributed to the continued depletion of Nigeria's foreign reserves and has hindered the capacity of the CBN to continue its policy of defending the Naira. The CBN has stated that it will not be able to continue its policy of defending the Naira in the future, if the economic situation remains the same.

The CBN, on 15 June 2016, issued revised guidelines for the operation of the Nigerian Interbank Foreign Exchange Market. The revised guidelines were aimed at enhancing efficiency and facilitating a liquid and transparent foreign exchange market towards the liberalisation of the market. The revised guidelines were also aimed at operating a single market structure through the autonomous/interbank market with the CBN participating in the foreign exchange market through interventions directly in the interbank market or through dynamic Secondary Market Intervention Mechanisms.

Any further currency fluctuations and/or fluctuations in Nigeria's external reserves may negatively affect the Nigerian economy in general and, as a result, have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

Failure to grow the non-oil & gas sectors of its economy may constrain Nigeria's economic growth

Over the last 10 years, Nigeria has attempted to develop the non-oil sectors of its economy by encouraging agriculture, trade, construction, telecommunications, financial services, mining and manufacturing activities. According to the CBN, in the fourth quarter of 2014 and 2015, the non-oil sector, recorded a growth rate, in real terms, of 6.4 per cent. and 3.1 per cent., respectively. In the first quarter of 2016 the non-oil sector declined -0.2 per cent. The growth in this sector has largely been attributed to improved activities in the agriculture, telecommunications, manufacturing, building and construction, hospitality and business services sectors.

However, the lack of infrastructure including inadequate power supply and transportation systems, reduced credit availability and consumer demand, local shortages of skilled managers and workers. Inconsistent government policies may constrain development in these sectors and the current rate of growth may decline in future periods. A failure to continue to grow the non-oil sectors of its economy may constrain Nigeria's economic growth and, as a result, have an adverse effect on the Group's business, results of operations, financial condition, cash flows, liquidity and/or prospects.

Nigeria may face a lack of continued access to foreign trade and investment for several reasons

According to reports by the United Nations Conference on Trade and Development World Investment Report, 2016, foreign direct investment ("**FDI**") inflows to Nigeria, which comprises equity capital, re-invested earnings and other capital inflows, decreased from U.S.$5.6 billion to U.S.$4.7 billion and U.S.$3.1 billion in the years 2013, 2014 and 2015 respectively. This decline was due to lower commodity prices, the faltering of the Naira and delays in major projects, such as Royal Dutch Shell's offshore oil operations. Similarly, some peer economies within Africa also suffered declines in FDI over this period. For example, South Africa suffered a decrease in FDI of 30.4 per cent. in 2014 and 69.2 per cent. in 2015.

The future prospect for FDI to rebound is uncertain. In addition, if there is no decrease in the perceived risks associated with investing in Nigeria, including those described herein, there may not be any appreciable increase in FDI, which could adversely affect the Nigerian economy and limit sources of funding for infrastructure and other projects requiring significant investment by the private sector, which, in turn, may have a material adverse effect on the Group's business, results of operations, financial condition, cash flows, liquidity and/or prospects.

Failure to adequately address Nigeria's significant infrastructure deficiencies could adversely affect Nigeria's economy and growth prospects

Decades of under-investment have resulted in significant deterioration of Nigeria's public infrastructure, and the continuous absence of basic infrastructure to support and sustain growth and economic development. Persistent problems with power generation, transmission and distribution, a deteriorating road network, congested ports and obsolete rail infrastructure have severely constrained socio-economic development in Nigeria. Although significant advances have been made in the area of telecommunications and internet facilities in recent years, the state of development in those sectors also cannot be considered at par with that in more developed economies. The Government has identified Nigeria's decaying infrastructure as a major impediment to economic growth and the First NIP and the Transformation Agenda included ambitious targets for infrastructure improvements and investments as part of the first phase of implementing the Vision 20:2020 strategy. The current administration of President Muhammed Buhari has indicated that his administration would be continuing the National Integrated Infrastructure Master Plan ("**NIIMP**") approved by President Goodluck Jonathan. The NIIMP aims to raise Nigeria's stock of infrastructure from the current 20-25 per cent. of GDP to at least 70 per cent. of GDP by 2043. It identifies the investment required to bridge and expand Nigeria's infrastructure. Approximately U.S.$3.05 trillion (₦485 trillion) will be required to upgrade the infrastructure across different asset classes, including energy, transport, ICT, housing, water, agriculture, mining, social infrastructure, vital registration and security over the 30-year period. For the first five years of the NIIMP (2014-2018), an investment of U.S.$166.1 (₦26.9 trillion) would be required to upgrade the infrastructure. Failure to significantly improve Nigeria's infrastructure could adversely affect Nigeria's economy and growth prospects, including its ability to meet GDP growth targets which, in turn, may have an adverse effect on the Group's business, results of operations, financial condition and/or prospects.

Nigeria suffers from chronic electricity shortages

In spite of the abundant energy resources in the country and significant Government reform efforts and investments in the power sector in recent years, lack of sufficient and reliable electricity supply remains a serious impediment to Nigeria's economic growth and development. Insufficient power generation, aging infrastructure, weak distribution networks and overloaded transformers result in frequent power outages, high transmission and distribution losses and poor voltage output.

Currently, only approximately 25 per cent. of the Nigeria's current total population has access to regular public electricity supply due to inadequate transmission and distribution networks. The Government has identified improvements in electricity generation, transmission and distribution infrastructure as a critical element required to enable the country to meet its economic growth and development objectives, however, according to the IMF, approximately one third of Nigeria's installed capacity is still not in operation. According to the IMF, surveys show that 83 per cent. of businesses identified the lack of power as the biggest obstacle to doing business in Nigeria. Insufficient power generation, aging infrastructure, inadequate funding, weak distribution networks and overloaded transformers result in frequent power outages, high transmission and distribution losses and poor voltage output. A 2014 World Bank Report puts the average electricity consumption per capita at 142 kilowatt. In 2015, much of Nigeria's installed capacity was unavailable. Nigeria's estimated available capacity from the grid of approximately 4,500 MW meets only approximately one-third of the estimated current demand for power from the grid. Planning experts estimate that for the Nigerian economy to grow at a rate of 10 per cent., the country's electricity requirement must reach 30,000 MW by 2020 and 78,000 MW by 2030.

To address these issues, the Government is pursuing a number of significant policy initiatives including those set forth in the First NIPP, the Transformation Agenda and the "Roadmap for Power Sector Reform". The "Roadmap for Power Sector Reform" seeks to remove obstacles to private sector investment in the power sector, continue the privatisation of generation and distribution companies, facilitate the construction of new transmission networks and reform the fuel-to-power sector with the goal of achieving 35,000 megawatts of electricity generation capacity by 2020. The Government has also commenced the development of generation and distribution assets as well as the upgrade of the transmission facilities under NIPP. To ensure private sector best practices, the generation assets of NIPP have been divested by the Government through a sales process, that has now been completed. The Federal Government has also expressed its commitment to the power sector reforms initiated by the previous government, and has indicated its willingness to introduce measures to sustain private sector investment and address extant challenges in the power sector. In addition, the Federal Government has indicated its commitment to implement the power sector reforms and has set a target of 10,000 MW to be achieved by 2019. Failure to adequately address the significant deficiencies in Nigeria's power generation, transmission and distribution infrastructure and related concerns within the power sector could lead to lower GDP growth and hamper the development of the economy which, in turn, may have an adverse effect on the Group's business, results of operations, financial condition, cash flows, liquidity and/or prospects.

The taxation and customs systems in Nigeria may be subject to changes and inconsistencies

As an emerging market economy, the Nigerian government policies and regulations on taxation, customs and excise duties may change from time to time as considered necessary for the development of the economy. In addition, the Government has indicated that taxes, customs and excise duties may be the next major sources of revenue in view of the fluctuation in revenue derived from oil. A bill to repeal the current Customs and Excise Management Act and reform the administration and management of customs and excise in Nigeria is currently before the National Assembly. The current administration has indicated its commitment to enact the bill, which seeks to reform the administration and management of customs and excise in Nigeria and to bring the existing act in line with modern day best practices. Further, the Nigerian Federal Inland Revenue Service's interpretation of, or decision with respect to, certain sections of tax laws may differ on a case by case basis. Changes in Government policies on taxation, customs and excise duties, as well as inconsistencies in interpretation of and decisions relating to tax laws, may have an adverse effect on the Group's business, results of operations, financial condition, cash flows, liquidity and/or prospects, and on the tax liability of Noteholders.

There are health risks relating to operating in Nigeria that could adversely affect the Group's business, result of operations, financial condition and/or prospects

HIV/AIDS, tuberculosis (which is exacerbated in the presence of HIV/AIDS), malaria and typhoid are major healthcare challenges in Nigeria and other West African countries. According to a 2015 report published by USAIDS, the national median HIV prevalence rate was 3.1 per cent. and the total number of persons living with HIV was estimated to be approximately 3.5 million. Due to the high prevalence of HIV/AIDS, malaria and typhoid in Nigeria, the Group may incur costs relating to the loss of personnel and the related loss of productivity, as well as the costs relating to recruiting and training of new personnel. The Group is not able to quantify these costs accurately and no assurance can be given that the costs it will incur in connection with this epidemic will not have a material adverse effect on the Group's business, results of operations, financial condition, cash flows, liquidity and/or prospects.

Inefficiencies in the judicial system may create an uncertain environment for investment and business activity

Nigerian law is predicated on the common law system, with its roots being derived from the English legal system. Still in its growing phase, the Nigerian legal system continues to undergo development and faces a number of challenges including delays in the judicial process as most cases take a considerable period of time to be concluded. Similarly, the enforcement of security in Nigeria is affected by the inefficiencies in the judicial system and can result in uncertain positions. However, recent years have witnessed considerable reform of the judiciary, especially in Lagos State (the commercial centre of Nigeria and where the Group is headquartered) with the setting up of commercial courts, the appointments of more commercially minded judges and the introduction of new rules to cut down on delays in the judicial process. In addition, the Federal Government has recently made the National Industrial Court a superior court of record. The National Industrial Court has exclusive jurisdiction amongst others, in civil cases and matters relating to labour, employment, trade unions, industrial relations, terms of service, and matters arising in relation to the workplace. This has been constitutionally entrenched through the enactment of the Third Alteration Act, 2010 of the 1999 Constitution of the Federal Republic of Nigeria. Despite reforms, the slow judicial process may sometimes affect the enforceability of judgments obtained, including the ability to recover the assessed value of collateral on defaulting borrowers. Those and other factors that have an impact on Nigeria's legal system make an investment in the Notes subject to greater risks and uncertainties than an investment in a country with a more mature legal system.

Risks related to the Notes and the trading market

The Notes may not be a suitable investment for all investors

Each potential investor must determine the suitability of an investment in the Notes in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Base Prospectus and any applicable supplement;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's home currency;

- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Notes may be complex financial instruments. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Shortage of U.S. dollar liquidity in the Nigerian market may adversely affect the Bank's ability to service its U.S. dollar liabilities.

Prior to the decision by the Nigerian authorities to remove the peg on the Naira to U.S. dollar exchange rate, Nigeria experienced a substantial decline in foreign reserves as the CBN actively intervened in the foreign exchange markets to maintain the value of the Naira. This CBN intervention resulted in a significant shortage of U.S. dollar liquidity in Nigeria. As the Bank does not intend to import the proceeds of any Notes issued under the Programme into Nigeria or convert such proceeds into Naira, it will not obtain a CCI which would otherwise give it access to the foreign exchange markets in Nigeria. See "*Exchange Rates and Exchange Controls—Exchange Controls*". While the Bank believes its practices of only lending in U.S. dollars to customers that generate revenue in U.S. dollars (and accordingly can service their borrowings from the Bank in U.S. dollars) will provide it with sufficient U.S. dollar liquidity to fund its U.S. dollar liabilities, in the event the Bank has a U.S. dollar shortage in its own funding, there can be no assurances that the Bank will be able to access U.S. dollars from the official Nigerian foreign exchange markets in order to service its U.S. dollar liabilities, including the Notes.

The Notes may be redeemed prior to maturity following a change in the tax laws of Nigeria

If (i) as a result of any change in, or amendment to, the laws or regulations of Nigeria (or any other Relevant Jurisdiction, as defined in Condition 8 (*Taxation*)), or any change in the application or official interpretation of the laws or regulations of such jurisdiction, which change or amendment becomes effective after the issue date of the first Tranche of Notes in the relevant Series, the Bank would be required to pay additional amounts on account of any taxes of such jurisdiction in respect of subsequent payments under such Notes as provided or referred to in Condition 8 (*Taxation*) and (ii) the requirement to pay such taxes cannot be avoided by the Bank taking reasonable measures available to it, the Bank may (subject in the case of Subordinated Notes to obtaining any consent required by the CBN) redeem all outstanding Notes of the relevant Series in accordance with the Conditions. See "*Terms and Conditions of the Notes*—Condition 7(b) (*Redemption and Purchase—Redemption for tax reasons*)" and "*Terms and Conditions of the Notes*—Condition 8 (*Taxation*)" and "*Taxation*".

Payments under the Notes may be subject to withholding tax pursuant to the U.S. Foreign Account Tax Compliance Act

With respect to Notes issued after the date that is six months after the date on which final U.S. Treasury regulations defining the term "foreign passthru payment" are filed with the U.S. Federal Register (such applicable date, the "**Grandfathering Date**"), the Bank or any intermediary or agent may, under certain circumstances, be required pursuant to Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder ("**FATCA**") to withhold U.S. tax at a rate of 30 per cent. on all or a portion of payments of principal and interest which are treated as "foreign passthru payments" made before the later of 1 January 2019 and the date of publication of final regulations defining the term "foreign passthru payment" to an investor or any other non-U.S. financial institution through which payment on the Notes is made that is not in compliance with FATCA. As of the date of this Base Prospectus, final U.S. Treasury regulations defining the term "foreign passthru payment" have not been filed with the U.S. Federal Register. If the Bank issues further Notes after the Grandfathering Date in respect of an issue of Notes that was originally issued on or before the Grandfathering Date, payments on such further Notes may be subject to withholding under FATCA and, should the originally issued Notes and the further Notes be indistinguishable (as would likely be the case in such a "tap" issue), such payments on the originally issued Notes may also become subject to withholding under FATCA, unless such further Notes are issued pursuant to a "qualified reopening" for U.S. federal income tax purposes.

The United States has concluded several intergovernmental agreements ("**IGAs**") with other jurisdictions in respect of FATCA, which modify the way in which FATCA applies in those jurisdictions. Although Nigeria has not concluded an IGA with the United States, the Bank has registered with the U.S. Internal Revenue Service ("**IRS**") and is treated as a "Participating FFI" within the meaning of FATCA. Accordingly, *provided that* the Bank complies with the terms of its agreement with the IRS, it should not be subject to FATCA withholding on any payments it receives. The application of FATCA to interest, principal, or other amounts paid on or with respect to the Notes is not entirely clear. If any withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes pursuant to FATCA or an IGA, none of the Bank, any intermediary or agent would, pursuant to the Terms and Conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding of such tax. Further guidance may affect the application of FATCA to the Notes, including the potential future release of an intergovernmental agreement between the United States and Nigeria to implement the provisions of FATCA.

Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common of such features:

Notes subject to optional redemption by the Bank

If the "Issuer Call" is specified in the relevant Final Terms or Drawdown Prospectus, the Notes of that Series may be redeemed by the Bank in accordance with Condition 7(c) (*Redemption at the option of the Issuer (Issuer Call)*). In addition, if the "Capital Disqualification Event Call" is specified in the relevant Final Terms or Drawdown Prospectus in respect of any Subordinated Notes, the Bank may redeem such Notes in the circumstances and subject to the conditions described in Condition 7(d) (*Early Redemption of Subordinated Notes at the Option of the Issuer following a Capital Disqualification Event*). Such optional redemption features are likely to limit the Notes' market value. During any period when the Bank may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Bank may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Notes issued at a substantial discount or premium

The market price of Notes issued at a substantial discount or premium from their principal amount will tend to fluctuate more in relation to general changes in interest rates than do prices for Notes issued at a price closer to par. Generally, the longer the remaining term of the Notes, the greater the price volatility will be as compared to Notes issued closer to par.

Reset Notes

Reset Notes will initially bear interest at the relevant Initial Rate of Interest until (but excluding) the relevant First Reset Date. On the relevant First Reset Date, the relevant Second Reset Date (if applicable) and each relevant Subsequent Reset Date (if any) thereafter, the interest rate will be reset to the sum of the relevant Mid-Swap Rate and the relevant First Reset Margin or Subsequent Reset Margin (as applicable) as determined by the Calculation Agent on the relevant Reset Determination Date (each such interest rate, a "**Subsequent Reset Rate of Interest**"). The Subsequent Reset Rate of Interest for any relevant Reset Period could be less than the relevant Initial Rate of Interest or the relevant Subsequent Reset Rate of Interest for prior Reset Periods, which could affect the market value of an investment in the relevant Reset Notes.

Risks related to the Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Modification, waivers and substitution

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matters relating to the Notes including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of the Notes, the Coupons or any of the provisions of the Trust Deed. An Extraordinary Resolution may also be approved by means of a resolution in writing or by electronic consents communicated through the electronic communications systems of the relevant clearing system(s). These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting, sign a relevant resolution in writing or provide such an electronic consent, as well as Noteholders who voted in a manner contrary to the majority.

The conditions of the Notes also provide that the Trustee may, without the consent of Noteholders: (i) agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes; (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such; or (iii) agree with the Bank to the substitution in place of the Bank (or of any previous substitute) as the principal debtor under the Notes, the Coupons and the Trust Deed of any of the Bank's Subsidiaries or the Bank's successor in business (subject to the relevant conditions set out in the Trust Deed being complied with).

Bearer Notes where denominations involve integral multiples: definitive Bearer Notes

In relation to any issue of Bearer Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in its account with the relevant clearing system at the relevant time may not receive a definitive Bearer Note in respect of such holding (should definitive Bearer Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks Related to the Subordinated Notes

An investor in the Notes assumes an enhanced risk of loss in the event of a Subordination Event

The obligations of the Bank under Subordinated Notes will be unsecured and subordinated. On any distribution of the assets of the Bank on its dissolution, winding-up or liquidation whether in bankruptcy, insolvency, receivership, voluntary or mandatory reorganisation of indebtedness or any analogous proceedings (a "**Subordination Event**") (as further described in "*Terms and Conditions of the Notes*" below), and for so long as such Subordination Event subsists, the Bank's obligations under Subordinated Notes will rank subordinate in right of payment to the payment of all Senior Obligations (as defined in "*Terms and Conditions of the Notes*" below) and no amount will be paid by the Bank in respect of its obligations under any Subordinated Notes until all such Senior Obligations have been paid in full. Unless, therefore, the Group has assets remaining after making all such payments, no payments will be made on any Subordinated Notes and any such payments that are made will be made *pari passu* with any payments made by the Bank in respect of any other obligations it may have under any Parity Obligations (as defined in "*Terms and Conditions of the Notes*" below). Consequently, although the Notes may pay a higher return than comparable instruments relating to unsubordinated obligations, there is an enhanced risk that an investor in the Notes will lose all or some of its investment on the occurrence of a Subordination Event.

No limitation on incurrence of Senior Obligations or Parity Obligations

There is no restriction on the amount of Senior Obligations or Parity Obligations that the Bank may incur. The incurrence of any such obligations may reduce the amount recoverable by holders of Subordinated Notes on any dissolution, winding-up or liquidation of the Bank. Accordingly, on such dissolution, winding-up or liquidation, there may not be sufficient amounts to satisfy the amounts owing to Noteholders in respect of the obligations of the Bank under any Subordinated Notes and this may result in an investor in the Notes losing all or some of its investment.

Subordinated Notes may be subject to early redemption

Subordinated Notes may be subject to early redemption as provided in the terms and conditions of the Notes. The Bank may redeem all, but not a part only, of a series of Subordinated Notes prior to the Maturity Date: (a) at its outstanding principal amount, subject to having obtained the prior approval of the CBN (if required, pursuant to Applicable Banking Regulations (as defined in "*Terms and Conditions of the Notes*" below)), on the Optional Redemption Date (as defined in "*Terms and Conditions of the Notes*" below); (b) at its outstanding principal amount, subject to having obtained the prior approval of the CBN (if required pursuant to Applicable Banking Regulations), if a Capital Disqualification Event (as defined in "*Terms and Conditions of the Notes*" below) occurs; and (c) at their outstanding principal amount, subject to having obtained the prior approval of the CBN (if required), if the Bank is obliged to pay additional amounts on account of any Nigerian taxes in respect of payments under the relevant Subordinated Notes coming into effect after the date of the relevant Subordinated Notes issue, in each case together with accrued and unpaid interest to the date of redemption and any additional amounts in respect thereof. See Condition 7 (*Redemption and Purchase*) of the terms and conditions of the Notes. This early redemption feature is likely to limit the market value of the Notes, as the market value of the Notes is unlikely to rise substantially above the price at which they can be redeemed during any period when such rights are exercisable. This may also be true prior to such period.

The Bank may be expected to exercise its rights in respect of any early redemption of Subordinated Notes on a date when its funding costs are lower than the Rate of Interest payable in respect of such Subordinated Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective rate as high as the interest rate on the relevant Subordinated Notes and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other instruments that may be available at the time.

Depending on prevailing market conditions on any redemption of the relevant Subordinated Notes upon the occurrence of a tax event (as outlined in (c) above) or a Capital Disqualification Event and subsequent redemption of such Subordinated Notes, an investor may similarly not be able to reinvest the redemption proceeds in a comparable security in respect of which interest is payable at an equivalent rate to that of the interest rate then payable in respect of such Subordinated Notes.

As with the optional repayment feature of Subordinated Notes referred to above, it may not be possible for Noteholders to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes and this may only be possible at a significantly lower rate. See also "*Terms and Conditions of the Notes*".

Limited remedies for non-payment when due or enforcement of any other obligations

There are limited remedies under Subordinated Notes upon the occurrence of an Event of Default (including non-payment in respect of principal and interest), a Subordination Event or otherwise on the winding-up, dissolution or liquidation of the Bank, all as described in Condition 10 (*Events of Default and Enforcement*) (and which Events of Default, for the avoidance of doubt, do not include a breach of any of the covenants set out in Condition 4 (*Covenants*)). Subject as provided in Condition 10 (*Events of Default and Enforcement*), the Trustee may then institute, or claim or prove in, as applicable, the winding-up, dissolution or liquidation of the Bank for and on behalf of Noteholders in respect of the resulting amounts due and payable by the Bank under Subordinated Notes. There is otherwise no ability to accelerate payment of any amounts payable by the Bank under Subordinated Notes.

Except as otherwise expressly provided in the Conditions and in the Trust Deed, no proprietary or other direct interest in the Bank's rights under or in respect of Subordinated Notes exists for the benefit of the Noteholders.

In addition, Noteholders should be aware that the Trustee does not accept any responsibility for the performance by the Bank of its obligations under any Subordinated Notes. The Trustee shall not be required to monitor the Bank's financial performance or status or to enter into proceedings to enforce payment under Subordinated Notes unless it has been indemnified and/or secured by the Noteholders to its satisfaction against all liabilities, proceedings, claims and demands to which it may thereby become liable and all costs, charges and expenses which may be incurred by it in connection therewith.

Payments of principal and/or interest and/or other amounts (if any) by the Bank under any Subordinated Notes to, or to the order of, the Trustee or the Principal Paying Agent will satisfy the Bank's obligations in respect of such Subordinated Notes. Consequently, Noteholders will have no further recourse against the Bank after such payment is made.

The Notes may in the future be subject to write down or other loss absorption mechanisms should Basel III be implemented in Nigeria

The package of new capital and liquidity requirements reflected in Basel III sets out guidance from the Basel Committee on the eligibility criteria for Tier 2 capital instruments under Basel III. This guidance includes minimum requirements to ensure loss absorption at the point of non-viability for internationally active banks (including write down and conversion into equity of such instruments).

There is no certainty as to whether Basel III will be implemented by the CBN in Nigeria prior to maturity of any Subordinated Notes and, if so, when and in what form (including whether any such loss absorption provisions would be introduced). Although an official timetable for the adoption of Basel III in Nigeria has not been announced by the CBN, if the CBN follows the timetable prescribed by the Basel Committee, then the regulations for such adoption should be implemented before 2018. Even if introduced, it is equally unclear whether any loss absorption provisions would apply to capital instruments such as any Subordinated Notes that are already in issue or whether certain grandfathering rules would apply.

The terms of any Subordinated Notes will not contain any provisions in the nature of the proposed loss absorption requirements under Basel III. However, if any such requirements are implemented retrospectively in Nigeria so as to apply to any Subordinated Notes, then either (a) such Subordinated Notes may become subject to loss absorption on a statutory basis at the point of the Bank's non-viability, which could result in Noteholders losing some or all of their investment or (b) the Bank's ability to include such Subordinated Notes in its capital calculations may be prohibited or limited. The implementation of any such loss absorption requirements or any suggestion of such implementation could also materially adversely affect the value of any Subordinated Notes.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

Notes issued under the Programme may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severe adverse effect on the market value of Notes.

Exchange rate risks

The Bank will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to depreciation or devaluation of the Specified Currency or, conversely, appreciation or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. In addition, such risks generally depend on economic and political events over which the Bank has no control. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (a) the Investor's Currency equivalent yield on the Notes, (b) the Investor's Currency equivalent value of the principal payable on the Notes and (c) the Investor's Currency equivalent market value of the Notes.

Exchange controls

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate as well as the availability of a specified foreign currency at the time of any payment of principal or interest on a Note. As a result, investors may receive less principal or interest than expected, or no principal or interest. Even if there are no actual exchange controls, it is possible that the Specified Currency for any particular Note not denominated in U.S. dollars would not be available at such Note's maturity.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

In addition, a holder of securities with a fixed interest rate that will be periodically reset during the term of the relevant securities, such as Reset Notes, is also exposed to the risk of fluctuating interest rate levels and uncertain interest income.

Credit ratings may not reflect all risks and any downgrading of Nigeria's debt rating by an international rating agency could have a negative impact on the Group's business and the trading price of the Notes

Changes (or anticipated changes) in the Bank's credit ratings will generally affect the market value of the Notes. A downgrade in the Nigeria sovereign credit rating could also result in a downgrade of the Bank's credit ratings, including credit ratings to the Notes. See "*Risk Factors—Risks related to the Bank and the Group—The Group's business is highly dependent on the health of the Nigerian economy, which is dependent on global prices of oil and oil production in Nigeria—Reduction in oil production.*" As of the date of this Base Prospectus, Nigeria's sovereign rating was B1 with a stable outlook (Moody's), B+ with a stable outlook (Fitch) and B with a stable outlook (S&P). These ratings reflect an assessment of the government of Nigeria's overall financial capacity to pay its obligations and its ability or willingness to meet its financial commitments as they become due. Any adverse revisions to Nigeria's credit ratings for domestic and international debt by international rating agencies may adversely affect the liquidity of the Nigerian financial markets, the ability of the Nigerian government and Nigerian companies, including the Bank, to raise additional financing, and the terms on which the Group is able to raise new financing or refinance any existing indebtedness. This could have an adverse effect on the Group's business, results of operation, financial condition and/or prospects. One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this Base Prospectus, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

The market price of the Notes may be volatile

The market price of the Notes could be subject to significant fluctuations in response to actual or anticipated variations in the Bank's operating results and those of its competitors, adverse business developments, changes to the regulatory environment in which the Bank operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Notes, as well as other factors, including the trading market for notes issued by or on behalf of Nigeria as a sovereign borrower. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations, which, if repeated in the future, could adversely affect the market price of the Notes without regard to the Bank's results of operations, prospects or financial condition. Factors including increased competition, fluctuations in the Group's operating results, the regulatory environment, availability of reserves, general market conditions, natural disasters and armed conflict may have an adverse effect on the market price of the Notes.

It may be difficult to effect service of legal process and enforce judgments obtained in Nigeria against the Group and its management

The Bank is a company incorporated under the laws of Nigeria and substantially all of its businesses, assets and operations are located in Nigeria. In addition, a substantial majority of its directors and executive officers reside in Nigeria and substantially all of their assets are located in Nigeria. As a result, it may not be possible to effect service of process in the United States or elsewhere outside Nigeria upon the Bank or such directors or executive officers, including with respect to matters arising under U.S. federal securities laws or applicable state securities laws. Moreover, Nigeria does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States and many other countries. As a result, recognition and enforcement in Nigeria of judgments of a court in the United States or in any of such other countries in relation to any matter may be difficult. See "*Service of Process and Enforcement of Civil Liabilities*".

Investors are relying solely on the creditworthiness of the Bank

Senior Notes issued under the Programme will constitute direct, unconditional, unsubordinated and, subject to the provisions of Condition 4(a) (*Covenants— Negative Pledge*), unsecured obligations of the Bank and will rank *pari passu* amongst themselves and at least *pari passu* in right of payment with all other present and future unsecured and unsubordinated obligations of the Bank, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. If a prospective investor purchases such Notes, it is relying on the creditworthiness of the Bank and no other person. In addition, an investment in such Notes involves the risk that subsequent changes in the actual or perceived creditworthiness of the Bank may adversely affect the market value of such Notes.

Return on an investment in Notes will be affected by charges incurred by investors

An investor's total return on an investment in any Notes will be affected by the level of fees charged by an agent, nominee service provider and/or clearing system used by the investor. Such a person or institution may charge fees for the opening and operation of an investment account, transfers of Notes, custody services and on payments of interest and principal. Potential investors are, therefore, advised to investigate the basis on which any such fees will be charged on the relevant Notes.

Tax consequences of holding the Notes

Potential investors should consider the tax consequences of investing in the Notes and consult their tax advisers about their own tax situation.

Nigerian bankruptcy laws

Although Nigerian bankruptcy laws generally apply to individuals and not corporate entities, the CAMA makes provision for these laws to apply in the winding-up of an insolvent company with regard to the rights of secured and unsecured creditors.

Under Nigerian law, when a bank is unable to meet its obligations or suspends payment, the assets of the bank shall be available to first meet all of the bank's deposit liabilities prior to the payment of any other liabilities of the bank (including secured and statutorily preferred creditors and other senior creditors). In addition, by virtue of Nigerian company law, upon the insolvency of a bank (as is the case with any other company and following the settlement of all deposit liabilities) statutory preferred creditors (for example, creditors in relation to tax, provident funds, salaries and other staff remuneration), as well as secured creditors. shall rank in priority to unsecured creditors. Senior unsecured creditors for the purposes of distributions upon insolvency rank *pari passu* with each other and subordinated creditors rank in accordance with the terms of their subordination. Additionally, the liquidator of an insolvent company has the power to disclaim onerous contracts. For instance, in accordance with general common law bankruptcy rules, any transaction embarked upon by a company within three months prior to the winding up of the company will be deemed fraudulent and invalid, if such transaction is entered into with the purpose of giving the counterparty to the transaction a preference over other creditors of the company.

Generally, the winding up or liquidation of banks in Nigeria entails the active intervention and supervision by the CBN and the NDIC, under enabling statutory provisions. Additionally, with a view to ensuring that all creditors and depositors of insolvent banks are adequately protected, there are special provisions of banking statutes which make banking insolvency a highly regulated matter. Banks are required to maintain deposit insurance with the NDIC, which is empowered to administer the deposit insurance system in Nigeria. The NDIC is also responsible for liquidating the assets of banks.

In the event of the insolvency of the Bank, the claims of holders of the Senior Notes shall rank *pari passu* with the claims of the Bank's other unsecured and unsubordinated creditors, after the Bank's depositors, statutorily recognised preferential creditors and secured creditors have been paid, and the claims of the holders of the Subordinated Notes shall rank *pari passu* with the claims of the Bank's other subordinated creditors that rank, or are expressed to rank, *pari passu* with the Bank's obligations under the Subordinated Notes and after the Bank's depositors, statutorily recognised preferential creditors, secured creditors and other senior creditors have been paid in full.

Enforcement of the obligations of the Bank under the Trust Deed may be subject to the payment of Nigerian stamp duty

The Programme Agreement, the Trust Deed, the Agency Agreement and the documents for the issue of any Series of Notes are intended to be executed and held outside Nigeria and are therefore not required to be stamped in Nigeria. However, if it becomes necessary to bring any such documentation into Nigeria for the purpose of admission in evidence before a Nigerian court and enforcement by such courts, the documents will be required to be stamped and will be subject to the payment of the relevant rate of stamp duty, assessed by the Nigerian Commissioner for Stamp Duties, as prescribed by the Stamp Duties Act Cap S8 LFN 2004 (the "**Stamp Duties Act**"). Arrangements will need to be made for the payment of stamp duty within 30 days from when the documents are brought into Nigeria. See "*Taxation—Nigeria—Stamp duties*".

Stamp duty is payable in Nigeria either on a flat rate or an *ad valorem* basis. Based on the schedule to the Stamp Duties Act, the maximum rate of stamp duty payable in Nigeria in respect of security documents securing payment or repayment of money (where the security is not a marketable security transferable by delivery), is 0.375 per cent. levied on an *ad valorem* basis on the value of the underlying transaction. Based on current practice in Nigeria, it is unclear whether stamp duty will be assessed on the Trust Deed on an *ad valorem* basis. Pursuant to the Stamp Duties Act and only in the case where the Notes are brought into Nigeria, the stamp duty payable on the issuance of the Notes transferable by delivery is 2.25 per cent.; however, with respect to marketable securities that are not transferable by delivery, the applicable rate of stamp duty is 0.375 per cent.

Under Condition 10 (*Events of Default and Enforcement*), the Trustee is not bound to take any proceedings for the enforcement of the Trust Deed, the Notes or the Coupons unless, amongst other things, it shall have been indemnified and/or secured to its satisfaction, which may include the prior payment of such stamp duty to the Trustee, which if levied on an *ad valorem* basis, could be a substantial amount.

Adverse tax consequences of a substitution of the Bank

The terms of the Notes provide that, in certain circumstances, the obligations of the Bank under the Notes may be assumed by another entity. Any such assumption might be treated for U.S. federal income tax purposes as a deemed disposition of Notes by a U.S. Holder (as defined in "*Taxation—United States*") in exchange for new notes issued by the new obligor. As a result of this deemed disposition, a U.S. Holder could be required to recognise capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the issue price of the new notes (as determined for U.S. federal income tax purposes), and the U.S. Holder's tax basis in the Notes. Adverse tax consequences for holders in other jurisdictions may result in the event of a change in the obligor with respect to the Notes. Holders should consult their tax advisers concerning the tax consequences to them of a change in obligor with respect to the Notes.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) Notes are legal investments for it, (b) Notes can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Risks relating to disruptions in the global credit markets and economy.

Global financial markets continue to be subject to periods of volatility which may impact the Group's ability to raise debt in a similar manner, and at a similar cost, to the funding raised in the past. Challenging market conditions have resulted in greater volatility but also in reduced liquidity, widening of credit spreads and lack of price transparency in credit markets. Changes in investment markets, including changes in interest rates, exchange rates and returns from equity, property and other investments, may affect the financial performance of the Group.

The impact of these conditions could be detrimental to the Group and could adversely affect its business, results of operations, financial condition and/or prospects; its solvency and the solvency of its counterparties and customers; the value and liquidity of its assets and liabilities; the value and liquidity of the Notes and/or the ability of the Bank to meet its obligations under the Notes and under its debt obligations more generally.

The Notes may be negatively affected by events in other emerging markets, including those in sub-Saharan Africa.

Economic distress in any emerging market country may adversely affect prices of securities and the level of investment in other emerging market issuers as investors move their money to more stable, developed markets. The market price of the Notes is influenced by economic and market conditions in Nigeria and, to a varying degree, may also be influenced by economic and market conditions in other African and emerging markets generally. Financial problems or an increase in the perceived risks associated with investing in emerging market economies could dampen foreign investment in Nigeria, adversely affect the Nigerian economy or adversely affect the trading price of the Notes. Even if the Nigerian economy remains relatively stable and currently relies less on external debt financing than some emerging market issuers, economic distress in other emerging market countries could adversely affect the trading price of the Notes and the availability of foreign funding sources for the government or private sector borrowers.

Adverse developments in other countries in sub-Saharan Africa, in particular, may have a negative impact on Nigeria if investors perceive risk that such developments will adversely affect Nigeria or that similar adverse developments may occur in Nigeria. Risks associated with sub-Saharan Africa include political uncertainty, civil unrest and conflict, corruption, the outbreak of disease and poor infrastructure. Investors' perceptions of certain risks may be compounded by incomplete, unreliable or unavailable economic and statistical data on Nigeria, including elements of the information provided in this Base Prospectus.

Because the Global Notes are held by or on behalf of DTC, Euroclear and/or Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Bank.

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with (i) (in the case of Bearer Notes) a common depositary for Euroclear and Clearstream, Luxembourg or (ii) (in the case of Registered Notes) either (a) a custodian for, and registered in the name of a nominee of, DTC or (b) a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive notes. DTC, Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through DTC, Euroclear and Clearstream, Luxembourg.

While the Notes are represented by one or more Global Notes, the Bank will discharge its payment obligations under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system to receive payments under the relevant Notes. The Bank shall have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system to appoint appropriate proxies.

FINAL TERMS AND DRAWDOWN PROSPECTUSES

In this section the expression "necessary information" means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes. In relation to the different types of Notes which may be issued under the Programme, the Issuer has included in this Base Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Final Terms or in a Drawdown Prospectus.

For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purpose of that Tranche only, complete this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Conditions described in this Base Prospectus as completed to the extent described in the relevant Final Terms.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus.

SUPPLEMENTS

Following the publication of this Base Prospectus, a supplement may be prepared by the Bank and approved by the Central Bank of Ireland in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

The Bank will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus for use in connection with any subsequent issue of Notes.

INFORMATION INCORPORATED BY REFERENCE

The terms and conditions set out on pages 46 to 82 of the base prospectus dated 3 June 2014 relating to the Programme under the heading "*Terms and Conditions of the Notes*" (the "**2014 Conditions**") have been previously published, have been filed with the Central Bank of Ireland and shall be deemed to be incorporated by reference in, and to form part of, this Base Prospectus. The non-incorporated parts of the base prospectus referred to above are not relevant for the investor or are covered elsewhere in this Base Prospectus.

The 2014 Conditions can be viewed at:
http://www.ise.ie/debt_documents/Base%20Prospectus_c0d06adc-e065-4308-8a71-77e6bec41623.PDF

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The relevant Final Terms (or the relevant provisions thereof) or the relevant provisions of the Drawdown Prospectus will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "*Form of the Final Terms*" for a description of the content of the Final Terms.

This Note is one of a Series (as defined below) of Notes issued by Access Bank Plc (the "**Issuer**") constituted by an amended and restated trust deed (as modified and/or supplemented and/or restated from time to time, the "**Trust Deed**") dated 23 September 2016 made between the Issuer and Citibank N.A., London Branch as trustee (the "**Trustee**", which expression shall include any successor trustee).

References herein to the "**Notes**" shall be references to the Notes of this Series and shall mean:

(i) in relation to any Notes represented by a global Note (a "**Global Note**"), units of the lowest Specified Denomination in the Specified Currency;

(ii) any Global Note;

(iii) any definitive Notes in bearer form ("**Bearer Notes**") issued in exchange for a Global Note in bearer form; and

(iv) any definitive Notes in registered form ("**Registered Notes**") (whether or not issued in exchange for a Global Note in registered form).

The Notes and the Coupons (as defined below) have the benefit of an amended and restated agency agreement (as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") dated 23 September 2016 and made between the Issuer, the Trustee, Citibank N.A., London Branch as issuing and principal paying agent (the "**Principal Paying Agent**", which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents), Citibank N.A., London Branch as exchange agent (the "**Exchange Agent**", which expression shall include any successor exchange agent) and Citigroup Global Markets Deutschland AG as registrar (the "**Registrar"** and which expression shall include any successor registrar) and a transfer agent, together with the other transfer agents named therein and together with the Registrar, the "**Transfer Agents**", which expression shall include any additional or successor transfer agents).

Interest-bearing definitive Bearer Notes have interest coupons ("**Coupons**") and, if indicated in the relevant Final Terms or the relevant Drawdown Prospectus, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Registered Notes and Global Notes do not have Coupons or Talons attached on issue.

Each Tranche of Notes is the subject either of a final terms (the "**Final Terms**") which complete these Terms and Conditions (the "**Conditions**") or a drawdown prospectus (the "**Drawdown Prospectus**") which supplements, amends and/or replaces these Conditions for the purpose of that Tranche of Notes only. References to: (i) the "**relevant Final Terms**" are to the Final Terms (or the relevant provisions thereof) attached to or endorsed on the Note; and (ii) the "relevant Drawdown Prospectus" are to the Drawdown Prospectus (or the relevant provisions thereof) attached or endorsed on this Note.

The Trustee acts for the benefit of the Noteholders (which expression shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the several persons whose names are entered in the register of holders of the Registered Notes as the holders thereof and shall, in relation to any Notes represented by a Global Note, be construed as provided in Condition 1 (*Form, Denomination and Title*)), and the holders of the Coupons (the "**Couponholders**", which expression shall, unless the context otherwise requires, include the holders of the Talons), in accordance with the provisions of the Trust Deed.

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the specified office of each of the Principal Paying Agent, the Registrar and the other Paying Agents and Transfer Agents (such Agents and the Registrar being together referred to as the "**Agents**"). Copies of the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) are available for viewing at the registered office of the Issuer and of the Principal Paying Agent. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Words and expressions defined in the Trust Deed, the Agency Agreement or used in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and *provided that*, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) will prevail.

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form or in registered form as specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

This Note may be a Fixed Rate Note, a Reset Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be).

This Note may also be a Senior Note or a Subordinated Note, as indicated in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be).

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes, in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Bearer Notes and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer, the Trustee and any Agent will (except as otherwise required by law and the Trust Deed) deem and treat the bearer of any Bearer Note or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the immediately succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Trustee and any Agent as the holder of such nominal amount of such Note in accordance with and subject to the terms of the relevant Global Notes, and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly.

For so long as the Depository Trust Company ("**DTC**") or its nominee is the registered owner or holder of a Registered Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Trust Deed and the Agency Agreement and the Notes except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

In determining whether a particular person is entitled to a particular nominal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Notes which are represented by a Registered Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and Clearstream, Luxembourg, as the case may be. References to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) or as may otherwise be approved by the Issuer, the Principal Paying Agent and the Trustee.

2. TRANSFERS OF REGISTERED NOTES

(a) *Transfers of interests in Registered Global Notes*

Transfers of beneficial interests in Registered Global Notes will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Registered Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement. Transfers of a Registered Global Note registered in the name of a nominee for DTC shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

(b) *Transfers of Registered Notes in definitive form*

Subject as provided in paragraphs (e), (f) and (g) below, upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be)). In order to effect any such transfer (i) the holder or holders must (A) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or its or their attorney or attorneys duly authorised in writing and (B) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (ii) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer, the Trustee and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 5 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor. The transfer of part of a Registered Note is not permitted if the principal amount of the balance of the Registered Note is not a Specified Denomination. No holder may require a transfer of a Registered Note in definitive form to be registered during the period of 15 calendar days ending on the due date for any payment of principal or interest in respect of such Note.

(c) *Registration of transfer upon partial redemption*

In the event of a partial redemption of Notes under Condition 7 (*Redemption and Purchase*), the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

(d) *Costs of registration*

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

(e) *Transfers of interests in Regulation S Global Notes*

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Regulation S Global Note to a transferee in the United States or who is a U.S. person will only be made:

(i) upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate (a "**Transfer Certificate**"), copies of which are available from the specified office of any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made:

(A) to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or

(B) to a person who is an Institutional Accredited Investor,

together with, in the case of (B), a duly executed investment letter from the relevant transferee substantially in the form set out in the Agency Agreement (an "**IAI Investment Letter**"); or

(ii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

In the case of (A) above, such transferee may take delivery through a Legended Note in global or definitive form and, in the case of (B) above, such transferee may take delivery only through a Legended Note in definitive form. After expiry of the applicable Distribution Compliance Period, (i) beneficial interests in Regulation S Global Notes registered in the name of a nominee for DTC may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC and (ii) such certification requirements will no longer apply to such transfers.

(f) *Transfers of interests in Legended Notes*

Transfers of Legended Notes or beneficial interests therein may be made:

(i) to a transferee who takes delivery of such interest through a Regulation S Global Note, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that in the case of a Regulation S Global Note registered in the name of a nominee for DTC, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Notes being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg; or

(ii) to a transferee who takes delivery of such interest through a Legended Note:

(A) where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or

(B) where the transferee is an Institutional Accredited Investor, subject to delivery to the Registrar of a Transfer Certificate from the transferor to the effect that such transfer is being made to an Institutional Accredited Investor, together with a duly executed IAI Investment Letter from the relevant transferee; or

(iii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Notes transferred by Institutional Accredited Investors to QIBs pursuant to Rule 144A or outside the United States pursuant to Regulation S will be eligible to be held by such QIBs or non-U.S. investors through DTC, Euroclear or Clearstream, Luxembourg, as appropriate, and the Registrar will arrange for any Notes which are the subject of such a transfer to be represented by the appropriate Registered Global Note, where applicable.

Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the legend, the Registrar shall deliver only Legended Notes or refuse to remove the legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

(g) *Exchanges and transfers of Registered Notes generally*

Holders of Registered Notes in definitive form, other than Institutional Accredited Investors, may exchange such Notes for interests in a Registered Global Note of the same type at any time.

(h) *Definitions*

In this Condition 2, the following expressions shall have the following meanings:

"**Distribution Compliance Period**" means the period that ends 40 days after the completion of the distribution of each Tranche of Notes, as certified by the relevant Dealer (in the case of a non syndicated issue) or the relevant Lead Manager(s) (in the case of a syndicated issue);

"**Institutional Accredited Investor**" means 'accredited investors' (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that are institutions;

"**Legended Note**" means Registered Notes in definitive form that are issued to Institutional Accredited Investors and Registered Notes (whether in definitive form or represented by a Registered Global Note) sold in private transactions to QIBs in accordance with the requirements of Rule 144A;

"**QIB**" means a qualified institutional buyer within the meaning of Rule 144A;

"**Regulation S**" means Regulation S under the Securities Act;

"**Regulation S Global Note**" means a Registered Global Note representing Notes sold outside the United States in reliance on Regulation S;

"**Rule 144A**" means Rule 144A under the Securities Act;

"**Rule 144A Global Note**" means a Registered Global Note representing Notes sold in the United States or to QIBs; and

"**Securities Act**" means the U.S. Securities Act of 1933, as amended.

3. STATUS OF THE NOTES

(a) *Status of the Senior Notes*

The Senior Notes and any related Coupons are direct, general, unconditional, unsubordinated and (subject to the provisions of Condition 4(a) (*Covenants–Negative Pledge*)) unsecured obligations of the Issuer and (subject as stated above) rank and will at all times rank *pari passu*, among themselves and at least *pari passu* in right of payment with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(b) *Status of the Subordinated Notes*

(i) The Issuer's payment obligations under the Subordinated Notes and any related Coupons will constitute direct, unsecured and subordinated obligations of the Issuer and shall, in the case of a Subordination Event and for so long as that Subordination Event subsists, rank:

(A) subordinate in right of payment to the payment of all Senior Obligations;

(B) *pari passu* without any preference among themselves and with all Parity Obligations; and

(C) in priority to all payments in respect of Junior Obligations.

(ii) By virtue of such subordination as described herein, no amount will, in the case of a Subordination Event and for so long as that Subordination Event subsists, be paid under any Subordinated Notes until all payment obligations in respect of Senior Obligations have been satisfied. The Subordinated Notes do not limit the amount of Senior Obligations of the Issuer that may exist at any time.

(iii) The Subordinated Notes are not secured by any security.

(iv) Subject to applicable law, all payment obligations of, and payments made by, the Issuer under the Subordinated Notes must be determined and made without reference to any right of set-off or counterclaim of the Noteholders or Couponholders whether arising before or in respect of any Subordination Event and the Noteholders or Couponholders shall not exercise any right of set-off or counterclaim in respect of any amount owed to the Noteholders or Couponholders by the Issuer hereunder and any such rights shall be deemed to be waived.

(c) *Definitions*

In these Conditions, the following expressions shall have the following meanings:

"**Junior Obligations**" means any class of share capital (including ordinary and preferred shares) of the Issuer together with any present and future undated or perpetual subordinated indebtedness or other payment obligations of the Issuer that rank, or are expressed to rank, junior to the Issuer's obligations under the Subordinated Notes;

"**Parity Obligations**" means any securities or other instruments issued by the Issuer or other payment obligations of the Issuer that rank, or are expressed to rank, *pari passu* with the Issuer's obligations under the Subordinated Notes;

"**Senior Obligations**" means any of the Issuer's present and future indebtedness and other obligations (including, without limitation (i) obligations to depositors and trade creditors and obligations for taxes, (ii) statutory preferences and other legally-required payments and (iii) obligations under hedging and other financial instruments), other than its obligations under (a) the Subordinated Notes, (b) any Parity Obligations and (c) any Junior Obligations; and

"**Subordination Event**" means any distribution of the assets of the Issuer on a dissolution, winding-up or liquidation of the Issuer, whether in bankruptcy, insolvency, receivership, voluntary or mandatory reorganisation of indebtedness or any analogous proceedings.

4. **COVENANTS**

This Condition 4 (*Covenants*) applies to Senior Notes and, where and to the extent specified as applicable in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), Subordinated Notes.

For so long as any of the Notes remains outstanding (as defined in the Trust Deed), the Issuer undertakes to comply with each of the following covenants.

(a) *Negative Pledge*

The Issuer shall not, and the Issuer will not permit any of its Material Subsidiaries to, directly or indirectly create or have outstanding any mortgage, charge, lien, pledge, encumbrance or other security interest (each a "**Security Interest**"), other than Permitted Security Interests (as defined below), upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Indebtedness (as defined below), unless, at the same time or prior thereto, the Issuer's obligations under the Notes and the Trust Deed (a) are secured by the Security Interest equally and rateably with the Indebtedness to the satisfaction of the Trustee or (b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided either (i) as the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Noteholders or (ii) as is approved by an Extraordinary Resolution (as defined in the Trust Deed to mean a resolution passed (a) at a meeting of the Noteholders duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-quarters of the persons voting thereat upon a show of hands or if a poll is duly demanded by a majority consisting of not less than three-quarters of the votes cast on such poll, (b) by a Written Resolution (as defined in the Trust Deed), or (c) by an Electronic Consent (as defined in the Trust Deed)) of the Noteholders).

(b) *Restricted Payments*

The Issuer shall not, and shall ensure that each of its Subsidiaries shall not, directly or indirectly:

(i) declare or pay any dividend, in cash or otherwise, or make any other distribution (whether by way of redemption, acquisition or otherwise) in respect of its share capital (other than a dividend or other distribution payable to the Issuer or a Subsidiary of the Issuer); or

(ii) voluntarily purchase, redeem or otherwise retire for value any debt (including any form of capital instrument) of the Issuer subordinated by its terms to the obligations of the Issuer under the Notes

(any such action, a "**Restricted Payment**"), if such Restricted Payments when aggregated with all other Restricted Payments previously made in respect of the relevant financial year of the Issuer exceed 75.0 per cent. of the Group's consolidated profit after tax and extraordinary activities for such financial year, determined by reference to the Group's audited consolidated financial statements prepared under IFRS for such financial year.

(c) *Capital Adequacy*

The Issuer shall:

(i) not permit (a) its total capital adequacy ratio to fall below the minimum total capital adequacy ratio required by the Central Bank of Nigeria (or any successor body or entity thereto having primary responsibility for regulatory supervision of the Issuer) (the "**CBN**") or (b) the ratio of its Capital to its Risk Weighted Assets to fall below 10.0 per cent., as calculated in accordance with the BIS Guidelines; and

(ii) at all times comply with all rules, regulations and prudential supervision ratios of the CBN applicable to banks in the Federal Republic of Nigeria ("**Nigeria**") except where failure to so comply would not have a Material Adverse Effect.

(d) *No Consolidation or Merger*

The Issuer shall not without the prior written consent of the Trustee (which consent may only be given by the Trustee if it is of the opinion that to do so will not be materially prejudicial to the interests of the Noteholders) consolidate with or merge into any other Person (or enter into any transaction whose effect would be similar to that of a merger) or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its property and assets to any Person by one or more transactions or series of transactions (whether related or not) (any such consolidation or merger (or transaction whose effect would be similar to that of a merger) and any such transaction or series of transactions, a "**consolidation**" or "**merger**") if such consolidation or merger would have a Material Adverse Effect, unless:

(i) the Issuer shall be the continuing Person or the successor Person (as a result of such consolidation or merger) shall be a corporation organised and validly existing under the laws of Nigeria, and shall expressly assume by a supplemental trust deed to the Trust Deed in form and substance satisfactory to the Trustee, all of the obligations of the Issuer under the Notes and the Trust Deed;

(ii) immediately before and after giving effect to such consolidation or merger, no Potential Event of Default (as defined in the Trust Deed) or Event of Default shall have occurred and be continuing; and

(iii) the Issuer or such successor Person, as the case may be, shall have delivered to the Trustee (A) an opinion of independent legal advisers of recognised standing stating that the consolidation or merger complies with the provisions of subparagraph (i) above and (B) a certificate signed by two of its directors stating that the consolidation or merger complies with the provisions of subparagraphs (i) and (ii) above.

(e) *Disposals*

(i) Without prejudice to the provisions of Conditions 4(d) (*No Consolidation or Merger*) or 4(f) (*Transactions with Affiliates*), the Issuer shall not, and shall ensure that none of its Material Subsidiaries shall (in each case disregarding any sale, lease, transfer or disposal made in the ordinary course of Banking Business of the Issuer or in the case of a Material Subsidiary, the ordinary course of business of the relevant Material Subsidiary) sell, lease, transfer or otherwise dispose of, to a Person other than the Issuer or a Subsidiary of the Issuer, by one or more transactions or series of transactions (whether related or not), the whole or any Material Part of its revenues or its assets, unless such transaction(s) is/are (A) for Fair Market Value and (B) has/have been approved by a resolution of the appropriate decision-making body of the Issuer or the relevant Material Subsidiary, as the case may be, resolving that the transaction complies with the requirements of this Condition 4(e); *provided that* this Condition 4(e) does not apply to any Permitted Disposal.

For the purpose of determining whether or not one or more disposals is of a Material Part, (i) in determining the book value of the revenues or assets being disposed of, reference shall be had to the most recent published audited consolidated IFRS financial statements of the Issuer or non-consolidated IFRS financial statements of the Material Subsidiary, as the case may be, at the time the disposal is completed and (ii) in determining the book value of the total revenues or total assets of the Group, reference shall be had to the most recent published audited consolidated IFRS financial statements of the Issuer at the time the determination is made.

(ii) "**Material Part**" means, in respect of any one or more transactions or series of transactions (whether related or not) (a) completed since the Issue Date of the first Tranche of Notes in the relevant Series, revenues or assets the book value of which is 10.0 per cent. or more of the book value of the total revenues (with respect to a disposal of revenues) or total assets (with respect to a disposal of assets) of the Group and (b) completed in any 12 month period (*provided that* no such period shall commence earlier than the Issue Date of the first issue of Notes under the Programme) revenues or assets the book value of which is 5.0 per cent. or more of the book value of the total revenues (with respect to a disposal of revenues) or total assets (with respect to a disposal of assets), of the Group.

(iii) Condition 4(e)(i) shall not apply to any revenues or assets (or any part thereof) which are the subject of a Securitisation Transaction (as defined below), *provided that* the aggregate value of the assets or revenues sold, leased, transferred or otherwise disposed of in Securitisation Transactions not in compliance with Condition 4(e)(i) does not at any time exceed 10.0 per cent. of the total loans and advances of the Group (less provisions for bad and doubtful loans), as determined at any such time by reference to the most recent IFRS audited consolidated annual financial statements of the Group. The aggregate value of the assets or revenues sold, leased, transferred or otherwise disposed of in Securitisation Transactions under the proviso set out in the preceding sentence of this Condition 4(e)(iii), when added to the aggregate value of any revenues or assets the subject of any Security Interest permitted pursuant to subparagraph (K) of the definition of "Permitted Security Interest" in Condition 4(g)(xiv), shall not at any time exceed 20.0 per cent. of the total loans and advances of the Group (less provisions for bad and doubtful loans), as determined at any such time by reference to the most recent IFRS audited consolidated annual financial statements of the Group.

(f) *Transactions with Affiliates*

The Issuer shall not, and shall ensure that each of its Subsidiaries shall not, directly or indirectly, conduct any business, enter into or permit to exist any transaction or series of related transactions (including the purchase, sale, transfer, assignment, lease, conveyance or exchange of any property or the rendering of any service) with, or for the benefit of, any Affiliate (an "**Affiliate Transaction**"), including, without limitation, intercompany loans, unless the terms of such Affiliate Transaction are no less favourable to the Issuer or such Subsidiary, as the case may be, than those that could be obtained in a comparable arm's length transaction for Fair Market Value with a Person that is not an Affiliate of the Issuer or such Subsidiary.

This Condition does not apply to (i) compensation or employee benefit arrangements with any officer or director of the Issuer or any of its Subsidiaries arising as a result of the employment contract of such officer or director, or (ii) any Affiliate Transaction between the Issuer and any of its Subsidiaries or between any Subsidiaries of the Issuer.

(g) *Interpretation*

In these Conditions:

(i) "**Affiliate**" of any specified Person means (A) any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person or who has as a director a Person who is also a director of such specified Person; or (B) any other Person who is a director or officer of such specified Person, of any Subsidiary of such specified Person or of any Person described in (B) above;

(ii) "**Agency**" means any agency, authority, central bank, department, committee, government, legislature, minister, ministry, official or public or statutory person (whether autonomous or not) of, or of any national, regional or local government of, any state or, as applicable, of any supra national body;

(iii) "**Banking Business**" means, in relation to the Issuer or any of its Subsidiaries, any type of banking business (including, without limitation, any short-term interbank operations with maturities of one year or less, factoring, consumer credit, mortgages, issuance of banking guarantees and letters of credit (and related cash cover provision), bills of exchange, promissory notes and certificates of deposit and payments under such guarantees, letters of credit, trading of securities, fund management and professional securities market participation business) or other financial services which it conducts or may conduct pursuant to any licence issued by the appropriate authorities for that purpose and any applicable law;

(iv) "**BIS Guidelines**" means at any time, the capital adequacy standards and guidelines published by the Basel Committee on Banking Supervision as implemented by the CBN from time to time;

(v) "**Capital**" means the Issuer's capital as such term is defined in the BIS Guidelines;

(vi) "**Fair Market Value**" means the value that would be obtained in an arm's length commercial transaction between an informed and willing seller or equivalent participant in such transaction (under no undue pressure or compulsion to sell or otherwise participate in the transaction) and an informed and willing buyer or equivalent participant in such transaction (under no undue pressure or compulsion to buy or otherwise participate in the transaction). A report of the auditors of the Issuer or a report by a financial institution of international repute on the Fair Market Value of a transaction may be relied upon by the Trustee without further enquiry or evidence and, if relied upon by the Trustee shall be conclusive and binding on all parties;

(vii) "**Group**" means the Issuer and its Subsidiaries, from time to time, taken as a whole;

(viii) "**IFRS**" means International Financial Reporting Standards (formerly International Accounting Standards) issued by the International Accounting Standards Board ("**IASB**") and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (as amended, supplemented or re issued from time to time);

(ix) "**Indebtedness**" means, with respect to any Person at any date of determination (without duplication), any present or future indebtedness of such Person for, or in respect of, money borrowed or any amount raised including, without limitation, (a) any amount raised by way of acceptance under any acceptance credit facility, (b) any amount raised pursuant to any note purchase facility or the issue of notes, bonds, debentures, debenture stock, loan stock or any other security or similar instrument, (c) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with IFRS in the jurisdiction of incorporation of the lessee, be treated as finance or capital leases (each a "**Finance Lease**"), (d) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred primarily as a means of raising finance or financing the acquisition of the relevant asset or service and (e) any amount raised under any other transaction (including, without limitation, any forward sale or purchase agreement and the sale of receivables or other assets on a "with recourse" basis) having the economic or commercial effect of a borrowing (but excluding trade accounts payable and other accrued liabilities arising in the ordinary course of business), and the amount of any liability in respect of any guarantee or indemnity for any of the above;

(x) "**Issue Date**" has the meaning given in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be);

(xi) "**Material Adverse Effect**" means a material adverse effect on (A) the business, financial condition or results of operations of the Issuer or the Group, or (B) the Issuer's ability to perform its obligations under the Notes and/or the Trust Deed;

(xii) "**Material Subsidiary**" means, at any time, a Subsidiary of the Issuer which:

(A) has gross revenues representing 10.0 per cent. or more of the consolidated gross revenues of the Group; or

(B) has total assets representing 7.5 per cent. or more of the consolidated total assets of the Group,

in each case calculated on a consolidated basis in accordance with the then most recent audited consolidated financial statements of the Issuer, as more particularly defined in the Trust Deed.

For the purpose of this definition, a report by two directors of the Issuer (whether or not addressed to the Trustee) that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary, may be relied upon by the Trustee without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all parties.

(xiii) "**Permitted Disposal**" means the sale by the Issuer of the following subsidiary companies as described in the Base Prospectus dated 23 September 2016:

(A) Access Bank (Gambia) Limited,

(B) Access Bank (Sierra Leone) Limited, and

(C) Access Bank (R.D. Congo).

(xiv) "**Permitted Security Interests**" means:

(A) Security Interests in existence on the Issue Date of the first Tranche of Notes in the relevant Series;

(B) Security Interests arising in the ordinary course of Banking Business (including netting or set off arrangements for the purposes of netting debit and credit balances);

(C) Security Interests granted in favour of the Issuer by any of its Subsidiaries;

(D) Security Interests on assets or property acquired (or deemed to be acquired) under a Finance Lease, or claims arising from the use or loss of or damage to such assets or property, *provided that* any such Security Interest secures only Indebtedness under such Finance Lease, including, without limitation to the generality of the foregoing, any Security Interest created pursuant to any Repo transaction;

(E) Security Interests arising pursuant to any agreement (or other applicable terms and conditions) which are standard or customary in the relevant market and in the ordinary course of business (and not for the purposes of raising credit or funds for the operation of the Issuer and/or any Material Subsidiary of the Issuer, as the case may be, other than on a short term basis as part of the Issuer's or such Material Subsidiary's liquidity management activities), in connection with (i) contracts entered into substantially simultaneously for sales and purchases at market prices of foreign exchange or securities (including, but not limited to, Repos and "**Lombard**" credits extended by the CBN), (ii) insurance deposits placed by the Issuer or such Material Subsidiary as security for guarantees issued in respect of the export import operations of the Issuer's or such Material Subsidiary's customers, (iii) the establishment of margin deposits and similar collateral in connection with any trading transaction, (iv) proprietary trading activities generally or (v) any derivative transaction entered into by the Issuer or such Material Subsidiary in connection with taking protection against or benefiting from a fluctuation in any rate or price;

(F) Security Interests on the assets or property of a Person existing at the time that such Person is acquired as a Subsidiary by the Issuer, *provided that* such Security Interests: (i) were not created in contemplation of such acquisition; and (ii) do not extend to any other assets or property of the Issuer or any Subsidiary of the Issuer (other than those of the Person acquired and its Subsidiaries (if any));

(G) Security Interests already existing on assets or property acquired or to be acquired by the Issuer or a Subsidiary of the Issuer, *provided that* such Security Interests were not created in contemplation of such acquisition and do not extend to any other assets or property (other than the proceeds of such acquired assets or property);

(H) any Security Interests arising by operation of law;

(I) Security Interests arising in connection with any court proceedings which do not constitute an Event of Default;

(J) Security Interests on any assets or property acquired by any member of the Group after the Issue Date of the First Tranche of Notes in the relevant Series to secure the purchase price of such assets or property or to secure Indebtedness incurred solely for the purpose of financing the acquisition of such assets or property and transactional expenses related to such acquisition or expenses related to the repair or refurbishment of such assets or property, *provided that* the maximum amount of Indebtedness secured by such Security Interest does not exceed the purchase price of such assets or property (including transactional expenses) or the Indebtedness incurred solely for the purpose of financing the acquisition, repair or refurbishment of such assets or property;

(K) any Security Interests on, or with respect to, any present or future revenues or assets of the Issuer or any of its Subsidiaries or any part of such revenues or assets that is created pursuant to any Securitisation Transaction, provided that the aggregate value of the revenues or assets subject to such Security Interests when added to the aggregate value of the revenues or assets the subject of any Securitisation Transaction permitted pursuant to Condition 4(e) (*Disposals*), does not at any time exceed 20.0 per cent. of the total loans and advances of the Group (less provisions for bad and doubtful loans), as determined at any such time by reference to the most recent audited consolidated annual financial statements of the Group;

(L) any Security Interests not otherwise permitted by the preceding subparagraphs (A) to (K) (inclusive), *provided that* the aggregate principal amount of the Indebtedness secured by such Security Interests does not at any time exceed 20.0 per cent. in aggregate of the total assets of the Group shown on the most recent audited consolidated annual financial statements or, as the case may be, audited consolidated interim financial statements of the Issuer; and

(M) any Security Interest arising out of the refinancing, extension, renewal or refunding of any Indebtedness secured by a Security Interest permitted by any of the above exceptions, *provided that* the Indebtedness secured by such Security Interest does not exceed the amount of the original Indebtedness and such Security Interest is not extended to cover any assets or property not previously subject to such Security Interest;

(xv) "**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, trust, institution, organisation, agency or other entity, whether or not having separate legal personality;

(xvi) "**Programme**" means the U.S.$1,000,000,000 Global Medium Term Note Programme of Access Bank Plc;

(xvii) "**Repo**" means a securities repurchase or resale agreement or reverse repurchase or resale agreement, a securities borrowing agreement or any agreement relating to securities which is similar in effect to any of the foregoing, and, for purposes of this definition, the term securities means any capital stock, share, debenture or other debt or equity instrument, or any derivative thereof, whether issued by any private or public company, any government or agency or instrumentality thereof or any supranational, international or multilateral organisation;

(xviii) "**Risk Weighted Assets**" means the aggregate of the Group's consolidated balance sheet assets and off balance sheet engagements, weighted for credit and market risk in accordance with the BIS Guidelines;

(xix) "**Securitisation Transaction**" means any securitisation of receivables, asset backed financing, or comparable secured loan financing or similar arrangement by which an entity acquires or provides finance against the security of certain assets or revenues and that entity funds such acquisition or financing from external funding sources (including, but not limited to, debt securities or banking facilities) on terms that such funding will be repaid primarily from such assets or revenues; and

(xx) "**Subsidiary**" means, in relation to any Person at any time, any other Person (whether or not now existing) which is controlled directly or indirectly by, or more than 50 per cent. of whose issued equity share capital (or equivalent)) is then beneficially owned by the first Person and/or any one or more of the first Persons' Subsidiaries, and "**control**" means the power (whether directly or indirectly) and whether by the ownership of share capital, the possession of voting power, contract or otherwise to appoint the majority of the members of the governing body of management or otherwise to control the affairs and policies, of that other Person.

(h) *Determination of Material Adverse Effect*

To the extent that the Trustee is instructed to take any action pursuant to (a) a request in writing by the holders of at least one-fifth in principal amount of the Notes then outstanding or (b) an Extraordinary Resolution of Noteholders, and any such action requires the determination of whether an event or occurrence has had a Material Adverse Effect, the Trustee shall have no duty to enquire or satisfy itself as to the existence of an event or occurrence having a Material Adverse Effect and shall be entitled to rely conclusively upon such request in writing by, or Extraordinary Resolution of, the Noteholders regarding the same, and shall bear no liability of any nature whatsoever to the Issuer for acting upon such request in writing or Extraordinary Resolution of the Noteholders.

(i) *Trustee Not Obliged to Monitor Compliance*

The Trust Deed does not oblige the Trustee to monitor compliance by the Issuer with the Conditions (including Conditions 4(a) (*Negative Pledge*), 4(b) (*Restricted Payments*), 4(c) (*Capital Adequacy*), 4(d) (*No Consolidation or Merger*), 4(e) (*Disposals*) and 4(f) (*Transactions with Affiliates*) but it does oblige the Issuer to furnish the Trustee, annually, with a certificate, on which the Trustee may rely, as to such compliance.

5. INTEREST

(a) *Interest on Fixed Rate Notes*

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), amount to the Broken Amount so specified.

As used in the Conditions, "**Fixed Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where a Fixed Coupon Amount or Broken Amount is specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), interest shall be calculated in respect of any period by applying the Rate of Interest to:

(i) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or

(ii) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub unit of the relevant Specified Currency, half of any such sub unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest, in accordance with this Condition 5(a):

(i) if "**Actual/Actual (ICMA)**" is specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be):

(A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be)) that would occur in one calendar year; or

(B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(ii) if "**30/360**" is specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with twelve 30-day months) divided by 360.

In these Conditions:

"**Determination Date**" has the meaning given in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be);

"**Determination Period**" means each period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);

"**Initial Rate of Interest**" has the meaning specified in the relevant Final Terms or Drawdown Prospectus;

"**Interest Commencement Date**" means the Issue Date of the Note or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms or Drawdown Prospectus;

"**Maturity Date**" has the meaning specified in the relevant Final Terms or Drawdown Prospectus;

"**Rate of Interest**" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or Drawdown Prospectus or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms or Drawdown Prospectus and shall include, in respect of Reset Notes only, the Initial Rate of Interest, the First Reset Rate of Interest and the Subsequent Reset Rate of Interest, as applicable; and

"**sub unit**" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

(b) *Interest on Reset Notes*

(i) This Condition 5(b) is only applicable to Subordinated Notes and shall only apply if the Reset Note Provisions are specified in the relevant Final Terms or Drawdown Prospectus as being applicable to one or more Interest Period(s) (which expression shall, in these Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

(ii) Each Reset Note will bear interest on its outstanding principal amount:

(A) from (and including) the Interest Commencement Date to (but excluding) the First Reset Date at the Initial Rate of Interest;

(B) for the First Reset Period at the First Reset Rate of Interest; and

(C) for each Subsequent Reset Period thereafter (if any) to (but excluding) the Maturity Date at the relevant Subsequent Reset Rate of Interest.

The Rate of Interest and the amount of interest payable for each Reset Note shall be determined by the Calculation Agent, (A) in the case of the Rate of Interest, at or as soon as practicable after each time at which the Rate of Interest is to be determined, and (B) in the case of the amount of interest payable, in accordance with the provisions set out below.

Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date. If the Reset Notes are in definitive form, except as provided in the applicable Final Terms or the relevant Drawdown Prospectus (as the case may be), the amount of interest payable on each Interest Payment Date in respect of each Interest Period falling in the Initial Period will amount to the Fixed Coupon Amount. Payments of interest on the first Interest Payment Date will, if so specified in the applicable Final Terms or the relevant Drawdown Prospectus (as the case may be), amount to the Broken Amount(s) so specified.

Except in the case of Reset Notes in definitive form where a Fixed Coupon Amount or Broken Amount is specified in respect of each Interest Period falling in the Initial Period in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), interest shall be calculated in respect of any period by applying the Rate of Interest to:

(i) in the case of Reset Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Reset Notes represented by such Global Note; or

(ii) in the case of Reset Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub unit of the relevant Specified Currency, half of any such sub unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Reset Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Reset Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

(iii) If on any Reset Determination Date, the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page as of the Relevant Time on such Reset Determination Date, the Rate of Interest applicable to the relevant Reset Notes in respect of each Interest Period falling in the relevant Reset Period will be determined by the Calculation Agent on the following basis:

(A) the Calculation Agent shall request each of the Reset Reference Banks to provide the Calculation Agent with its Mid-Market Swap Rate Quotation as at approximately the Relevant Time on the Reset Determination Date in question;

(B) if at least three of the Reset Reference Banks provide the Calculation Agent with Mid-Market Swap Rate Quotations, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period will be equal to the sum of (A) the arithmetic mean (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest (or, in the event of equality, one of the lowest) and (B) the Relevant Reset Margin, all as determined by the Calculation Agent;

(C) if only two relevant quotations are provided, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period will be equal to the sum of (A) the arithmetic mean (rounded as aforesaid) of the relevant quotations provided and (B) the Relevant Reset Margin, all as determined by the Calculation Agent;

(D) if only one relevant quotation is provided, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period will be equal to the sum of (A) the relevant quotation provided and (B) the Relevant Reset Margin, all as determined by the Calculation Agent; and

(E) if none of the Reset Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this Condition 5(b)(iii), the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) will be equal to the sum of (A) the Mid-Swap Rate determined on the last preceding Reset Determination Date and (B) the Relevant Reset Margin or, in the case of the first Reset Determination Date, the First Reset Rate of Interest will be equal to the Initial Rate of Interest.

(iv) The Calculation Agent will cause the First Reset Rate of Interest, any Subsequent Reset Rate of Interest and, in respect of a Reset Period, the amount of interest payable on each Interest Payment Date falling in such Reset Period to be notified to the Issuer, the Trustee, the Paying Agents (and if applicable, the Registrar), each Stock Exchange (if any) on which the Reset Notes have then been admitted to listing, trading and/or quotation as soon as possible after such determination and in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders in accordance with Condition 14 (*Notices*).

(v) All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5(b) by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Trustee, the Registrar (if applicable), the Noteholders and (subject as aforesaid) no liability to any Noteholder or Couponholder will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(vi) In this Condition 5(b), the following expressions shall have the following meanings:

"**Business Day**" has the meaning given in Condition 5(c) (*Interest on Floating Rate Notes*);

"**Day Count Fraction**" has the meaning given in Condition 5(a) (*Interest on Fixed Rate Notes*);

"**First Reset Date**" means the date specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be);

"**First Reset Margin**" means the margin specified as such in the relevant Final Terms or Drawdown Prospectus (as the case may be);

"**First Reset Period**" means the period from (and including) the First Reset Date to (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the relevant Final Terms or Drawdown Prospectus (as the case may be), the Maturity Date;

"**First Reset Rate of Interest**" means, in respect of the First Reset Period and subject to Condition 5(b)(iii), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate and the First Reset Margin;

"**Initial Period**" means the period from and including the Issue Date to but excluding the First Reset Date;

"**Mid-Market Swap Rate**" means for any Reset Period the mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the frequency with which scheduled interest payments are payable on the Reset

Notes during the relevant Reset Period (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Maturity (as specified in the relevant Final Terms or Drawdown Prospectus (as the case may be)) (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Calculation Agent);

"**Mid-Market Swap Rate Quotation**" means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate;

"**Mid-Swap Rate**" means, in relation to a Reset Determination Date and subject to Condition 5(b)(iii), either:

(A) if Single Mid-Swap Rate is specified in the relevant Final Terms or Drawdown Prospectus, the rate for swaps in the Specified Currency:

(1) with a term equal to the relevant Reset Period; and

(2) commencing on the relevant Reset Date, which appears on the Relevant Screen Page; or

(B) if Mean Mid-Swap Rate is specified in the relevant Final Terms or Drawdown Prospectus, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered swap rate quotations for swaps in the Specified Currency:

(1) with a term equal to the relevant Reset Period; and

(2) commencing on the relevant Reset Date,

which appear on the Relevant Screen Page,

in either case, as at approximately the Relevant Time on such Reset Determination Date, all as determined by the Calculation Agent;

"**Relevant Reset Margin**" means, in respect of a Reset Period, whichever of the First Reset Margin or the Subsequent Reset Margin is applicable for the purpose of determining the Rate of Interest in respect of such Reset Period;

"**Relevant Screen Page**" means the page, section or other part of a particular information service (or any successor or replacement page, section or other part of a particular information service) specified as the Relevant Screen Page in the relevant Final Terms or Drawdown Prospectus, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Mid-Swap Rate;

"**Relevant Time**" has the meaning given in the relevant Final Terms or Drawdown Prospectus;

"**Reset Date**" means the First Reset Date, the Second Reset Date and each Subsequent Reset Date (as applicable);

"**Reset Determination Date**" means, in respect of a Reset Period, the date specified as such in the relevant Final Terms or Drawdown Prospectus (as the case may be);

"**Reset Period**" means the First Reset Period or a Subsequent Reset Period, as the case may be;

"**Reset Reference Banks**" means the principal office in the principal financial centre of the Specified Currency of five major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate as selected by the Calculation Agent in its discretion acting reasonably and in good faith after consultation with the Issuer;

"**Second Reset Date**" means the date specified in the relevant Final Terms or Drawdown Prospectus;

"**Subsequent Reset Date**" means the date or dates specified in the relevant Final Terms or Drawdown Prospectus;

"**Subsequent Reset Margin**" means the margin specified as such in the relevant Final Terms or Drawdown Prospectus;

"**Subsequent Reset Period**" means the period from (and including) the Second Reset Date to (but excluding) the next Subsequent Reset Date, and each successive period from (and including) a Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date or the Maturity Date, as the case may be; and

"**Subsequent Reset Rate of Interest**" means, in respect of any Subsequent Reset Period and subject to Condition 5(b)(iii), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate and the relevant Subsequent Reset Margin.

(c) *Interest on Floating Rate Notes*

(i) *Interest Payment Dates*

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(A) the Specified Interest Payment Date(s) in each year specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be); or

(B) if no Specified Interest Payment Date(s) is/are specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), each date (each such date, together with each Specified Interest Payment Date, an "**Interest Payment Date**") which falls within the number of months or other period specified as the Specified Period in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period.

If a Business Day Convention is specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) and (x) if there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(A) in any case where Specified Periods are specified in accordance with Condition 5(c)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

(B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, "**Business Day**" means a day which is both:

(A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be); and

(B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the Trans European Automated Real Time Gross Settlement Express Transfer (TARGET2) System (the "**TARGET2 System**") which was launched on 19 November 2007 or any successor thereto is open.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be).

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be)) the Margin (if any). For the purposes of this subparagraph (A), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as calculation agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as of the Issue Date of the first Tranche of the Notes (the "**ISDA Definitions**") and under which:

(1) the Floating Rate Option is as specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be);

(2) the Designated Maturity is a period specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be); and

(3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London interbank offered rate ("**LIBOR**"), on the Euro zone interbank offered rate ("**EURIBOR**") on the Nigerian interbank offered rate ("**NIBOR**"), the first day of that Interest Period or (ii) in any other case, as specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be).

For the purposes of this subparagraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) the Minimum Rate of Interest shall be deemed to be zero.

(B) *Screen Rate Determination for Floating Rate Notes*

Where Screen Rate Determination is specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at the Specified Time on the Interest Determination Date in question plus or minus (as indicated in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be)) the Margin (if any), all as determined by the Calculation Agent. If five or more offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one highest quotation, one only of those quotations) and the lowest (or, if there is more than one lowest quotation, one only of those quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of the offered quotations.

If the Relevant Screen Page is not available or if, in the case of (1) above, no offered quotation appears or if, in the case of (2) above, fewer than three offered quotations appear, in each case as at the Specified Time, the Calculation Agent shall request each of the Reference Banks (as set out in the relevant Final Terms or Drawdown Prospectus (as the case may be)) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the margin (if any), all as determined by the Calculation Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London interbank market (if the Reference Rate is LIBOR), the Euro zone interbank market (if the Reference Rate is EURIBOR) or the Nigerian interbank market (if the Reference Rate is NIBOR) plus or minus (as appropriate) the margin (if any) or, if fewer than two of the Reference Banks provide the Calculation Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Calculation Agent it is quoting to leading banks in the London interbank market (if the Reference Rate is LIBOR), the Euro zone interbank market (if the Reference Rate is EURIBOR) or the Nigerian interbank market (if the Reference Rate is NIBOR) plus or minus (as appropriate) the margin (if any), *provided that*, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 5(c)(ii)(B), the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the margin relating to the relevant Interest Period in place of the margin relating to that last preceding Interest Period).

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) as being other than LIBOR, EURIBOR or NIBOR, the Rate of Interest in respect of the Notes will be determined as provided in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be).

If the Floating Rate Notes of any Series become immediately due and repayable under Condition 10 (*Events of Default and Enforcement*), the rate and/or amount of interest payable in respect of them will be calculated by the Calculation Agent at the same intervals as if such Notes had not become due and repayable, the first of which will commence on the expiry of the Interest Period during which the Notes of the relevant Series become so due and repayable *mutatis mutandis* in accordance with the provisions of this Condition 5 except that the rates of interest need not be published.

(iii) *Minimum Rate of Interest and/or Maximum Rate of Interest*

If the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of subparagraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of subparagraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) *Determination of Rate of Interest and calculation of Interest Amounts*

The Calculation Agent, in the case of Floating Rate Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Calculation Agent will calculate the Interest Amount payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

(A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or

(B) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub unit of the relevant Specified Currency, half of any such sub unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 5(c):

(A) if "**Actual/Actual (ISDA)**" or "**Actual/Actual**" is specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(B) if "**Actual/365 (Fixed)**" is specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), the actual number of days in the Interest Period divided by 365;

(C) if "**Actual/365 (Sterling)**" is specified in the relevant Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(D) if "**Actual/360**" is specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), the actual number of days in the Interest Period divided by 360;

(E) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360X(Y_2 - Y_1)] + [30X(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

(F) if "**30E/360**" or "**Eurobond Basis**" is specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

Day Count Fraction

$$= \frac{[360X(Y_2 - Y_1)] + [30X(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30;

(G) if "**30E/360 (ISDA)**" is specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

Day Count Fraction

$$= \frac{[360X(Y_2 - Y_1)] + [30X(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

In these Conditions, "**Interest Amount**" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period.

(v) *Linear Interpolation*

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the relevant Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the relevant Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the relevant Final Terms), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided, however, that if there is no rate available for a period of time next shorter or, as the case may be, next longer, than the length of the relevant Interest Period then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

"**Applicable Maturity**" means (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate and, (b) in relation to ISDA Determination, the Designated Maturity.

(vi) *Notification of Rate of Interest and Interest Amounts*

The Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee, each other Paying Agent and any Stock Exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 (*Notices*) as soon as possible after their determination but in no event later than the third London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each Stock Exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 14 (*Notices*). For the purposes of this subparagraph (vi), the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(vii) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(c), whether by the Calculation Agent or the Trustee, shall (in the absence of wilful default, bad faith and manifest error) be binding on the Issuer, the Calculation Agent, the other Agents and all Noteholders and Couponholders and (in the absence of wilful default and bad faith) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Calculation Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(d) *Accrual of interest*

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(i) the date on which all amounts due in respect of such Note have been paid by the Issuer; and

(ii) as provided in Clauses 2.2(b) and (c) of the Trust Deed.

6. PAYMENTS

(a) *Method of payment*

Subject as provided below:

(i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively); and

(ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Save as provided in Condition 8 (*Taxation*), payments will be subject in all cases to any other applicable fiscal or other laws and regulations in the place of payment or other laws and regulations to which the Issuer or the Agent agree to be subject and neither the Issuer nor the Agent will be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or agreements. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(b) *Presentation of definitive Bearer Notes and Coupons*

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case only at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum of principal due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "**Long Maturity Note**" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon *provided that* such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

(c) *Payments in respect of Bearer Global Notes*

Payments of principal and interest (if any) in respect of Notes represented by any Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note only at the specified office of any Paying Agent outside the United States or its possessions. A record of each payment made against presentation or surrender of any Global Note in bearer form, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made.

(d) *Payments in respect of Registered Notes*

Payments of principal in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the "**Register**") at the close of business on the Record Date (as defined below). Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the principal amount of the Notes held by a holder is less than U.S.$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, "**Designated Account**" means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and "**Designated Bank**" means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the "**Record Date**") at its address shown in the Register on the Record Date and at its risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Note in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for conversion into and payment in U.S. dollars in accordance with the provisions of the Agency Agreement.

None of the Issuer, the Trustee or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(e) *General provisions applicable to payments*

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, Clearstream, Luxembourg or DTC, as the case may be, for its share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition (6), if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

(i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;

(ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(iii) the Issuer delivers to the Trustee a legal opinion (in a form and substance satisfactory to the Trustee) to the effect that such payment is then permitted under United States law and will not result in adverse tax consequences to the Issuer or holders of such Notes (such opinion the Trustee will be able to rely upon absolutely).

(f) *Payment Day*

If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 9 (*Prescription*)) is:

(i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

(A) in the case of Notes in definitive form only, the relevant place of presentation;

(B) each Additional Financial Centre specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be);

(ii) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open; and

(iii) in the case of any payment in respect of a Registered Global Note denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Note) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

(g) *Interpretation of principal and interest*

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(i) any additional amounts which may be payable with respect to principal under Condition 8 (*Taxation*) or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;

(ii) the Final Redemption Amount of the Notes;

(iii) the Early Redemption Amount of the Notes;

(iv) the Optional Redemption Amount(s) (if any) of the Notes;

(v) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7(g) (*Early Redemption Amounts*)); and

(vi) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 (*Taxation*) or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

7. REDEMPTION AND PURCHASE

(a) *Redemption at maturity*

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) in the relevant Specified Currency on the Maturity Date.

(b) *Redemption for tax reasons*

If the Issuer satisfies the Trustee immediately before the giving of the notice referred to below that:

(i) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 8 (*Taxation*)), or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after the Issue Date of the first Tranche of Notes in the relevant Series, on the next Interest Payment Date the Issuer would be required to pay additional amounts as provided or referred to in Condition 8 (*Taxation*); and

(ii) the requirement cannot be avoided by the Issuer taking reasonable measures available to it,

the Issuer may (subject in the case of Subordinated Notes to obtaining any consent required by the CBN) at its option, having given not less than 30 nor more than 60 days' notice (or such other period as may be specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be)) to the Noteholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable), redeem all the Notes, but not some only, at any time at their Early Redemption Amount together with interest accrued to but excluding the date of redemption, *provided that* no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts, were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph (b), the Issuer shall deliver to the Trustee a certificate signed by two directors of the Issuer stating that the requirement referred to in (i) above will apply on the next Interest Payment Date and cannot be avoided by the Issuer taking reasonable measures available to it, and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders.

(c) *Redemption at the option of the Issuer (Issuer Call)*

If the Issuer Call is specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), the Issuer may, having given:

(i) not less than 15 nor more than 30 days' notice (or such other period as may be specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be)) to the Noteholders in accordance with Condition 14 (*Notices*); and

(ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Trustee and the Principal Paying Agent and, in the case of a redemption of Registered Notes, the Registrar;

(which notices shall be irrevocable and shall specify the date fixed for redemption), subject, in the case of Subordinated Notes, to having obtained the prior approval of the CBN if required pursuant to the Applicable Banking Regulations, redeem all or some only (as specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be)) of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount in each case as may be specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be). In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Bearer Notes or, in respect of definitive Registered Notes, each Note shall be redeemed in part in the proportion which the aggregate nominal amount of the outstanding Notes to be redeemed on the relevant Optional Redemption Date bears to the aggregate nominal amount of outstanding Notes on such date and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg and/or DTC, in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 (*Notices*) not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 (*Notices*) at least five days prior to the Selection Date.

(d) *Early Redemption of Subordinated Notes at the Option of the Issuer following a Capital Disqualification Event*

This Condition 7(d) only applies to Subordinated Notes.

If the Capital Disqualification Event Call is specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), if a Capital Disqualification Event occurs, the Issuer may, at its option, having given not less than 30 nor more than 60 days' notice (or such other period as may be specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be)) to the Noteholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), at any time redeem all but not some only of the Subordinated Notes, subject to having obtained the prior approval of the CBN if required pursuant to the Applicable Banking Regulations, at the principal amount then outstanding together with interest accrued to but excluding the date of redemption. Prior to the publication of any notice of redemption pursuant to this Condition 7(d), the Issuer shall deliver to the Trustee (i) a copy of the circular, notification, directive or other official policy communique evidencing such Capital Disqualification Event (a "**CBN Communication**") and (ii) a certificate signed by two directors of the Issuer stating that (A) the Issuer has consulted with the CBN following the release of the relevant CBN Communication, (B) (if required by the Applicable Banking Regulations) the CBN has given its approval or the approval of the CBN is not required and (C) a Capital Disqualification Event has occurred, and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions in this Condition 7(d), in which case it shall be conclusive and binding on the Noteholders.

For the purposes of this Condition 7(d), Condition 7(c) (*Redemption at the option of the Issuer (Issuer Call)*) and Condition 7(h) (*Purchases*):

"**Applicable Banking Regulations**" means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in Nigeria including, without limitation to the generality of the foregoing, those regulations, requirements, guidelines and policies relating to capital adequacy then in effect of the CBN (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer).

"**Capital Disqualification Event**" means if, as a result of any change in the Applicable Banking Regulations which are in effect on the date of the issue of the first Tranche of Notes of the relevant Series, or the application or official interpretation thereof, the principal amount outstanding of the relevant Subordinated Notes is fully excluded from inclusion as tier 2 capital of the Issuer under the Applicable Banking Regulations (save where such exclusion is only as a result of any application of limits on the inclusion of such securities in tier 2 capital).

(e) *Redemption at the option of the Noteholders (Investor Put)*

This Condition 7(e) only applies to Senior Notes.

If the Investor Put is specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), upon the holder of any Note giving to the Issuer, in accordance with Condition 14 (*Notices*), not less than 30 nor more than 60 days' notice (or such other period as may be specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be)), the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. Registered Notes may be redeemed under this Condition 7(e) in any multiple of their lowest Specified Denomination.

To exercise the right to require redemption of a particular Note, the holder of such Note must, if the Note is in definitive form and held outside Euroclear, Clearstream, Luxembourg and DTC, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes), at any time during normal business hours of such Paying Agent, or as the case may be, the Registrar in accordance with the notice period specified in the paragraph immediately above, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent, or as the case may be, the Registrar (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition and, in the case of a partial redemption of Registered Notes, the nominal amount thereof to be redeemed and an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2(b) (*Transfers of Registered Notes in definitive form*). If the relevant Note is in definitive bearer form the Put Notice must be accompanied by this Note together with all unmatured Coupons relating thereto. If this Note is represented by a Global Note or is in definitive form and held through Euroclear, Clearstream, Luxembourg or DTC, to exercise the right to require redemption of this Note, the holder of this Note must, within the notice period, give notice to any Paying Agent and the Registrar (in the case of Registered Notes) of such exercise in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg and DTC (which may include notice being given on his instruction by Euroclear, Clearstream, Luxembourg, DTC or any common depositary, as the case may be, for any of them to any such Paying Agent by electronic means) in a form acceptable to Euroclear, Clearstream, Luxembourg and DTC from time to time and, if the relevant Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to such Paying Agent for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg and DTC by a holder of any Note pursuant to this Condition 7(e) shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 7(e).

(f) *Redemption or Purchase at the option of the Noteholders on a Put Event (Change of Control Put)*

This Condition 7(f) only applies to Senior Notes.

If the Change of Control Put is specified as applicable in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), and if at any time while any Note remains outstanding:

(i) a Change of Control occurs; and

(ii) within the Change of Control Period (A) if the Notes are rated, a Rating Downgrade in respect of that Change of Control occurs, or (B) if the Notes are not rated, a Negative Rating Event in respect of that Change of Control occurs (in either case, a "**Put Event**"),

each holder of the Notes shall have the option (unless, before the giving of the Put Event Notice (as defined below), the Issuer shall have given notice under Condition 7(b) (*Redemption for tax reasons*) to redeem the Notes) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) any of its Notes at their principal amount together with (or, where purchased, together with an amount equal to) interest accrued to but excluding the Put Date (as defined below). Registered Notes may be redeemed under this Condition 7(f) in any multiple of their lowest Specified Denomination. Such option (the "**Put Option**") shall operate as set out below.

If a Put Event occurs then, within 14 days of the occurrence of the Put Event, the Issuer shall, and upon the Trustee becoming so aware (and the Issuer having failed to do so) the Trustee may, and, if so requested by the holders of at least one fifth in principal amount of the Notes then outstanding, shall, give notice (a "**Put Event Notice**") to the Noteholders in accordance with Condition 14 (*Notices*) specifying the nature of the Put Event and the procedure for exercising the Put Option.

To exercise the Put Option, a holder of a Note must, if the Note is in definitive form and held outside Euroclear, Clearstream Luxembourg and/or DTC, deliver to the specified office of any Paying Agent (in the case of a Bearer Note) or the Registrar (in the case of a Registered Note) on any Business Day (as defined in Condition 5 (*Interest*)) falling within the period commencing on the occurrence of a Put Event and ending 60 days after such occurrence or, if later, 60 days after the date on which the Put Event Notice is given to Noteholders as required by this Condition 7(f) (the "**Put Period**"), a Put Notice in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 7(f) and, in the case of a partial redemption of a Registered Note, the nominal amount thereof to be redeemed and an address to which a new Registered Note in respect of the balance of such Registered Note is to be sent subject to and in accordance with the provisions of Condition 2(b) (*Transfers of Registered Notes in definitive form*). If the Note is in definitive bearer form, the Put Notice must be accompanied by this Note and all unmatured Coupons relating thereto. If the Note is represented by a Global Note or is in definitive form and held through Euroclear, Clearstream Luxembourg or DTC, to exercise the right to require redemption of the Note the holder of the Note must, within the Put Period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear, Clearstream Luxembourg and/or DTC, as applicable (which may include notice being given on his instruction by Euroclear, Clearstream, Luxembourg, DTC or any depositary or common depositary, as the case may be, for any of them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear, Clearstream, Luxembourg and/or DTC, as applicable from time to time and, if the Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Principal Paying Agent for notation accordingly.

The Issuer shall at its option redeem or purchase (or procure the purchase of) the Notes the subject of each Put Event Notice given under this Condition 7(f) on the date (the "**Put Date**") which is seven days after the expiration of the Put Period unless previously redeemed or purchased and cancelled. A Put Event Notice given by a holder of any Note pursuant to this Condition 7(f) shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 7(f).

The Trustee shall not be required to take any steps to ascertain whether a Put Event or any event which could lead to the occurrence of a Put Event has occurred and will not be responsible or liable to Noteholders for any loss arising from any failure by it to do so.

For the purposes of this Condition 7(f):

"**Change of Control**" shall be deemed to have occurred if any person or any persons acting in concert, or any person or persons acting on behalf of any such persons, (the "**Relevant Person**") at any time directly or indirectly owns or acquires (i) more than 50.0 per cent. of the issued or allotted ordinary share capital of the Issuer or (ii) shares in the capital of the Issuer carrying more than 50.0 per cent. of the voting rights normally exercisable at a general meeting of the Issuer, *provided that* a Change of Control shall be deemed not to have occurred if all or substantially all of the shareholders of the Relevant Person are, or immediately prior to the event which would otherwise have constituted a Change of Control were, the shareholders of the Issuer with the same (or substantially the same) *pro rata* interests in the share capital of the Relevant Person as such shareholders have, or as the case may be, had, in the share capital of the Issuer.

"**Change of Control Period**" means the period commencing on the earlier of (i) the date of the relevant Change of Control and (ii) the date of the earliest Relevant Potential Change of Control Announcement (if any) and ending 180 days after the public announcement of the Change of Control having occurred.

"**Investment Grade Rating**" means a rating of at least BBB- (or equivalent thereof) in the case of S&P and Fitch (as defined below) or a rating of at least Baa3 (or equivalent thereof) in the case of Moody's (as defined below) or the equivalent rating in the case of any other Rating Agency.

"**Negative Rating Event**" shall be deemed to have occurred if (i) the Issuer does not within the Change of Control Period seek, and thereafter use all reasonable endeavours, to obtain from a Rating Agency, a rating in respect of the Notes or (ii) it does so seek a rating and use such endeavours and it has not at the expiry of the Change of Control Period and as a result of such Change of Control obtained a rating in respect of the Notes, *provided that* the Rating Agency publicly announces or publicly confirms in writing that its declining to assign a rating in respect of the Notes was the result of the applicable Change of Control.

"**Rating Agency**" means Standard & Poor's Credit Market Services Europe Limited ("**S&P**"), Moody's Investors Services Limited ("**Moody's**") and Fitch Ratings Ltd. ("**Fitch**") or any of their affiliates or respective successors or any other rating agency of equivalent international standing specified from time to time by the Issuer, *provided that* references herein to a Rating Agency shall only be to such Rating Agency as shall have been appointed by or on behalf of the Issuer to maintain ratings for its senior unsecured debt (regardless of whether the appointment of the relevant Rating Agency continues at the time the relevant Rating Downgrade or Negative Rating Event, as applicable, has occurred) and shall not extend to any such Rating Agency providing ratings on an unsolicited basis.

"**Rating Downgrade**" shall be deemed to have occurred in respect of a Change of Control if within the Change of Control Period the rating previously assigned to the Notes by any Rating Agency is (i) withdrawn and not subsequently reinstated within the Change of Control Period or (ii) lowered one full rating category (for example, from

BB+ to BB by S&P or such similar lower or equivalent rating) and not subsequently upgraded within the Change of Control Period or (iii) (if the rating assigned to the Notes by any Rating Agency shall be an Investment Grade Rating) changed from an Investment Grade Rating to a non-Investment Grade Rating (for example, from BBB- to BB+ by S&P, or its equivalent for the time being, or worse) and not subsequently upgraded to an Investment Grade Rating within the Change of Control Period, *provided that* a Rating Downgrade otherwise arising by virtue of a particular change in rating shall be deemed not to have occurred in respect of a particular Change of Control if the Rating Agency making the change in rating to which this definition would otherwise apply does not publicly announce or publicly confirm that the withdrawal or reduction was the result of the applicable Change of Control.

"**Relevant Potential Change of Control Announcement**" means any public announcement or statement by or on behalf of the Issuer, or any actual or potential bidder or any adviser thereto relating to any potential Change of Control where, within 180 days of the date of such announcement or statement, a Change of Control occurs.

(g) *Early Redemption Amounts*

For the purpose of paragraph (b) above and Condition 10 (*Events of Default and Enforcement*), each Note will be redeemed at its Early Redemption Amount calculated as follows:

(i) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;

(ii) in the case of a Note (other than a Zero Coupon Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be) or, if no such amount or manner is so specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be), at its nominal amount; or

(iii) in the case of a Zero Coupon Note, at an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

Early Redemption Amount = $RP \, X \, (1+AY)^y$

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

Y is a Day Count Fraction the numerator of which is equal to the number of days (calculated on the basis of a 360 day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360, or on such other calculation basis as may be specified in the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be).

(h) *Purchases*

The Issuer or any Subsidiary of the Issuer may at any time (subject in the case of Subordinated Notes to obtaining any consent that may be required by the CBN) purchase Notes (*provided that*, in the case of definitive Bearer Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent and/or the Registrar for cancellation.

(i) *Cancellation*

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes surrendered pursuant to paragraph (h) above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

(j) *Late payment on Zero Coupon Notes*

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c), (d), (e) or (f) above or upon its becoming due and repayable as provided in Condition 10 (*Events of Default and Enforcement*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in subparagraph (g)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(A) the date on which all amounts due in respect of such Zero Coupon Note have been paid by the Issuer; and

(B) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent or the Registrar or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 14 (*Notices*).

8. TAXATION

All payments in respect of the Notes and Coupons by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of or within any Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders or Couponholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect to any Note or Coupon:

(a) presented or surrendered for payment (where presentation or surrender is required) in Nigeria; or

(b) held by or on behalf of a holder who is liable to the Taxes in respect of the Note or Coupon by reason of its having some connection with any Relevant Jurisdiction other than the mere holding of the Note or Coupon;

(c) presented or surrendered for payment (where presentation or surrender is required) more than 30 days after the Relevant Date (as defined below) except to the extent that the holder would have been entitled to additional amounts on presenting or surrendering the same for payment on the last day of the period of 30 days assuming (whether or not such is in fact the case) that day to have been a Business Day (as defined in Condition 5 (*Interest*)); or

(d) held by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting or surrendering the relevant Note or Coupon to another Paying Agent in a Member State of the European Union.

As used herein:

(i) "**Relevant Date**" means the date on which the payment first becomes due, but if the full amount of the money payable has not been received by the Trustee or the Principal Paying Agent or the Registrar, as the case may be, on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 14 (*Notices*); and

(ii) "**Relevant Jurisdiction**" means Nigeria or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes or Coupons.

Notwithstanding any other provisions contained herein, each of the Issuer or any other person making payments on behalf of the Issuer shall be entitled to deduct and withhold as required, and shall not be required to pay any additional amounts with respect to any such withholding or deduction imposed on or in respect of any Note, pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (commonly referred to as "**FATCA**"), any treaty, law, regulation or other official guidance enacted by any jurisdiction implementing FATCA, any agreement between the Issuer or any other person and the United States or any jurisdiction implementing FATCA, or any law of any jurisdiction implementing an intergovernmental approach to FATCA.

9. PRESCRIPTION

The Notes (whether in bearer or registered form) and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8 (*Taxation*)) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition, or Condition 6(b) (*Presentation of definitive Bearer Notes and Coupons*) or any Talon which would be void pursuant to Condition 6(b) (*Presentation of definitive Bearer Notes and Coupons*).

10. EVENTS OF DEFAULT AND ENFORCEMENT

(a) *Events of Default relating to the Senior Notes*

This Condition 10(a) only applies to Senior Notes.

The Trustee at its discretion may, and if so requested in writing by the holders of at least one fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified, prefunded and/or provided with security to its satisfaction), (but, in the case of the occurrence of any of the events described in sub-paragraphs (ii) to (v) (other than the winding-up or dissolution of the Issuer) and, (vi) to (viii) inclusive and (xi) below, only if the Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders) give notice to the Issuer that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their principal amount, together with accrued interest as provided in the Trust Deed, if any of the following events shall occur and be continuing ("**Events of Default**"):

(i) if default is made in the payment of any principal or interest due in respect of the Notes or any of them and, in the case of any default in the payment of interest, the default continues for a period of five Business Days; or

(ii) if the Issuer fails to perform or observe any of its other obligations under these Conditions or the Trust Deed and (except in any case where the Trustee considers the failure to be incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days (or such longer period as the Trustee may permit) following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or

(iii) if (a) any Indebtedness of the Issuer or any Material Subsidiary becomes due and repayable prematurely by reason of an event of default (however described); (b) the Issuer or any Material Subsidiary fails to make any payment in respect of any Indebtedness on the due date for payment as extended by any originally applicable grace period; (c) any security given by the Issuer or any Material Subsidiary for any Indebtedness becomes enforceable and steps are taken to enforce the same; or (d) default is made by the Issuer or any Material Subsidiary in making any payment due under any Indebtedness consisting of any guarantee and/or indemnity given by it in relation to any Indebtedness of any other person, unless the aggregate amount of indebtedness relating to all the above events is less than U.S.$10,000,000 (or its equivalent in any other currency); or

(iv) if the aggregate amount of final non-appealable unsatisfied judgments, orders or arbitration awards against the Issuer and the Material Subsidiaries exceeds U.S.$10,000,000 (or its equivalent in any other currency) and such judgments, orders and/or arbitration awards are not discharged, satisfied and/or stayed within 30 days or, if later, the date therein specified for payment; or

(v) if any order is made by any competent court or resolution is passed for the winding up or dissolution of the Issuer or any Material Subsidiary, save (i) for the purposes of reorganisation on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders, or (ii) for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent, or (iii) the Trustee is satisfied that the Issuer or Material Subsidiary, as the case may be, is contesting such order or resolution in good faith; or

(vi) if the Issuer or any Material Subsidiary ceases or threatens to cease to carry on the whole or a substantial part of its business, save, in the case of the Issuer, for a consolidation or merger (as defined in Condition 4(d) (*No Consolidation or Merger*)) consented to by the Trustee pursuant to, or permitted under, Condition 4(d) (*No Consolidation or Merger*) or, in any case, for the purposes of reorganisation on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent, or the Issuer or any Material Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or

(vii) if (A) proceedings are initiated against the Issuer or any Material Subsidiary under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any Material Subsidiary or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of any of them or an encumbrancer takes possession of the whole or a substantial part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or assets of any of them, and (B) in any such case (other than the appointment of an administrator) unless initiated by the relevant company, is not discharged within 30 days, save, in each case, or for the purposes of or pursuant to an amalgamation, reorganisation or restructuring of the Issuer whilst solvent or where the Trustee is satisfied that the Issuer or Material Subsidiary, as the case may be, is contesting such proceedings, application, appointment, taking of possession or process in good faith; or

(viii) if the Issuer or any Material Subsidiary (or their respective directors) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or

(ix) (A) if the banking licence of the Issuer issued by the CBN is terminated, revoked or suspended and is not replaced or (B) any licence from any governmental authority which the Issuer or a Material Subsidiary holds and which is necessary for the Issuer or such Material Subsidiary to carry on its business, is terminated, revoked or suspended and in any such case is not replaced; or

(x) (A) if all or a substantial part in the opinion of the Trustee, of the undertaking, assets and/or revenues of the Issuer or any Material Subsidiary is condemned, seized, nationalised or otherwise appropriated by any Person acting under the authority of any national, regional or local government or (B) the Issuer or any Material Subsidiary is prevented by any such Person from exercising normal control over all or any substantial part of its undertaking, assets and/or revenues (including where any government, Agency or court takes any action to the effect that the management of the Issuer or any Material Subsidiary is wholly or partially displaced or the authority of any such member of the Group in the conduct of its business is wholly or partially curtailed); or

(xi) if any event occurs which, under the laws of any Relevant Jurisdiction, has or may have, in the Trustee's opinion, an analogous effect to any of the events referred to in sub-paragraphs (iv) to (viii) above.

(b) *Events of Default relating to Subordinated Notes*

This Condition 10(b) only applies to Subordinated Notes.

The Trustee at its discretion may, and if so requested in writing by the holders of at least one fifth in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), give notice in writing to the Issuer that each Note is, and each Note shall thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Trust Deed if any of the following events (each an "**Event of Default**") shall occur:

(i) default is made in the payment of any principal or interest due in respect of the Subordinated Notes or any of them and, in the case of any default in the payment of interest, the default continues for a period of 5 Business Days; or

(ii) a Subordination Event occurs; or

(iii) any order is made by any competent court or resolution is passed for the winding-up, dissolution or liquidation of the Issuer,

declare all amounts due under the Notes immediately due and payable and:

(a) in the case of sub-paragraph (i) above, at its discretion and without further notice institute proceedings for the Issuer to be declared bankrupt or insolvent or for there otherwise to be a Subordination Event, or for the Issuer's winding-up, dissolution or liquidation, and prove in the winding-up, dissolution or liquidation of the Issuer; and/or

(b) in the case of sub-paragraph (ii) or (iii) above, claim or prove in the winding-up, dissolution or liquidation of the Issuer,

but (in either case) may take no further or other action to enforce, claim or prove for any payment by the Issuer in respect of the Subordinated Notes and may only claim such payment in the winding-up, dissolution or liquidation of the Issuer.

(c) *Enforcement of Senior Notes*

This Condition 10(c) only applies to Senior Notes.

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes or the Coupons unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least one fifth in nominal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

(d) *Enforcement of Subordinated Notes*

This Condition 10(d) only applies to Subordinated Notes.

In addition to its rights under Condition 10(b) (*Events of Default relating to Subordinated Notes*) above, the Trustee may, and if so requested in writing by the holders of at least one fifth in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the terms of the Notes (other than any obligation for the payment of any principal or interest in respect of the Notes) *provided that* the Issuer shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums in respect of any breach of any such obligation, condition or provision sooner than the same would otherwise have been payable by it pursuant to the Events of Default set out in Conditions 10(b)(i) to (iii).

(e) *No direct proceedings*

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer to enforce the provisions of the Trust Deed unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing, in which case the Noteholder or Couponholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise.

11. REPLACEMENT OF NOTES, COUPONS AND TALONS

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer, Registrar and/or Principal Paying Agent may require (*provided that* the requirement is reasonable in light of prevailing market practice). Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

12. AGENTS

The names of the initial Agents and their initial specified offices are set out in the Agency Agreement.

The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, *provided that*:

(a) there will at all times be a Principal Paying Agent and a Registrar;

(b) so long as the Notes are listed on any Stock Exchange, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the Stock Exchange; and

(c) so long as any of the Registered Global Notes payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in New York City.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6(e) (*General provisions applicable to payments*). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14 (*Notices*).

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

13. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9 (*Prescription*).

14. NOTICES

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London (which is expected to be the *Financial Times*) and, if the Bearer Notes are admitted to the Official List of the Irish Stock Exchange and/or admitted to trading on the regulated market of the Irish Stock Exchange, if filed within the Companies Announcement Office of the Irish Stock Exchange or published in a leading English language daily newspaper of general circulation in Ireland and approved by the Irish Stock Exchange (which is expected to be the *Irish Times*). The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any other Stock Exchange on which the Bearer Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail (or its equivalent) or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, and, if the Registered Notes are admitted to the Official List of the Irish Stock Exchange and/or admitted to trading on the regulated market of the Irish Stock Exchange, if filed within the Companies Announcement Office of the Irish Stock Exchange or published in a leading English language daily newspaper of general circulation in Ireland and approved by the Irish Stock Exchange (which is expected to be the Irish Times). The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any other stock exchange or other relevant authority on which the Registered Notes are for the time being listed or by which they have been admitted to trading.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC, be substituted for such publication in such newspaper(s) or such delivery by mail or airmail the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a Stock Exchange and the rules of that Stock Exchange so require, such notice will be published in a manner which complies with those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the second business day (being, for the purposes of this paragraph of this Condition 14, a day on which Euroclear, Clearstream, Luxembourg and DTC are open for business) after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or DTC.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, may approve for this purpose.

15. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matters relating to the Notes including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee or Noteholders holding not less than ten per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing a clear majority in aggregate nominal amount of the Notes for the time being outstanding, or, at any adjourned meeting one or more persons being or representing Noteholders whatever the aggregate nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons or the Trust Deed (including, without limitation, modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons), the quorum shall be one or more persons holding or representing not less than two thirds in aggregate nominal amount of the Notes for the time being outstanding, or, at any adjourned such meeting one or more persons holding or representing not less than one third in aggregate nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting and on all Couponholders.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature or to correct a manifest error. Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 (*Notices*) as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders or

Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 8 (*Taxation*) and/or any undertaking or covenant given in addition to, or in substitution for, Condition 8 (*Taxation*) pursuant to the Trust Deed.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than three-quarters in aggregate nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held.

Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

The Trust Deed also provides that, subject to the terms therein, a resolution approved by an Electronic Consent communicated through the electronic communications systems of the relevant clearing system by or on behalf of not less than three-quarters in aggregate nominal amount of the Notes outstanding shall take effect as an Extraordinary Resolution.

16. SUBSTITUTION

The Trustee may at any time and without further notice or formality, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition 16) as the principal debtor under the Notes, the Coupons and the Trust Deed of any of the Issuer's Subsidiaries or the Issuer's successor in business subject to (a) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution and (b) certain other conditions set out in clause 20 (*Substitution*) of the Trust Deed being complied with.

17. INDEMNIFICATION OF THE TRUSTEE AND TRUSTEE CONTRACTING WITH THE ISSUER

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any of the Issuer's Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of the Issuer's Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

18. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes; *provided that*, if any Notes of the relevant Series are represented in whole or in part by a Rule 144A Global Note, further notes of such Series that are not issued pursuant to a "qualified reopening" for U.S. federal income tax purposes shall be issued under a separate ISIN or CUSIP number.

19. **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

20. **GOVERNING LAW AND SUBMISSION TO JURISDICTION**

(a) *Governing law*

The Trust Deed, the Agency Agreement, the Notes (except for Condition 3(b) (*Status of the Subordinated Notes*) which shall be governed by, and construed in accordance with, Nigerian law) and the Coupons, and any non-contractual obligations arising out of or in connection with any of them, are governed by, and shall be construed in accordance with, English law.

(b) *Submission to jurisdiction*

The Issuer has irrevocably agreed, for the benefit of the Trustee, the Noteholders and the Couponholders, that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes and/or the Coupons or any non-contractual obligation arising out of or in connection with them and accordingly submits to the exclusive jurisdiction of the English courts.

The Issuer waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Trustee, the Noteholders and the Couponholders may take any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with the Trust Deed, the Notes and the Coupons against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions if and to the extent permitted by law.

(c) *Appointment of process agent*

The Issuer appoints The Access Bank UK Limited at 4 Royal Court, Gadbrook Park, Northwich, Cheshire CW9 7UT, as its agent for service of process, and undertakes that, in the event of such agent ceasing so to act, it will appoint another person approved by the Trustee as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

(d) *Other documents*

The Issuer has in the Trust Deed and the Agency Agreement submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

FORM OF THE NOTES

The Notes of each Series will be in either bearer form ("**Bearer Notes**"), with or without interest coupons attached, or registered form, without interest coupons attached ("**Registered Notes**"). Bearer Notes will be issued outside the United States in reliance on Regulation S under the Securities Act ("**Regulation S**") and Registered Notes will be issued both outside the United States in reliance on the exemption from registration provided by Regulation S and within the United States in reliance on Rule 144A or Section 4(a)(2) under the Securities Act.

Bearer Notes

Each Tranche of Bearer Notes will be initially issued in the form of a temporary global note (a "**Temporary Global Note**") or, if so specified in the relevant Final Terms or the relevant Drawdown Prospectus, a permanent global note (a "**Permanent Global Note**", together with the Temporary Global Note, "**Bearer Global Notes**") which, in either case, will be delivered on or prior to the original issue date of the Tranche to a common depositary for, Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A ("**Clearstream, Luxembourg**").

Bearer Notes will only be delivered outside the United States and its possessions.

Whilst any Bearer Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will only be made (against presentation of the Temporary Global Note) outside the United States and its possessions and only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Bearer Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury Regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the "**Exchange Date**") which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Global Note of the same Series or (ii) for definitive Bearer Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the relevant Final Terms or the relevant Drawdown Prospectus and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the relevant Final Terms or the relevant Drawdown Prospectus), in each case against certification of beneficial ownership as described above unless such certification has already been given. Notes in Bearer Form will only be delivered outside the United States and its possessions. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made only outside the United States and its possessions through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note) without any requirement for certification.

The relevant Final Terms or the relevant Drawdown Prospectus will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, interest coupons and talons attached upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (i) an Event of Default (as defined in Condition 10 (*Events of Default and Enforcement*)) has occurred and is continuing or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Trustee is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes in definitive form and a certificate to that effect signed by two Directors of the Issuer is given to the Trustee. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) or the Trustee may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Bearer Notes which have an original maturity of more than 365 days (including unilateral roll-overs and extensions) and on all interest coupons or Talons relating to such Notes:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE".

The sections of the Code referred to in the legend above provide that U.S. Holders (as defined in "*Taxation—United States*"), with certain limited exceptions, will not be entitled to deduct any loss on Bearer Notes or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes or interest coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Registered Notes

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a global note in registered form (a "**Regulation S Global Note**"). Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 (*Transfers of Registered Notes*) and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Regulation S Global Note will bear a legend regarding such restrictions on transfer.

The Registered Notes of each Tranche offered and sold in reliance on Rule 144A may only be offered and sold in the United States or to U.S. persons in private transactions (i) to QIBs or (ii) to Institutional Accredited Investors who agree to purchase the Notes for their own account and not with a view to the distribution thereof. The Registered Notes of each Tranche sold to QIBs will be represented by a global note in registered form (a "**Rule 144A Global Note**" and, together with a Regulation S Global Note, the "**Registered Global Notes**").

Registered Global Notes will either (i) be deposited with a custodian for, and registered in the name of a nominee of, DTC or (ii) be deposited with a common depositary for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg, as specified in the relevant Final Terms or the relevant Drawdown Prospectus. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

The Registered Notes of each Tranche sold to Institutional Accredited Investors will be in definitive form, registered in the name of the holder thereof ("**Definitive IAI Registered Notes**"). Unless otherwise set forth in the relevant Final Terms or the relevant Drawdown Prospectus, Definitive IAI Registered Notes will be issued only in minimum denominations of U.S.$500,000 and integral multiples of U.S.$1,000 in excess thereof (or the approximate equivalents in the applicable Specified Currency). Definitive IAI Registered Notes will be subject to the restrictions on transfer set forth therein and will bear the restrictive legend described under "*Subscription and Sale and Transfer and Selling Restrictions*". Institutional Accredited Investors that hold Definitive IAI Registered Notes may elect to hold such Notes through DTC, but transferees acquiring the Notes in transactions exempt from Securities Act registration pursuant to Regulation S or Rule 144 under the Securities Act (if available) may do so upon satisfaction of the requirements applicable to such transfer as described under "*Subscription and Sale and Transfer and Selling Restrictions*". The Rule 144A Global Note and the Definitive IAI Registered Notes will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 6(d) (*Payments—Payments in respect of Registered Notes*)) as the registered holder of the Registered Global Notes. None of the Bank, any Paying Agent, the Trustee or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 6(d) (*Payments— Payments in respect of Registered Notes*)) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (i) an Event of Default has occurred and is continuing, (ii) in the case of Notes registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system satisfactory to the Trustee is available or DTC has ceased to constitute a clearing agency registered under the Securities Exchange Act of 1934 (as amended) ("**Exchange Act**"), (iii) in the case of Notes registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system satisfactory to the Trustee is available or (iv) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes in definitive form and a certificate to that effect signed by two Directors of the Issuer is given to the Trustee. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Registered Global Note) or the Trustee may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iv) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Registrar.

Transfer of interests

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note or in the form of a Definitive IAI Registered Note and Definitive IAI Registered Notes may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such Notes in the form of an interest in a Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. **Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions. See "*Subscription and Sale and Transfer and Selling Restrictions*"**.

General

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a temporary common code and ISIN and, where applicable, a temporary CUSIP number which are different from the common code, ISIN and CUSIP assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the relevant Final Terms or the relevant Drawdown Prospectus or as may otherwise be approved by the Issuer, the Agent and the Trustee.

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

The following Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes:

"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000]."

FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.

[Date]

ACCESS BANK PLC

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] under the U.S.$1,000,000,000 Global Medium Term Note Programme

PART A — CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 23 September 2016 [and the supplemental Prospectus dated [•]] ([together,] the "**Base Prospectus**") which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) and amendments thereto, including Directive 2010/73/EU (the "**Prospectus Directive**"). [This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5(4) of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus][1]. [This document does not constitute the Final Terms of the Notes described herein for the purposes of Article 5(4) of the Prospectus Directive, as these Notes are not being issued pursuant to the Prospectus Directive. This document must be read in conjunction with the Base Prospectus][2]. The Base Prospectus and Final Terms have been published on[the website of the Irish Stock Exchange (www.ise.ie) and] the website of the Central Bank of Ireland (www.centralbank.ie).]

[*The following alternative language applies if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date.*]

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the notes (the "**Conditions**") set forth in the Base Prospectus dated 3 June 2014 (the "**Original Base Prospectus**") which Conditions are incorporated in the Base Prospectus dated 23 September 2016 [and the supplement(s) to it dated [•]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus, save in respect of the Conditions which are extracted from the Original Base Prospectus and are incorporated by reference in the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus and Final Terms have been published on[the website of the Irish Stock Exchange (www.ise.ie) and] the website of the Central Bank of Ireland (www.centralbank.ie).]

[*Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.*]

1.		Issuer:	Access Bank Plc
2.	(a)	Series Number:	[•]
	(b)	Tranche Number:	[•]
	(c)	Date on which the Notes become fungible:	[Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [*insert description of the Series*] on [[*insert date*]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent

[1] Include this wording where the Notes are to be issued pursuant to the Prospectus Directive.
[2] Include this wording where the Notes are not to be issued pursuant to the Prospectus Directive.

		Global Note, as referred to in paragraph 25 below [which is expected to occur on or about [*insert date*]].]
3.	Specified Currency or Currencies:	[•]
4.	Aggregate Nominal Amount:	
	(a) Series:	[•]
	(b) [Tranche:	[•]]
5.	Issue Price:	[•] per cent. of the aggregate nominal amount [plus accrued interest from [*insert date*] *(if applicable)*]
6.	(a) Specified Denominations:	[•]
		(N.B. Where Bearer Notes with multiple denominations above [€100,000] or equivalent are being used the following language should be used:
		"[€100,000 and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000]")
		(*in the case of Registered Notes, this means the minimum integral amount in which transfers can be made*)
	(b) Calculation Amount:	[•]
		(If there is only one Specified Denomination, insert that Specified Denomination. If there is more than one Specified Denomination, insert the highest common factor. N.B. there must be a common factor in the case of two or more Specified Denominations)
7.	(a) Issue Date:	[•]
	(b) Interest Commencement Date	[[*specify*]/Issue Date/Not Applicable]
		(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)
8.	Maturity Date:	[*Fixed rate – specify date*/*Floating rate* – Interest Payment Date falling in or nearest to [*specify month and year*]]
9.	Interest Basis:	[[•] per cent. Fixed Rate]
		[Reset Notes]
		[• month [LIBOR/EURIBOR/NIBOR] +/- [•] per cent. Floating Rate]
		[Zero Coupon]
		(See paragraph 14/ 15/ 16/ 17 below)

10.	Redemption Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount
11.	Change of Interest Basis or Redemption/Payment Basis:	[For the period from (and including) the Interest Commencement Date, up to (but excluding) [•], paragraph [14/ 15/ 16/ 17] below applies, and, for the period from (and including) [•] up to (and including) the Maturity Date, paragraph [14/ 15/ 16/ 17] below applies]/[Not Applicable]
12.	Put/Call Options:	[Not Applicable] [Investor Put] [Change of Control Put] (*Note: this will only be applicable in the case of Senior Notes*) [Issuer Call] [Capital Disqualification Event Call] (*Note: this will only be applicable in the case of Subordinated Notes*) [(See paragraph[s] [19/ 20/ 21] below)]
13.	(a) Status of the Notes:	[Senior/Subordinated], unsecured
	(b) Date Board approval for issuance of Notes obtained:	[•]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Note Provisions:	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a) Rate[(s)] of Interest:	[•] per cent. per annum [payable [[annually/semi annually/quarterly/*specify other*] in arrear]]
	(b) Interest Payment Date(s):	[[•][, [•], [•]] [and [•]] in each year[, commencing on [•], up to and including the [Maturity Date]/[•]]]] *(N.B. This will need to be amended in the case of long or short coupons)*
	(c) Fixed Coupon Amount(s):	[•] per Calculation Amount (*Applicable to Notes in definitive form.*)
	(d) Broken Amount(s):	[[•] per Calculation Amount payable on the Interest Payment Date falling in/on [•]][Not Applicable] *(Applicable to Notes in definitive form.)*
	(e) Day Count Fraction:	[Actual/Actual (ICMA)] / [30/360]
	(f) [Determination Date(s):]	[[•] in each year][Not Applicable] (*Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short*

			first or last coupon *N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration* *N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA))*]
15.	Reset Note Provisions		[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a)	Initial Rate of Interest:	[•] per cent. per annum [payable [[annually/semi-annually/quarterly/*specify other*] in arrear]]
	(b)	First Reset Margin:	[+/-][•] per cent. per annum
	(c)	Subsequent Reset Margin:	[[+/-][•] per cent. per annum/ Not Applicable]
	(d)	Interest Payment Date(s):	[[•] in each year and up to and including the Maturity Date] *(NB: This will need to be amended in the case of long or short coupons)*
	(e)	Fixed Coupon Amount up to (but excluding) the First Reset Date:	[•] per Calculation Amount
	(f)	Broken Amount(s) up to (but excluding) the First Reset Date:	[[•] per Calculation Amount payable on the Interest Payment Date falling [in/on] [•]]/[Not Applicable]
	(g)	First Reset Date:	[•]
	(h)	Second Reset Date:	[[•]/Not Applicable]
	(i)	Subsequent Reset Date(s):	[[•] [and [•]]/Not Applicable]
	(j)	Relevant Screen Page:	[•]
	(k)	Mid-Swap Rate:	[Single Mid-Swap Rate/Mean Mid-Swap Rate]
	(l)	Mid-Swap Maturity:	[•]
	(m)	Mid-Swap Floating Leg Benchmark Rate:	[•]
	(n)	Reset Determination Date(s):	[•] *(specify in relation to each Reset Date)*
	(o)	Relevant Time:	[•]
	(p)	Day Count Fraction:	[30/360] / [Actual/Actual (ICMA)]
	(q)	Determination Date(s):	[•] in each year *[Insert interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon] (NB: this will need to be amended in the case of regular interest payment dates which are not of*

			equal duration) (NB: only relevant where Day Count Fraction is Actual/Actual (ICMA))]
	(r)	Additional Business Centre:	[[•]/Not Applicable]
	(s)	Party responsible for calculating the Rate of Interest and Reset Notes Interest Amount (if not the Fiscal Agent):	[•]
16.	Floating Rate Note Provisions:		[Applicable/Not Applicable]
			(If not applicable, delete the remaining subparagraphs of this paragraph)
	(a)	Specified Period:	[•] [subject to adjustment in accordance with the Business Day Convention set out in (c) below/not subject to any adjustment, as the Business Day Convention in (c) below is specified to be Not Applicable] [Not Applicable]
			(*Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable"*)
	(b)	Specified Interest Payment Dates:	[[•][, [•], [•]] [and [•]] in each year, commencing on [•], up to and including the [Maturity Date/[•]]] [subject to adjustment in accordance with the Business Day Convention set out in (c) below/not subject to any adjustment, as the Business Day Convention in (c) below is specified to be Not Applicable] [Not Applicable]
			(*Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable"*)
	(c)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable]
	(d)	Additional Business Centre(s):	[•]
	(e)	Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]
	(f)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[•]
	(g)	Screen Rate Determination:	
		• Reference Rate:	[[•] month][LIBOR/EURIBOR/NIBOR]

		• Interest Determination Date(s):	[Second London business day prior to the start of each Interest Period]/[First day of each Interest Period] [Second day on which the TARGET2 System is open prior to the start of each Interest Period] [Second Lagos business day prior to the start of each Interest Period]/[First day of each Interest Period] *(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second if EURIBOR or euro LIBOR, and second Lagos business day prior to the start of each Interest Period if NIBOR)* [•]
		• Relevant Screen Page:	[•] *(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
	(h)	ISDA Determination:	
		• Floating Rate Option:	[•]
		• Designated Maturity:	[•]
		• Reset Date:	[•]
	(i)	[Linear Interpolation:	[Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation *(specify for each short or long interest period*)]
	(j)	Margin(s):	[+/-] [•] per cent. per annum
	(k)	Minimum Rate of Interest:	[[•] per cent. per annum][Not Applicable]
	(l)	Maximum Rate of Interest:	[[•] per cent. per annum][Not Applicable]
	(m)	Day Count Fraction:	[Actual/Actual (ISDA)] / [Actual/Actual] / [Actual/365 (Fixed)] / [Actual/365 (Sterling)] / [Actual/360] / [30/360] / [360/360] / [Bond Basis]/ [30E/360] / [Eurobond Basis] / [30E/360 (ISDA)]
17.	Zero Coupon Note Provisions:		[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a)	Accrual Yield:	[•] per cent. per annum
	(b)	Reference Price:	[•]
	(c)	Day Count Fraction in relation to Early Redemption Amounts and late payment:	[Conditions 7(g) (*Redemption and Purchase—Early Redemption Amounts*) and 7(j) (*Redemption and Purchase—Late payment on Zero Coupon Notes*) apply]

		[30/360] [Actual/360] [Actual/365]

PROVISIONS RELATING TO REDEMPTION

18.	Notice Periods for Condition 7(b) (*Redemption and Purchase – Redemption for tax reasons*):	[Minimum period: [30]/[•] days Maximum period: [60]/[•] days] [[•] days] (*N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee*)
19.	Issuer Call:	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a) Optional Redemption Date(s):	[•]
	(b) Optional Redemption Amount(s):	[[•] per Calculation Amount]
	(c) If redeemable in part:	[Not Applicable]/[Applicable]
	(i) Minimum Redemption Amount:	[[•] per Calculation Amount]/[Not Applicable]
	(ii) Maximum Redemption Amount:	[[•] per Calculation Amount]/[Not Applicable]
	(d) Notice periods:	[Minimum period: [15]/[•] days Maximum period: [30]/[•] days] [[•] days] *(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)*
20.	Capital Disqualification Event Call:	[Applicable/Not Applicable]

			(This item will only be applicable in connection with the issue of Subordinated Notes. If not applicable, delete the remaining subparagraphs of this paragraph)
	(a)	Notice periods:	[Minimum period: [30]/[•] days Maximum period: [60]/[•] days] [[•] days] *(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)*
21.	Investor Put:		[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a)	Optional Redemption Date(s):	[•]
	(b)	Optional Redemption Amount(s):	[[•] per Calculation Amount]
	(c)	Notice periods:	[Minimum period: [15]/[•] days Maximum period: [30]/[•] days] [[•] days] *(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)*
22.	Final Redemption Amount:		[[•] per Calculation Amount]
23.	Early Redemption Amount payable on redemption for taxation reasons or on event of default:		[As set out in Condition 7(g) (*Redemption and Purchase – Early Redemption Amounts*)]/[[•] per Calculation Amount]

PROVISIONS RELATING TO SUBORDINATED NOTES

24.	Covenants applicable to Subordinated Notes:	[Not Applicable]/[Condition 4(b) (*Covenants—Restricted Payments*)]/[Condition 4(c) (*Covenants—Capital Adequacy*)]/[Condition 4(d) (*No Consolidation or Merger*)]/[Condition 4(e) (*Covenants—Disposals*)]/[Condition 4(f) (*Covenants—Transactions with Affiliates*)]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25.	Form of Notes:	[Bearer Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Bearer Notes only upon an Exchange Event] [Temporary Global Note exchangeable for Definitive Bearer Notes on and after the Exchange Date] [Permanent Global Note exchangeable for Definitive Bearer Notes only upon an Exchange Event] *(N.B. The following Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by Temporary Global Note exchangeable for Definitive Notes:* *"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000]".)* [Registered Notes: [Regulation S Global Note ([U.S.$][€][•] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]] [Rule 144A Global Note (U.S.$[•] nominal amount) registered in the name of a nominee for [DTC]] [Definitive IAI Registered Notes (*specify nominal amounts*)]]
26.	Additional Financial Centre(s):	[Not Applicable/*give details*] *(Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub paragraph 16(c) relates)*
27.	Talons for future Coupons to be attached to Definitive Notes:	[Yes, as the Notes have more than 27 coupon payments, [a] Talon[s] may be required, if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue and admission to trading on the regulated market of the Irish Stock Exchange and listing on its Official List of the Notes described herein pursuant to the U.S.$1,000,000,000 Global Medium Term Note Programme of Access Bank Plc.

THIRD-PARTY INFORMATION

[[*Relevant third-party information*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of Access Bank Plc:

By:..

Duly authorised

PART B — OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING**

(i) Listing:	[Irish Stock Exchange]/[Not applicable.]
(ii) Admission to trading:	[Application [has been made/is expected to be made] [by the Issuer/on behalf of the Issuer] for the Notes to be admitted to trading on the Irish Stock Exchange's regulated market with effect from [•].]/[Not applicable.]
(iii) Estimate of total expenses related to admission to trading:	[•]

2. **RATINGS**

Ratings:

[The Notes to be issued have not been rated.]

[The Notes to be issued [have been rated/are expected to be rated]:

[Standard & Poor's Credit Market Services Europe Limited: [•]]

[Fitch Ratings Ltd.: [•]]

[Moody's Investors Service Ltd.: [•]]

[[*Insert credit rating agency*] is established in the EEA and is registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").]

[[*Insert credit rating agency*] is not established in the EEA and has not applied for registration under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").]

[[*Insert credit rating agency*] is established in the EEA and has applied for registration under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"), although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.]

[[*Insert credit rating agency*] is not established in the EEA and has not applied for registration under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**") but the rating issued by it is endorsed by [*insert endorsing credit rating agency*] which is established in the European Union and [is registered under the CRA Regulation] [has applied for registration under the CRA Regulation, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority].]

[[*Insert credit rating agency*] is not established in the EEA and has not applied for registration under Regulation (EU) No 1060/2009, as amended (the

"**CRA Regulation**") but is certified in accordance with the CRA Regulation.]

3. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[Save [for any fees payable to the [Managers/Dealers]][as discussed in "Subscription and Sale"], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.]/[Not Applicable]/[•]

(When adding any other description consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)

4. **YIELD** (Fixed Rate Notes only)

[Indication of yield:	[•]
[Not Applicable]	The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

5. **OPERATIONAL INFORMATION**

(i) ISIN Code(s):	[•]
(ii) Common Code(s):	[•]
(iii) CUSIP:	[•]/[Not Applicable]
(iv) CINS:	[•]/[Not Applicable]
(v) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A./The Depository Trust Company and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
(vi) Delivery:	Delivery [against/free of] payment
(vii) Names and addresses of additional Paying Agent(s) (if any):	[•]
(viii) Name and address of Registrar:	[Citigroup Global Markets Deutschland AG]

6. **DISTRIBUTION AND NET PROCEEDS**

(i) Method of distribution:	[Syndicated/Non-syndicated]
(ii) If syndicated, names of Managers:	[Not Applicable/*give names*]
(iii) Date of [Subscription] Agreement:	[ ]
(iv) Stabilising Manager(s) (if any):	[Not Applicable/*give name*]
(v) If non-syndicated, name of relevant Dealer:	[Not Applicable/*give name*]
(vi) Net Proceeds (including after deduction of any fees and expenses for the Managers and Financial Advisers):	[•] (*Include for syndicated issues of Notes only*)

(vii) U.S. Selling Restrictions:	[Reg. S Compliance Category 2][Rule 144A][Section 4(a)(2)][Rules identical to those provided in TEFRA C/TEFRA D/TEFRA not applicable]

USE OF PROCEEDS

The net proceeds from each issue of Notes will be used by the Bank for its general banking purposes. In addition the Bank may use net proceeds to refinance indebtedness, including the issue of Notes in exchange for the 2017 Notes. See "*Operating and Financial Review—Potential refinancing of existing notes.*"

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the Group's capitalisation and indebtedness as at 30 June 2016.

	As at 30 June 2016	
	(U.S.$ thousands)	*(₦ thousands)*
Liabilities:		
Deposits from financial institutions	738,533	208,982,658
Deposits from customers	6,963,366	1,970,423,706
Derivative financial instruments	169,947	48,090,028
Current tax liabilities	22,326	6,317,489
Other liabilities	324,986	91,961,420
Deferred tax liabilities	1,682	476,062
Debt securities issued	750,909	212,484,633
Interest-bearing loans and borrowings	1,074,567	304,070,191
Retirement benefit obligations	21,785	6,164,500
Total liabilities	**10,068,101**	**2,848,970,687**
Equity attributable to equity holders of the parent:		
Share capital and share premium	750,747	212,438,802
Retained earnings	249,820	70,691,647
Other components of equity	494,004	139,788,357
Total equity attributable to equity holders of the parent	**1,494,571**	**422,918,806**
Non-controlling interest	20,136	5,697,798
Total equity	**1,514,707**	**428,616,604**
Total capitalisation	**11,582,808**	**3,277,587,291**

There has been no material change in the Group's capitalisation and indebtedness since 30 June 2016.

DESCRIPTION OF THE GROUP

Overview

Access Bank is a full service commercial bank operating through branches and service outlets located in major centres primarily across Nigeria and sub-Saharan Africa, as well as the United Kingdom, with representative offices in China, Lebanon, and the United Arab Emirates (Dubai). The Group provides a wide range of banking and other financial services to over 7 million customers from 371 branches and service centres with total assets of ₦3.3 trillion, all as at 30 June 2016. According to The Banker Magazine in February 2016, Access Bank is one of the five largest banks in Nigeria in terms of assets, loans and deposits, and is ranked as one of Africa's top 20 banks by total assets and capital. The Group's strategy focuses on the pursuit of building sustainable practices, innovation, superior service delivery and employee empowerment.

As at 30 June 2016, the Group has over 800,000 shareholders comprising Nigerian and international institutional investors, and more than 5,000 staff. The Group's debt instruments are listed on the London Stock Exchange and the Irish Stock Exchange, and, as at 22 September 2016, the Bank has a credit rating of B from S&P, B from Fitch and B1 from Moody's.

The Group's financial products and services include corporate and trade finance operations, treasury and investment services, retail banking products and services (including current and savings accounts, credit cards, ATM services, electronic banking and retail lending), money market activities and private banking services/wealth management.

The Group applies a VCM which it views as a key competitive differentiator to acquire and retain market share, by aiming to develop and align its products and services to the activities of its corporate clients and various stakeholders who participate in creating value for these corporate clients, such as suppliers, distributors, customers, employees (including their family members) and shareholders of such corporate clients, as well as government authorities and regulators who interact with those corporate clients. In 2015, the Group adopted the use of data analytics and technology to support its VCM and grow its share of top corporate and commercial banking customers. In addition, in 2015 the Group re-engineered certain existing processes across the Group to enable enhanced collaboration amongst the Group's SBU's in an effort to drive sustainability throughout the entire value chain. Under these new processes, each SBU is encouraged to seek to extend the VCM to stakeholders who may not be its immediate customers in partnership with other SBUs. For example, the Commercial Banking SBU, which primarily serves private and public sector business, would be encouraged to collaborate with the Personal Banking SBU to build relationships with potential new clients who may be employees of the private and public sector businesses. This collaboration has permitted the continued development and launch of products tailored to customers across the value chain and which are offered in key growth sectors and markets for Access Bank.

The Group's main business activities are served by the following SBUs:

- ***Corporate and Investment Banking***: Access Bank believes that the Corporate and Investment Banking SBU has become one of the largest support bases for institutional clients that are driving change in Nigeria through infrastructure development projects, the construction of improved transportation links and other commercial and real estate developments. The Corporate and Investment Banking SBU primarily serves multinational, large local and foreign-owned companies with minimum annual turnover of ₦10 billion. The Corporate and Investment Banking SBU continues to seek long-term partnerships with such clients across key growth sectors of the Nigerian economy, particularly oil & gas, telecommunications, power and infrastructure and food and beverages, as well as transport and household utilities. In addition, the Corporate and Investment Banking SBU's treasury team provides solutions to address corporate client needs across funding, foreign exchange, liquidity, investment, hedging and other risks. This SBU also provides customised financial solutions to complex funding challenges of large corporate clients in key sectors of the Nigerian economy and is responsible for the Group's relationships with domestic and international financial institutions (including DFI's).

- ***Commercial Banking***: As at 30 June 2016, the Commercial Banking SBU is the largest market-facing business that operates within the Group. This SBU offers specialised business solutions and bespoke financial services to support the needs of its target markets, namely general commerce/trading, manufacturing, construction, hospitality and lifestyle (such as hotels and restaurants), the public sector and the Asian market. The Commercial Banking SBU primarily serves:

- private sector businesses, consisting of local and foreign-owned institutions operating within the Group's identified market segments with a minimum annual business turnover of ₦1 billion (excluding companies that meet the Corporate and Investment Banking SBU's customer criteria); and

- public sector, federal, state and local government (including ministries, departments and agencies) and government-affiliated businesses.

- ***Business Banking***: The Business Banking SBU primarily serves companies and SME's that are seeking to grow their business with annual turnover of not more than ₦1 billion. This SBU has recorded considerable growth in its customer base, with over 300,000 customers spread across key market segments including imports and exports, commerce/distributive trade, educational institutions, contractors and healthcare providers as at 30 June 2016 (as compared with over 150,000 customers as at 30 June 2015).

- ***Personal Banking***: With a retail banking focus, the Personal Banking SBU offers integrated products and services to ultra-high and high net worth individuals, affluent professionals, employees in the value chain of the Group's corporate clients, as well as students, pensioners and informal traders. This SBU also provides international money transfer services through the Group's franchise business primarily for remittance services, utilities and government revenue collection, as well as development banking with an emphasis on non-governmental organisations.

- ***Digital Banking***: The Digital Banking SBU provides solutions to enable consumers to make purchases and payments conveniently and allow businesses to sell and accept payment in their preferred manner while seeking to connect businesses and their customers in a way that adds value to both parties. Through the Group's digital banking solutions, Access Bank seeks to provide its customers with the ability to access these payment services across various devices or channels in an effort to enable the Group to deliver a seamless customer experience.

The following table lists each SBU and their relevant shares of the Group's total net revenue, outstanding customer loans and deposits all as at 30 June 2016:

Strategic Business Unit	**Revenue**	**% of the Group's Revenue**	**Loans**	**% of the Group's Outstanding Loans**	**Deposits**	**% of the Group's Deposits**
			(₦ millions, except %)			
Corporate and Investment Banking SBU	51,627	29.7%	662,335	37.1%	542,037	27.5%
Commercial Banking SBU	71,092	40.8%	1,031,109	57.8%	823,896	41.8%
Business Banking SBU	15,688	9.0%	64,252	3.6%	226,776	11.5%
Personal and Private Banking SBU	35,662	20.5%	27,164	1.5%	377,714	19.2%
Other[(1)]	—	—	—	—	—	—
Total	174,069	100.0%	1,784,860	100.0%	1,970,423	100.0%

(1) Other includes other activities not allocated to specific SBUs.

The Group's core business segments are supported by its Operations and IT division which provides transaction processing services and technical support and infrastructure for the rest of the Group's divisions. Services provided include, amongst other things, payment and collections services and trade finance services. See "*—Description of Business—Operations and IT division*".

Access Bank was incorporated as a private limited liability company on 8 February 1989, with registration number RC 125384 and commenced business on 11 May 1989. Access Bank was converted to a public limited liability company on 24 March 1998 and its shares were listed on the NSE on 18 November 1998. Access Bank was issued a universal banking licence by the CBN on 5 February 2001, and applied for and received an approval from the CBN on 5 February 2014, under the new CBN licensing regime (as described below).

As at the date of this Prospectus, Access Bank had seven banking subsidiaries and one non-banking subsidiary. See "*—Subsidiaries—Banking subsidiaries*" below.

Access Bank's registered office is located at Plot 999C, Danmole Street, Victoria Island, Lagos, Nigeria and its telephone number is +234 1 461 9264-9.

History

The Group commenced operations in Nigeria as a privately held bank in 1989. In November 1998, Access Bank was listed on the Nigerian Stock Exchange through an initial public offering of its shares through which it raised over ₦715 million. Access Bank used the proceeds of the initial public offering, as well as a further ₦2.1 billion raised through a combination of public offerings and bonus issues between 2001 and 2005, to fund its branch expansion, invest in working capital and upgrade its information technology systems.

Access Bank obtained a universal banking licence from the CBN on 5 February 2001, and was appointed a settlement bank by the CBN in February 2006, as well as a primary dealer/market-maker for FGN Bonds by the Nigerian Debt Management Office ("**DMO**") in June 2006.

From 2001 to August 2005, Access Bank undertook a series of capital raisings and recapitalisation processes aimed at meeting the then minimum capital requirements of ₦2 billion and then ₦25 billion set by the CBN (including as part of its recapitalisation and consolidation plan for the Nigerian banking industry in 2004), through a combination of public issues and bonus issues of approximately ₦15.0 billion in aggregate.

In 2002, Access Bank embarked upon a plan of rapid growth (its "**Strategic Transformation Agenda**") in order to reposition itself in line with its strategy to become one of Nigeria's leading financial institutions and top three banks by 2012. Access Bank's current Managing Director and former Managing Director were appointed to the Board of Directors in 2002 in order to progress this mandated strategy for the Group, recruiting additional members from leading local and international banks as part of its management team.

In December 2005, Access Bank acquired Capital Bank International Plc (formerly Commercial Bank Credit Lyonnaise Limited) and Marina International Bank Limited, raising approximately ₦12.1 billion of capital in connection with these acquisitions.

From 2006, Access Bank proceeded to further expand its branch network (in particular, expanding its retail division through opening more branches), invested in its subsidiaries and pursued business strategies such as acquiring the assets (such as branches and deposits) and liabilities of selected financial institutions which did not meet the ₦25 billion minimum capital requirements imposed by the CBN. In order to further fund its strategic growth objectives, Access Bank made a public offer by way of subscription and raised over ₦136 billion, including by means of a U.S.$300 million global depositary receipt issuance in 2007.

In October 2010, the CBN issued the Regulation on the Scope of Banking Activities and Ancillary Matters (the "**CBN Banking Activities Regulation**") which repealed the Guidelines for the Practice of Universal Banking in Nigeria (the "**Universal Banking Guidelines**") issued on 22 December 2000. The Universal Banking Guidelines had authorised banks to engage in non-core banking activities, directly as part of banking operations, or indirectly through designated subsidiaries. Pursuant to the CBN Banking Activities Regulation, banks previously operating under the licence of the Universal Banking Guidelines were subsequently required to submit a compliance plan to the CBN in relation to the bank's proposal to comply with the provisions of the CBN Banking Activities Regulation. In addition, the categories of banks permitted to carry on banking business were limited to commercial banks, merchant banks and specialised banks (including non-interest banks, microfinance banks, development banks and mortgage banks). Commercial banks are required to be authorised by the CBN to carry on banking business on a regional, national or international basis. The CBN Banking Activities Regulation also required Nigerian banks to divest all non-core banking businesses and apply for a new type of banking licence or to adopt a non-operating holding company structure in compliance with the regime if they wished to engage in non-core banking activities. See "*The Nigerian Banking Sector—Banking Sector Reform—2009 to present*" below. Access Bank applied for and received an approval from the CBN on 5 February 2014 for an international commercial banking licence.

On 14 October 2011, Access Bank acquired an initial 75 per cent. equity stake in Intercontinental Bank (the "**Acquisition**"). The subsequent Merger of the Intercontinental Bank Group's assets, liabilities and undertakings was completed on 23 January 2012 (the "**Merger**"). Prior to the Acquisition, the focus of the Group had been on corporate clients (institutional and commercial). Through the addition of the Intercontinental Bank Group's extensive retail branch and customer network, the Acquisition and subsequent Merger allowed the Group to expand its retail banking business and provided the Group with an increased and diversified funding base.

In March 2015, Access Bank completed a ₦41.7 billion rights issue to strengthen its capital position.

Key Strengths

Access Bank believes its key strengths include:

Strong brand awareness

Management believes that "Access Bank" is a well-recognised and trusted brand in Nigeria, which has been fostered by adhering to its core values of leadership, excellence, empowered employees, passion for customer service, professionalism and innovation. Access Bank has received numerous awards in Nigeria, as well as internationally in areas of trade finance, sustainable banking and social responsibility. These awards include the "Best Local Bank in Africa" by EMEA Finance (2014), the "Most Sustainable Bank in Nigeria" by the World Finance UK Magazine (2014), the "Credit Card Product of the Year" at the annual Card and e-Payment Africa Awards (2014), the "2014 Financial Institution Award" by the Petroleum Technology Association of Nigeria, the "Best Flow House in Africa" award at the Euromoney Awards for Excellence (2015) and the "Best Corporate Bank – West Africa" by Banker Africa (2015). The Group has become the third and fourth largest bank in Nigeria in terms of total assets and shareholders' equity, respectively (according to the published audited financial statements of Nigerian banks as at and for the year ended 31 December 2015, prepared in accordance with IFRS) largely through organic growth. As at 30 June 2016, the Group also had the fourth largest branch network (according to the published audited financial statements of Nigerian banks as at and for the year ended 31 December 2015, prepared in accordance with IFRS), the third largest number of point of sale ("**POS**") terminals in Nigeria (according to Interswitch, the largest integrated payment processing service provider in Nigeria), and the fourth largest number of ATMs in Nigeria (according to Nigeria Interbank Settlement Systems).

Strong risk management practices and policies

Since 2014, the Group has taken measures and implemented new programmes to improve and strengthen its risk management, including more frequent and focused portfolio reviews, enhanced stressed testing, strengthening of risk analytics, increasing the Group's percentage of investment grade and standard grade assets and implementing a daily review of key risk metrics. The Group has also established a daily executive dashboard for review of action points and decisions that need to be taken by the Group's management. The Group has implemented well-defined and robust risk management policies at an SBU level and sought to ensure appropriate risk management training for its staff. Access Bank has developed a risk ratings guide used throughout the Bank to guide staff in performing internal risk assessments that the Bank conducts around all potential borrowers. The risk ratings guide defines a comprehensive procedure that each account officer must use in determining whether to proceed with a loan approval process, specifies the level of approval required for any requested credit, provides guidance on the levels of covenants and collateral appropriate to the request and also guidance in determining pricing. The Group's risk guide provides separate internal risk pricing procedures for retail and non-retail clients. The Group's comprehensive risk management policies have resulted in a reduction of the Bank's exposure to vulnerable sectors and products, specifically to customers in the oil & gas industry and any foreign currency exposures. The Group has actively managed and monitored its oil & gas exposure, decreasing its total oil & gas exposure from 27.2 per cent. of ₦1,130 billion as at 31 December 2014, to 24.7 per cent. of ₦1,395 billion as at 31 December 2015. The Group has reduced its foreign currency exposure, from 46.6 per cent. of its total loans for the year ended 31 December 2014 to 49.7 per cent. of its total loans for the year ended 31 December 2015, by granting foreign currency-denominated loans to top-rated obligors with foreign currency receivables and healthy margins, utilising foreign exchange forwards from the CBN for foreign currency loans to lock in exchange rates complying with internal thresholds for credit risk and enhanced control and monitoring. Management believes that the Group's improved risk management practices and continued close monitoring of its loan portfolio have also helped Access Bank achieve one of the lowest non-performing loan ratios in the Nigerian banking industry. The Group's non-performing loan ratio increased by 10 bps, from 1.7 per cent. as at 31 December 2014 to 1.8 per cent. as at 31 December 2015. For additional information on the Group's risk management practices, see "*Asset, Liability and Risk Management*".

Strong and experienced management

The Group's senior management team has extensive experience within the financial services sector, with an average of more than 24 years of experience gained in leading local and international banks across various economic sectors and a combined experience of approximately 158 years of executive management. The Group's Managing Director, Dr. Herbert Wigwe and the Deputy Managing Director, Mr. Obinna Nwosu, each have approximately 27 and 22 years of banking experience, respectively. The senior management team has a proven record of implementing innovative and industry-leading initiatives, particularly in guiding the Group to focus on best business practices and customer service, and helping it to achieve its Strategic Transformation Agenda that saw the Group grow into being one of the 10 largest Nigerian banks between 2002 and 2007, to then become the fifth largest Nigerian bank in terms of assets and deposit holdings and the fourth largest in terms of total shareholders' equity, following the Acquisition in 2012, and the third largest Nigerian bank in terms of assets mid-way through its 2013-2018 strategic vision, according to the published audited financial statements of Nigerian banks as at and for the period ended 30 June 2016, prepared in accordance with IFRS. Access Bank believes the experience of its senior management team will continue to be a key strength in succeeding in an increasingly competitive industry.

Strong presence in growing and diverse sectors of the economy

Access Bank believes that the Group has a strong presence of offering financial services to major players in the telecoms, manufacturing and fast-moving consumer goods sectors. As the Nigerian economy has continued to mature from a primarily product trading and oil-based business culture to a more solution and manufacturing-oriented business culture, the Group has been able to tailor its products and services to fit the needs of original equipment manufacturers and operators seeking to take advantage of structural changes in the local economy. As a result of the rapid growth rate and specific product needs of these sectors, the Group continues to strengthen its market dominance with key players in these sectors, leveraging its value chain model as a differentiating tool. In spite of the challenging macroeconomic environment, Access Bank has sought to facilitate the growth potential of its clients, alongside maximising their operating efficiency. To ensure that Access Bank's clients take advantage of structural changes in the local economy, the Bank is leveraging its expertise in structured finance to support its clients' goals and to strengthen the capacity of local vendors in order to promote a shift from imported to local inputs.

Robust public sector business and reputation

Over the past five years, Access Bank has gained invaluable experience and developed expertise that enables it to provide tailored products and services to the public sector in Nigeria at both state and federal levels. The Group has experienced strong growth in its public sector business, particularly at the state level, leveraging new and long-standing relationships with more than 16 Nigerian states. Due to the factors described below, lending to the public sector has increased significantly since 2014, accounting for 15.6 per cent. of gross loans as at 30 June 2016 and 12.1 per cent. of gross loans as at 31 December 2015, compared with 2.1 per cent. as at 30 June 2015 and 4.9 per cent. as at 31 December 2014, respectively, largely due to the Federal Government's introduction of SBO and ECA lending facilities, which states are required to access through Nigerian commercial banks. Of the 27 eligible states who qualified for funds under the Federal Government's SBO or ECA facilities, 16 states accessed such funds through Access Bank. As a direct lender to states under the SBO and ECA facilities, Access Bank is also providing payroll services to these states. Access Bank has also sought to capture more retail market share by offering retail loans to qualifying state employees, while minimising default risk though automatic monthly repayments made via deductions from such employees' salaries. The Group has also used its existing technology to grow its market share in internally generated revenue collections and has instituted an agriculture desk to cater for the many opportunities in this sector, as well as to ensure that the Group plays a pivotal role in driving economic development.

Strong relationships with development finance institutions, multilateral agencies and international correspondent banks

As part of its strategic objectives, the Group has sought to actively build strategic relationships with DFIs and multilateral agencies, and Access Bank believes that it has a stronger relationship with DFIs relative to its peers and receives more funds and funding as compared with its peers. Access Bank also proactively seeks partnerships with these institutions, such as its partnership with the International Finance Corporation (the "**IFC**") on enhancing sustainability. Access Bank has leveraged on these relationships to develop a strong risk management framework that it has sought to align with global best practice, including the adoption of environmental and social risk management policies and procedures. This has enabled Access Bank to obtain medium-term funding in excess of U.S.$300 million in the past five years from many DFIs, including the European Investment Bank, Belgian Investment Company for Development, the Finnish Fund Industrial Cooperation Limited, the AfDB, the IFC, the Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (the "**FMO**") and the French Development Finance Company ("**PROPARCO**"). Such medium-term funding is not generally available in the Nigerian market due to the short duration of funding available in the domestic banking industry. Certain of these DFIs have also obtained an equity interest in Access Bank through the exercise of their conversion rights in convertible loans previously issued to Access Bank. The Group has also established trade finance relationships with several international correspondent banks such as Citibank, UBS, BNP Paribas, ANZ, HSBC and Commerzbank, which often impose more stringent requirements on reporting and governance. Developing its relationship with these DFIs, multilateral agencies and international correspondent banks has led the Group to further enhance its corporate governance and global risk management framework, such as the number of independent directors on its board of directors, developing and implementing the Enterprise Risk Management Framework, implementation of Basel II, as well as adoption of IFRS financial reporting. Access Bank has also benefited from additional capacity and technical expertise through these relationships, for example through staff exchange programmes and technical assistance in developing certain business lines (including its retail business).

Product expertise

The Group provides product expertise in the areas of cash management, trade finance and government securities trading, as demonstrated by the integrated payments, collections, cash management and payroll solutions offered to its clients, as well as its market share and position in trade finance and government securities trading. According to data from the FMDQ OTC Securities Exchange, as at 30 June 2016, the Group was amongst the leading banks in Nigeria in the Nigerian foreign exchange business and one of the most active players in the interbank market in terms of participation. Amongst Nigerian banks, the Group ranked first in bond trading, second in unsecured placement and takings, third in foreign exchange and second in treasury bills. Additionally, the Group's market share of interbank spot transactions was 11 per cent. and the Bank's market share of customer derivative transactions with the CBN, such as foreign exchange forwards and futures, (level of bank participation in customer derivative transaction with the CBN such as FX forwards and Futures) was also 11 per cent. Management believes that Access Bank is a market leader in government securities trading and has developed Nigeria's first bond index—the Access Bank Nigerian Government Bond Index.

The Group has also sought to extend its expertise into other areas of activities that are complementary to its business. For example, Access Bank was the first Nigerian bank to introduce and commence use of Visa credit cards, including introduction of The Black Card—Visa Infinite to the market, holders of which are accorded special recognition and enjoy exclusive benefits and privileges (see also "—*Innovation, Research and Development*" below). Access Bank differentiates itself from other Nigerian banks based on its focus on the VCM, implemented through offering value-added products/services for its customers across the value chain, both domestically and via its international subsidiaries.

Strong Information Technology and E-business platform

Access Bank believes that it has one of the most efficient information technology platforms amongst Nigerian banks. In 2015, the Bank upgraded its core banking application to Flexcube 12.0.2 – the most recent version of the Flexcube Universal Banking System (FCUBS) – in order to enhance service delivery across all customer touch points. This new banking system, has led to improved turnaround time, enriched customer interaction and enhanced reliability of all its platforms in line with the Group's mantra of speed, service and security. Access Bank believes that this will offer greater insight into business operational efficiency and customer behaviour and in turn allow the Group to enhance the quality and range of products and services over time.

In an effort to position the Bank as a centre for innovation and commercialisation of technology, Access Bank, through a strategic partnership with Capture Payment Solutions has introduced the innovative electronic payment solution "PayWithCapture". PayWithCapture ("**PWC**") is a mobile payment solution delivered through an application that uses a customer's mobile device camera to scan a merchant's payment quick response code ("**QR code**") and enables payment via a linked payment method such as a MasterCard, Visa, Access bank account or Mobile Wallet. PWC is available on Android, iOS and Blackberry devices. It allows both Access Bank and non-Access Bank customers to make payments either in-store or remotely. Access Bank will continue leveraging its key partnerships and strong alliances to provide innovative and cost-effective solutions intended to grow the Bank's business, developing and offering new products and services and ultimately reducing cost. Access Bank's information systems are synchronised to ensure consistent and coordinated customer information, regardless of the location from which the information is being accessed. Access Bank's branches have real-time access to system-wide information, helping to increase speed and efficiency in customer transactions. In the past two years, the branches have evolved into interactive digital kiosks with the provision of free Wi-Fi, tablets and trained electronic channel assistants to enable new and existing customers to migrate and execute transactions on the Bank's electronic channels.

In addition, Access Bank provides what it believes to be efficient integrated payments, collections, cash management and payroll solutions for its clients. These solutions can be integrated into the customer's systems to provide efficient and cost-effective bulk payments and collections and reporting capabilities, as well as allowing customers to integrate their payments and collections systems and processes.

In the same way that the unending quest for speed and service quality has driven innovation, the threat of cybersecurity and fraud has resulted in the need for continuous improvement of systems security globally. Access Bank Plc was the first Nigerian bank to be accredited with a Payment Card Industry Data Security Standard (PCI DSS) certificate in 2011, which was subsequently upgraded to version 3.2 as a result of the introduction of additional security measures and improved processes. Following the Board and Management's commitment to ensuring the continuous improvement and security of the Bank's information assets, the Bank was accredited with an ISO 27001:2005 certificate in 2012. This accreditation was recertified by the Bank in 2016 with the most recent ISO 27001:2013 of Information Security Management Systems (ISMS).

In order to ensure sustainability and business continuity, the Bank's processes have been certified by the British Standard Institute (BSI) to be compliant with ISO 22301. Information security and the protection of confidential and sensitive customer data are a priority of Access Bank. It has therefore developed and implemented an information and risk management framework that is in line with best practice.

Retaining global security standards requires the Group to have processes in place that meet global security requirements and to remain compliant with these by continuously reviewing and improving the security of its systems. This is achieved in line with global best practice to better secure the business environment for the benefit of the Bank's customers and to make it less susceptible to fraud.

In 2014, Access Bank won the "Credit Card Product of the Year" category at the annual Card and e-Payment Africa Awards in Sandton Johannesburg, South Africa. Access Bank believes this award is a recognition of its investment in card products and channel services, as well as a recognition of its creativity, innovation and value provided to customers.

Access Bank intends to continue strengthening its information technology systems to provide greater efficiency and to continue servicing customer demands with new, improved and innovative products.

Investment in staff

Management believes that its staff is a significant strength and instrumental in maintaining its enthusiasm and focus on customer service throughout the Group's business.

The Group recognises that as a service organisation, its people are an essential element in its quest for excellence in banking services delivery and is therefore focused on the recruitment, development and retention of high-quality staff. The Group continues to recruit top graduates from the best local and international universities and qualified people from the financial sector. The Group provides employees with extensive training and development in various areas including finance, accounting and economics in the Group's training school, the Access Bank School of Banking Excellence, which aims to meet the developmental needs of staff and in leading business schools as part of an active learning and capacity-building process. The Group also provides rising leaders with the opportunity to participate in the Middle Management Programme, which is a developmental programme that, in partnership with the University of Pennsylvania's Wharton Business School, allows middle managers to increase their skill level. Additionally, the Group aims to offer a competitive range of employee benefits in order to recruit and retain high-quality personnel.

Management believes that the Group's commitment to employing trained and skilled employees is a key strength that allows it to be more competitive in the industry.

Strategy

The Group has defined an overall strategic intent to be the world's most respected African bank by 2017. It aims to do so by creating value for customers, employees, shareholders, investors and local communities through sustainable business practices, as well as to maintain a presence in selected high-impact African economies. The Group aspires to rank in the top three position in its chosen markets under all metrics, including profit before taxes, total assets, total deposits, corporate governance, employee satisfaction and customer satisfaction, and will focus on Nigeria as its primary market.

In order to achieve these objectives, Access Bank intends to implement the following strategies:

Provide banking services across the "value chain" of its large corporate customers

Access Bank intends to continue leveraging its corporate relationships to provide services across the "value chain" by providing banking products and services to stakeholders such as suppliers, distributors, customers, employees and shareholders of its corporate clients, as well as to government authorities and regulators who interact with such corporate clients. Management sees the VCM as the Group's competitive strategy for differentiating itself from competitors, and for acquiring and maintaining market share. Management believes that a focus on corporate clients is an expedient and cost-efficient strategy in the short to medium term. Through its team of relationship managers, Access Bank believes that it has the requisite skills as well as the product expertise to address the specific needs of distinct customer segments.

The VCM approach is premised on aligning Access Bank's products and services to the activities and financial services requirements of large corporate institutions and all stakeholders in the value chain of such organisations. An in-depth understanding of the clients' businesses and operating environment enables the Group to anticipate their needs, and provide suitable products and services tailored to meet the needs of the various stakeholders in the value chain. The key to optimising the VCM is to develop banking solutions that satisfy multiple stakeholders simultaneously, an example being the cash management services that Access Bank offers to its corporate clients, as well as the distributors and suppliers within the client's value chain, which enables the client to more efficiently collect payments from distributors and make payments to suppliers. Through the VCM, Access Bank is able to offer tailored products and services to its corporate clients and certain of their stakeholders, allowing them to enjoy seamless business transactions. For example, the Commercial Banking SBU offers distributors of large corporate clients certain credit facilities to finance the purchase of goods from these corporate clients at favourable interest rates in exchange for exclusive rights to collect cash for the goods sold. Cash flows are retained in the bank by ensuring that all sources of inflows and outflows to corporate clients are run through accounts at Access Bank. In addition, the informal risk mitigating structure of the VCM enables competitive pricing for credit transactions.

Focus on key areas of growth within Nigeria

Access Bank believes there are many opportunities for growth and expansion in light of the economic and political reforms in the country, in particular, in the power, telecommunications, manufacturing, mining and project and infrastructure finance sectors, as well as in the expanding retail sector. Management intends to focus on key areas of economic growth within Nigeria by providing premium services to the corporate institutions within these sectors.

- *Consolidating and developing corporate relationships.* Access Bank believes that there are many opportunities for growth and expansion in the power, telecommunications, manufacturing, mining, project and infrastructure finance sectors. Access Bank intends to capture these growth opportunities through its geographic presence in the major urban centres in Nigeria and through the wide range of products and services that it provides to customers. Access Bank will seek to continue to build a value-creating franchise, integrating the domestic and global supply chains of its clients in an effort to assist its customers in enhancing efficiencies.

- *Deepening its market presence in the Nigerian retail banking sector – digital banking platform.* Access Bank believes the middle class will grow in the medium term as a result of the continued implementation of planned economic reforms and favourable demographic trends.

- *Expanding partnerships with the public sector.* Access Bank believes that there is a pressing need to invest in infrastructure in Nigeria. Specifically, work is needed in order to drive the modernisation and maintenance of Nigeria's roads, bridges and water systems to ensure that the country becomes a more attractive place for companies to do business and for Nigerians to live, work and travel. The Government continues to encourage participation by the private sector through public-private partnership arrangements, for which investors are showing an increasing appetite because infrastructure investments provide relative stability. Therefore, Access Bank will seek to leverage existing public sector partnerships to support increased business activity in key growth sectors such as agriculture, construction and manufacturing, thereby bridging the financing gap in these sectors and facilitating increased access to finance.

Grow the Group's market share in the small business segment, distribution channels and service offerings

Access Bank also believes there are opportunities for growth through enhancing and modifying its existing products and services and creating new products, distribution channels and services.

- *Enhancement of the product offering to corporate clients*. The Group launched Primus in 2013 and Primuslite in 2015. These are the Group's corporate internet platforms that provide a variety of features optimised to address the traditional payment and cash management requirements of large corporate and other categories of businesses. It also launched Access e-Pay, which is a secured internet payment gateway that allows the acceptance of payments via an online shop (website) from any customers anytime, anywhere around the world. EbillsPAY is a multi-bank solution launched for corporate customers that facilitates bill payments and other types of remittances from an account. EbillsPAY enables customers to make payments in real-time, online and ensures instant credit of payments and receives collections on behalf of the biller or merchant. Access Bank intends to continue to enhance its products and service offerings to corporate customers.

- *Enhancement of alternative distribution channels*. Access Bank intends to continue to enhance its alternative distribution channels, particularly in mobile banking, internet banking and mobile payment, and to leverage its electronic distribution channels and technology in order to offer a wider range of products and services to customers, as well as to improve customer service.

- *Develop specialist finance functions*. The macroeconomic reforms in Nigeria, particularly in the infrastructure sector, have created an opportunity for financial intermediaries to provide specialist advice on infrastructure finance and project and structured finance. Management intends to further develop specialist finance functions to take advantage of this opportunity.

- *Continued improvements in service quality*. Management believes that service quality is increasingly becoming an important differentiating factor as stability and confidence return to the banking industry in Nigeria. Management has introduced several initiatives to promote and improve the quality of services offered – one initiative is the "five star" project, which ranks branches from one star to five stars using parameters such as ambience, customer service, turnaround time and customer feedback/surveys. The Bank also embarked on a "Winning with Service" campaign to resolve identified technological, operational, logistical and process-related issues that currently hinder the Bank's overall ability to deliver optimal service to its customers. As part of Access Bank's strategic goal of putting customers at the heart of its business, the Bank introduced its voice of the customer ("**VOC**") solution in January 2015. VOC is an initiative aimed at obtaining customers' real-time feedback and insights as they conduct transactions across the Bank's service channels. This is a tactical approach by the Bank to proactively align to ever-changing customer requirements in this fast-paced, technologically evolving market. This enables management to identify branches which require improvement. The Group also provides incentives and imposes sanctions as a way of encouraging branches to meet higher standards.

Expanding its digital banking value proposition by using leveraging technology

Access Bank believes that digital banking is a key driver of innovation in today's financial services industry. The increase in the use of technology is gradually changing the average consumer's behavioural patterns, particularly as it relates to purchase and payment systems. Access Bank is currently championing innovation through its digital and electronic banking platforms, including Primus for corporates, PrimusLite for SMEs and PWC for the retail market. The Group will seek to continue to position itself to meet customer demand for online and mobile interaction by putting digital banking at the heart of its business model through continued investments in the expansion of its alternative banking channels. See also "*—Description of Business—Digital Banking*".

Improve the Group's operational efficiency

Management believes that the Group has the management capability and expertise to achieve its desired growth while ensuring that operating efficiencies are improved. Specifically, Access Bank intends to:

- *Control its cost base*. The Group is focusing on controlling costs whilst ensuring that the quality of services is not jeopardised. The Group monitors, reviews and adjusts its budget on a monthly basis as it seeks to improve its cost-to-income ratio.

- *Improve efficiency in its business process*. Management believes that optimising and streamlining existing business processes are key to reducing cost and improving customer satisfaction. In order to achieve the desired business optimisation, the Group will continue to invest in improved IT and business support systems and tools. The Group has invested ₦12,888 million in the past three years and Access Bank intends to invest an additional ₦4 billion in 2016.

Consolidating existing footprints in key monetary/economic zones

While Access Bank is focusing on Nigeria as its primary market, it also seeks to extend its operations to select high impact African economies such as Kenya, Tanzania and Uganda, and leverage the UK as a trade transaction hub. Access Bank has already established a presence in a number of sub-Saharan African countries and intends to consolidate and build on its existing operations by focusing on establishing strong corporate relationships with multinational businesses which operate in more than one country, and providing cross-border relationship support for such businesses across the geographies in which they operate, thereby aiming to ensure that Access Bank is regarded as the preferred bank for customers. This will also enable Access Bank to derive the expected synergies from its international operations. Access Bank has also set up representative offices in China, Lebanon and Dubai in the United Arab Emirates ("**UAE**") with the aim to take advantage of increasing trade between Africa and Asia, and expects to use the China, Lebanon and UAE representative offices as hubs to service key trading partners in Asia.

Adopting high ethical practices and standards

The Group's business philosophy is hinged on high ethical practices and standards that guide the Group's day-to-day operational decisions and actions. The Group's business philosophy is anchored on three key elements:

- *Customers*. The Group recognises that its customers are at the heart of its business model, and in addition to delivering excellent customer service, it should enable its customers to achieve financial inclusion and assist them with understanding its products and services. The Group aims to conduct its business with a focus on long-term relationships, adding value and giving individuals the power of banking by working with companies, growing their business and empowering their employees, suppliers and distributors.

- *Sustainability*. In its quest to be the world's most respected African bank, the Group aims to effect change in Africa by applying the highest standards and ethics to all its business activities.

The Group recognises sustainable business practices as the foundation upon which it builds its corporate objectives and aims to deliver sustainable success for customers, employees and communities by aligning innovation, customer-focused service and global standards to provide the benefits of timely and secured service.

- *Talent*. The Group aims to target promising talent and invest in their professional training and timely and secured service.

Market Position and Competition

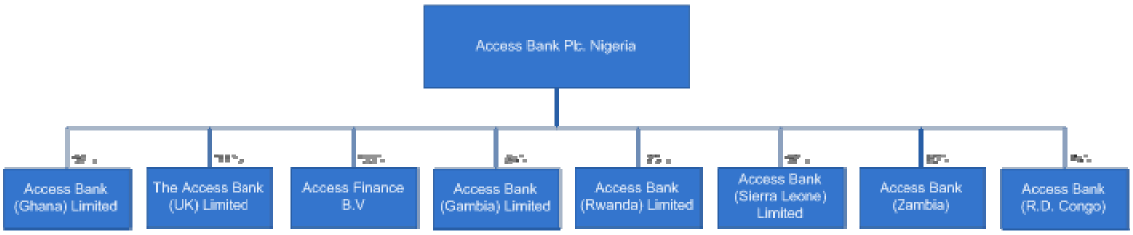
In July 2004, the CBN embarked on a recapitalisation and consolidation plan for the Nigerian banking sector, increasing the minimum capital requirement from ₦2.0 billion to ₦25.0 billion, which led to numerous capital raisings and consolidation within the industry, ultimately reducing the number of banks operating in Nigeria from 89 in July 2004 to 24 in September 2007. The subsequent global financial and economic crisis and the resulting decline in the Nigerian equities market in 2009 resulted in significant provisions and high non-performing loans in a number of Nigerian banks, and this result, coupled with the declining oil price in the international markets, led to a number of Nigerian banks experiencing liquidity challenges. The CBN conducted a Special Examination of all banks operating in Nigeria in 2009, which revealed that ten Nigerian banks had large non-performing loan portfolios and nine Nigerian banks were in a high-risk situation due to deficiencies in capital adequacy, liquidity, risk management practices and corporate governance. The CBN and AMCON intervened by providing bail-out funds to enable such banks to meet their minimum capital adequacy ratios and continue operations. This created opportunities for further sector consolidation, including acquisitions of some of the "intervened banks" by stronger banks. In addition to the Acquisition and Merger of Intercontinental Bank and Access Bank, other strategic transactions included the acquisition of a majority shareholding in Finbank by First City Monument Bank Plc, the acquisition of a majority shareholding in Oceanic Bank by Ecobank Transnational Incorporated, the merger of Equitorial Trust Bank and Sterling Bank and the acquisition of a majority shareholding in Union Bank by the African Capital Alliance Consortium. In 2015, Skye Bank Plc and Heritage Banking Company Limited acquired and merged with Mainstreet Bank Limited and Enterprise Bank Limited, respectively, resulting in the further reduction of the current number of commercial banks. See also "*The Nigerian Banking Sector*".

Notwithstanding the significant changes in the competitive landscape of the Nigerian banking sector, the Group has continued to perform well, moving from being amongst the top 10 Nigerian banks in 2008 to the third largest Nigerian bank in terms of assets, equity and deposits holdings, according to the published audited financial statements of Nigerian banks as at and for the period ended 30 June 2016, prepared in accordance with IFRS. As at 30 June 2016, the Group also had the fourth largest branch network (according to the published audited financial statements of Nigerian banks as at and for the six months ended 30 June 2016, prepared in accordance with IFRS). As at 30 June 2016, the Group had 9,164 POS and 1,526 ATMs. The Group considers its main competitors to be FBN, Zenith Bank, GT Bank and UBA in the retail market segment, where it competes on the basis of distribution network, number of customers and the range of retail products and services offered, while it also faces competition in the corporate customer segment from FBN, Zenith Bank, GT Bank, Standard Chartered Nigeria and Stanbic IBTC Bank plc, where it competes in the provision of structured financial products, services and price in key industry sectors such as oil & gas, telecommunications, power and manufacturing. Access Bank believes it has maintained its competitive position as a result of a number of factors, including its product expertise and innovation in a number of areas, growing its customer base through implementation of the VCM, and providing high standards of customer service.

Banking sector consolidation, aided by AMCON, has reduced the number of existing banks, and management believes that this has changed the Nigerian banking landscape. The concentration of capital amongst the non-intervened banks increased together with the share of the market in the hands of the stronger "large banks". Management believes that, in order to meet the competition driven by a more concentrated Nigerian banking industry, it will be critical for the Group to achieve economies of scale and be able to effectively offer the greater reach and financial capacity of larger banks.

Corporate Structure

The following chart shows the corporate structure of the Group as at 30 June 2016. See "*—Subsidiaries—Disposal of Subsidiaries*".



Description of Business

The Group offers a wide range of financial products and services to corporate, commercial and individual clients, and its principal business activities include: the Corporate and Investment Banking SBU, the Commercial Banking SBU, the Business Banking SBU, the Personal and Private Banking business, the Digital Banking SBU and the Operations and IT division. The Group's main business activities are each offered through an SBU. The products and services offered by the Group's various SBUs are described below.

Corporate and Investment Banking SBU

The Group's Corporate and Investment Banking SBU focuses on multinational, well-structured, large local and foreign-owned companies with a minimum annual turnover of ₦20 billion and with risk ratings falling within a specified limit, as well as financial institutions in the banking, capital markets, pensions and insurance subsectors. The Corporate and Investment SBU's sector focus includes the cement and construction, communications, manufacturing, upstream oil & gas, and financial institutions sectors, and selective focus on the downstream oil & gas, power, transportation, agriculture and real estate sectors. The Corporate and Investment Banking SBU's Financial Markets unit offers clients a wide range of financial services including treasury (trading in fixed income and currency products), corporate finance, project finance and structured finance (acquisition and leveraged finance services) and cash management solutions. This division is also responsible for the Group's relationships with domestic and international financial institutions (including DFIs). The Corporate and Investment Banking SBU also serves as the cornerstone of the Group's value chain model by providing the platform for intervening in the value chain of corporate customers, with the objective of optimising returns from these relationships. As at 30 June 2016, the Group had over 600 corporate and investment banking clients.

The Group's Corporate and Investment Banking SBU comprises nine segments:

- *Telecommunications subgroup*: provides banking products and services to a wide range of operators and service providers in the Nigerian telecommunications industry, including Global System for Mobile Communications ("**GSM**") and Code Division Multiple Access service providers, as well as Emerging Markets Telecommunication Services ("**Etisalat**"), original equipment manufacturers, internet service suppliers, infrastructure providers and dealers. Products and services offered include cash management, receivables discounting, liquidity management, dealer credit programmes and supplier finance schemes.

- *Financial Institution subgroup*: provides investment and financial products and services to financial institutions.

- *Treasury subgroup*: provides financial products including currency solutions, fixed income and derivatives.

- *Cement and Logistics subgroup*: services the major players in the cement and logistics industry, including manufacturers and importers operating in Nigeria. Some examples of the products and services offered include debt and equity finance for the construction of new cement facilities and the execution of capital projects for manufacturers and cement importers, distributor credit finance facilities, vendor and supplier financing, equipment lease financing and structured trade finance facilities for the importation of raw materials, spares and finished goods.

- *Transportation and Household Utilities subgroup*: provides services to various sectors including aviation, automobiles, shipping, packaging, personal care, metal fabrication and enamelware manufacture. Products and services offered include cash management, liquidity management, distributors' support programme, structured finance and vendor/supplier payment schemes.

Leveraging on its geographical spread in Africa and the United Kingdom, the Group also helps these clients to obtain structured trade services from its partner institutions such as multilateral finance institutions, export credit agencies, and correspondent banks.

- *Upstream Oil & gas subgroup*: provides specialised banking services to international oil companies, national oil companies and independent oil companies in oil exploration and production, including asset divestment and field development, as well as in general oil & gas services (including drilling, marine and logistics, engineering, procurement, construction and installation, and refineries and petrochemicals).

- *Downstream Oil & gas subgroup*: provides specialised banking services to large multinational oil & gas companies and independent oil marketers (individuals or companies that take possession of refined petroleum products for the purpose of reselling those products) engaged in product finance, infrastructure, logistics, storage and retail and distribution.

- *Project and Structured Finance subgroup*: provides advisory services to meet the infrastructure financing needs of corporate and commercial clients including government agencies. This subgroup also leverages the UK branch to provide relationship management services to major international clients and to support infrastructure development and financing.

- *Downstream Oil & gas subgroup*: provides specialised banking services to large multinational oil & gas companies and independent oil marketers (individuals or companies that take possession of refined petroleum products for the purpose of reselling those products) engaged in product finance, infrastructure, logistics, retail and distribution, and storage.

- *Foods and Beverages subgroup*: focuses on the foods and beverages industry in the fast-moving consumer goods sector, and services provided include cash management, liquidity management, distributors' support programme, structured finance and vendor/supplier payment scheme.

- *Value Chain Management subgroup*: the VCM subgroup focuses on harnessing banking opportunities across the value chain of its customers in the Corporate and Investment Banking Group to provide a competitive and robust framework for the acquisition and management of the clients operating within the value chain of the corporate names within the Group and increase the Bank's market share of such businesses. Additionally, the VCM subgroup seeks to identify and develop new Distributor Credit Programme strategies that will further enhance the Bank's market share, as well as create standardised value propositions to customers that will improve effectiveness, turnaround time and product efficiency in order to strengthen customer relationships and build customer loyalty.

For the six months ended 30 June 2016, and the years ended 31 December 2015, 2014 and 2013, the Corporate and Investment Banking SBU generated profits on ordinary activities before tax of ₦21.9 billion, ₦60.0 billion, ₦35.7 billion and ₦18.1 billion, respectively. The increase in profit on ordinary activities before tax generated by the Corporate and Investment Banking SBU in 2015 was primarily due to increased growth in securities trading.

The Group's Corporate and Investment Banking SBU accounted for ₦1,160.1 billion or 35.4 per cent. of total assets as at 30 June 2016, ₦1,010.3 billion or 39.0 per cent. of total assets as at 31 December 2015, ₦1,044 million or 49.6 per cent. of total assets as at 31 December 2014, and ₦969.8 million or 51.3 per cent. of total assets as at 31 December 2013. The decrease in the Corporate and Investment Banking SBU's assets in 2015 was primarily due to slowed corporate business on the back of sustained lower oil prices and foreign exchange scarcity in the second half of 2015, which negatively impacted the operations of the corporate banking businesses.

Lending

To meet the needs of the Corporate and Investment Banking SBU's clients, and to enhance the Group's customers' ability to meet their financial obligations and operate effectively, the Group offers financing assistance in the form of:

- working capital financing options, which include drawing against uncleared bank cheques, overdraft facilities, revolving credit facilities, invoice discounting, distributor credit plans, trade finance, and leases;

- long-term financing, including term loans, project finance, syndicated loans and note issuance facilities; and

- local and international trade-related products, including advance payment guarantees, bid bonds, performance bonds (where Access Bank undertakes to meet the shortfall in the estimated cost for project construction in the event of a default by the developer or contractor), and retention bonds (where Access Bank guarantees that a contractor will carry out all necessary work to correct structural and other defects discovered immediately after the completion of the contract, even if full payment has already been made to the contractor).

Within the Corporate and Investment Banking SBU, the Group's loans are spread across the various industries and segments covered by each subgroup. As at 30 June 2016, the Group's gross loans to customers totalled ₦1,784,860 million, approximately 37.1 per cent. of which were loans to Corporate and Investment Banking clients. As at 31 December 2015, the Group's gross loans to customers totalled ₦1,394.5 billion, approximately 39.6 per cent. of which were loans to Corporate and Investment Banking clients. As at 31 December 2014, the Group's gross loans to customers totalled ₦1,129.4 billion, approximately 45.2 per cent. of which were loans to Corporate and Investment Banking clients. As at 31 December 2013, the Group's gross loans to customers totalled ₦800.7 billion, 45.2 per cent. of which were loans to Corporate and Investment Banking clients.

By virtue of the applicable standard terms of such loans, some of the Group's loans in Naira pay interest at a floating rate linked to its prime lending rate ("**PLR**"), the CBN's MPR or NIBOR, and all of its loans in U.S. dollars pay interest at a floating rate linked to LIBOR for loans in U.S. dollars. The Group typically applies PLR as the reference rate for bilateral loans in Naira and NIBOR as the reference rate for syndicated loans in Naira. Loans to Corporate and Investment Banking customers are generally charged at a margin over the applicable NIBOR or over the MPR or PLR for Naira loans, and a margin over the applicable LIBOR for U.S. dollar loans. In addition, a facility fee and a management fee is generally charged on each loan. As at 30 June 2016, ₦265 billion, or 40.0 per cent. of the Group's gross loans to Corporate and Investment Banking clients, were denominated in U.S. dollars and other foreign currencies.

Deposits and Other Funding Sources

The deposit products offered to customers of the Group's Corporate and Investment Banking SBU consist of on-demand and term deposits. In addition to deposit accounts, some of the products and services offered to such customers include the issuance of local drafts, local fund transfers between accounts, cash-in-transit and draft-in-transit services, batch payments, bill payments, third-party transfers, safe custody services, duty payments and government remittances.

As at 30 June 2016, the Group's deposits from customers totalled ₦1,970.4 billion, of which ₦542.0 billion, or 27.5 per cent., were from Corporate and Investment Banking clients. As at 30 June 2016, the top 10 Corporate and Investment Banking depositors accounted for 9.8 per cent. of total deposits. As at 31 December 2015, the Group's deposits from customers totalled ₦1,683.2 billion, approximately 27.2 per cent. of which were from Corporate and Investment Banking clients. As at 31 December 2014, the Group's deposits from customers totalled ₦1,454.4 billion, approximately 20.9 per cent. of which were from Corporate and Investment Banking clients. As at 31 December 2013, the Group's deposits from customers totalled ₦1,331.4 billion, approximately 20.9 per cent. of which were from Corporate and Investment Banking clients. Deposits from customers increased in 2015 primarily due to growth in the Bank's retail business and improved value chain penetration across various business units. The increase in deposits from customers in 2014 was due to improved customer engagement of the retail and SME segments, as well as an enhanced segmentation engagement strategy. See also "*Management's Discussion and Analysis of Results of Operations and Financial Condition—Financial Condition—Deposits from customers*".

As at 30 June 2016, 40.8 per cent. of the Group's deposits from customers were denominated in U.S. dollars and other foreign currencies, the majority of which were from Corporate and Investment Banking customers. As at 31 December 2015, 2014 and 2013, 36.0 per cent., 33.8 per cent. and 29.9 per cent., respectively, of the Group's deposits from customers were denominated in U.S. dollars and other foreign currencies, the majority of which were from Corporate and Investment Banking customers. The increase over the past three years in the proportion of deposits denominated in U.S. dollars is in line with the Group's strategy to obtain foreign currency funding that it may use to support the businesses of its corporate clients, particularly those active in the Nigerian oil & gas sectors where the clients often obtain foreign currency-denominated loans (primarily U.S. dollars) for their foreign trade activities.

Other products and services

The Corporate and Investment Banking SBU also aims to provide innovative finance solutions to meet the short, medium, and long-term financing needs of clients, and offers services to multinationals, large domestic corporate, and other institutional, commercial and retail clients. Products offered include treasury (trading in fixed income and currency products), corporate finance, project finance and structured finance (acquisition and leveraged finance services) and cash management solutions, including through its corporate internet platform, Primus.

Investment banking functions are facilitated through the Treasury subgroup and Project and Structured Finance subgroups. The Treasury subgroup is a market leader in fixed income and currency trading in Nigeria based on volume traded, according to data released by Central Securities Clearing Systems Limited ("**CSCS**"), while the Project and Structured Finance subgroup continues to build core competence in structured finance and advisory transactions that continue to be permissible under the terms of Access Bank's new international commercial banking licence.

The Corporate and Investment Banking SBU has developed a core competency in debt financing transactions and its expertise is recognised both locally and internationally. For example, through the division, Access Bank acted as lead arranger on a ₦82.5 billion and U.S.$100 million loan facility agreement for Etisalat as borrower, with a syndicate of nine Nigerian banks as local lenders. The Corporate and Investment Banking SBU also served as financial adviser to the Gombe State government with regards to a senior ₦5 billion bond issuance under a ₦10 billion shelf programme in March 2015. Since 2006, the business has also been a primary dealer and market-maker in Nigerian sovereign, subnational (including state governments, other governmental agencies and parastatals) and corporate bonds, and it has consistently maintained a market share in excess of 10 per cent. across the various financial instruments in which it trades (*source*: CSCS). The products and services provided by the Corporate and Investment Banking SBU have received a number of awards in the past, including the "Best Flow House in Africa" award at the Euromoney Awards for Excellence in 2015, the "Sustainable Bank of the Year Award (Middle East & Africa)" in 2011 and the "Most Active Global Trade Finance Programme Issuing Bank in Africa Award" in 2010. In addition, Group employees have been invited as key speakers at different market development conferences across the globe, including Bloomberg's Eye on Africa conference in London and at the opening event in Mauritius of the first organised currency exchange in Africa. Access Bank believes that the success of its Corporate and Investment Banking SBU is based in part on the strong relationships and partnerships it has with multilateral finance institutions and DFIs, which has enabled it to benefit from additional capacity and technical expertise and allowed it to enhance its own corporate governance and global risk management framework. See "*—Key Strengths—Strong relationships with development finance institutions, multilateral agencies and international correspondent banks*" above.

Treasury subgroup

The Treasury subgroup works closely with corporate customers, pension funds and federal and state governments to deliver currency and fixed income solutions tailored specifically for their requirements. The Treasury subgroup focuses on structuring risk management solutions to help mitigate interest rate and foreign exchange risks for the Group and its customers. It offers the Group's customers a broad array of money market and foreign exchange services that enable them to carry out their business operations locally and internationally. The Treasury subgroup's activities are carried out through two units: the Asset & Liability Management unit and the Sales & Trading unit.

The Asset & Liability Management unit is primarily responsible for managing market and liquidity risk, analysing loans to deposit ratios, cost of funds and the Group's overall balance sheet structure and ensuring Access Bank complies with regulatory prudential requirements.

The Sales & Trading unit focuses on foreign exchange and fixed income trading. The Sales & Trading unit, through the foreign exchange desk, is responsible for the Group's currency trading. The Group's currency trading involves primarily direct buying and selling of major international currencies through spot, swap and forward contracts. The Group can buy and sell foreign currency directly in interbank transactions, rather than trading only with the CBN.

The fixed income desks are responsible for purchases and sales of debt instruments, primarily bonds and treasury bills. Since 2006, Access Bank has been one of the primary dealers and market-makers in the Nigerian bond market and has been an active participant in the market, trading government bonds with various maturities. Access Bank's trading securities consist of publicly listed debt instruments such as sovereign, sub-national and corporate bonds of varying maturities. In the local currency money market, Access Bank remains one of the few banking institutions authorised to operate as a market-maker in all types of government securities.

Apart from trading on its own account, the Group also trades securities on behalf of its clients as primary dealer.

In general, the treasury team provides innovative solutions to help its customers manage their foreign exchange risks while providing them with liquidity even at times of market illiquidity. Such solutions cut across funding, foreign exchange, liquidity, investment, hedging and other risk management needs.

Access Bank's hedging solutions include foreign exchange spots, forwards, swaps, and other innovative products that offer its clients the stability and comfort needed to ensure a striving business. Access Bank is also active in fixed income instruments via prime brokerage services, sale and repurchase agreements and other yield enhancement products.

The Group played a pivotal role in the development of the derivatives market in Nigeria having executed over 25 per cent. of all currency forwards traded by the CBN. The Group also initiated the online, executable quotes currency trading platform to ensure a far-reaching and more sustainable impact on the trading landscape.

Access Bank was admitted to membership of the International Swaps and Derivatives Association in January 2010.

Project and Structured Finance subgroup

The Project and Structured Finance subgroup (previously the Corporate Finance subgroup) specialises in the provision of investment banking activities covering financial advisory, debt raising, project finance and structured finance advisory services. The Project and Structured Finance subgroup is also actively involved in various strategic initiatives concerning the Group, including the execution of Access Bank's own international and domestic capital markets transactions.

The Project and Structure Finance subgroup serves clients from a diverse range of sectors, including but not limited to, oil & gas (upstream and downstream), cement, manufacturing, power, telecommunications, food and beverages, transport and infrastructure sectors. Through the Project and Structured Finance subgroup, Access Bank has participated in a number of debt raisings, including participating in a consortium with other Nigerian banks in providing a ₦650 billion financing facility to Emerging Markets Telecommunication Services Limited, in March 2011, as well as participating in a U.S.$3.3 billion syndicated medium-term corporate facility for the Dangote Group's fertilizer plant and crude oil refinery projects. In addition, Access Bank has acted as lead arranger and/or co-lead arranger on a number of high-profile Nigerian financing transactions in recent years, including a U.S.$280 million syndicated loan for Neconde Energy in 2011, a U.S.$375 million syndicated loan for Bonny Gas Transport limited in 2011, and a U.S.$1.2 billion syndicated loan for Exxon Mobil (RDP Funding Limited and NGL 11 East Area Projects) in 2012.

The Project and Structured Finance subgroup, in collaborations with other SBU's, has provided a number of significant financings, including:

- a U.S.$110 million contract finance facility for a major EPCI contractor on OML 42 in 2014;
- a U.S.$640 million participation in acquisition funding of OML 24 in 2015;
- a U.S.$108.2 million medium term loan restructuring funding to support a major oil company in Lagos in 2016.

In addition, the Project and Structured Finance subgroup has been very active in encouraging foreign direct investment in Nigeria – it maintains strategic relationships with international development finance institutions, such as the IFC, the FMO, the African Export Import Bank, and the AfDB, and assists Nigerian companies with obtaining funding from international sources. It also helps clients explore other potential avenues of access to international funding facilities.

The Project and Structured Finance subgroup has formed strategic partnerships with several DFIs such as the European Investment Bank ("**EIB**"), the FMO, PROPARCO, the AfDB and the IFC. Through these relationships, the Project and Structured Finance subgroup has provided funding of over U.S.$200 million to a wide spectrum of clients across the manufacturing, industrial, agriculture, healthcare, hospitality and tourism and SMEs sectors, amongst others.

Following the CBN's repeal of the Universal Banking Guidelines, and the issuance of an International Commercial Banking Licence to Access Bank, the Bank is no longer able to conduct financial advisory services that require filings with the Nigerian SEC. However, Access Bank continues to be able to undertake debt syndications (including "club deals", which are syndicated loans, typically by a small number of banks), project finance advisory work, balance sheet restructurings, sourcing for medium to long-term foreign currency on-lending lines, agent bank mandates, corporate restructuring services and receiving bank mandates.

Commercial Banking

The Commercial Banking SBU focuses on incorporated companies with turnover of ₦1 billion or more (excluding companies that meet Corporate and Investment Banking SBU customer criteria), Federal Government ministries, departments and agencies, as well as state and local governments. The Commercial Banking SBU's target market includes companies that are within the Corporate and Investment Banking value chain, as well as federal, state, and local governments. Specific target customers include Asian and Lebanese companies in key sectors/industries and select states/cities, manufacturing companies, consumer, hospitality and lifestyle companies and contractors in select sectors (oil & gas, construction and real estate). This is in line with the Group's strategic focus of banking the entire value chain of its corporate clients. Clients of the Commercial Banking SBU also include public sector entities (federal and state government ministries, departments and agencies). As at 30 June 2016, the Group had approximately 170,000 commercial banking customers and 30,200 public sector customers.

The Group's commercial banking customers are organised by geographic regions within Nigeria (Lagos, West, East, South, North and Abuja). These customers are usually owner-managed, have smaller turnovers, are usually less structured than Access Bank's institutional banking customers and do not require the same level of complexity for their banking products and services needs.

The Commercial Banking SBU offers a wide range of banking services and products to meet the needs of the customers by following the value chain of customers, including various lending and deposit products, the issuance of local drafts, local transfers between accounts, cash-in-transit and draft-in-transit services, batch payments, bill payments, third-party transfers, safe custody services, duty payments and government remittances. Significant successes have been recorded with the application of the value chain strategy showing the potential for growth in the business with more rigorous implementation of this strategy. An example of such success is with MTN, the largest mobile telecoms operator in Nigeria, where Access Bank designed a "distributor credit plan" that allows MTN to provide its distributors, one of the critical stakeholders in its value chain, with credit on airtime purchases, which credit is backed by a guarantee from Access Bank. This provided a solution for MTN, which was not willing to take the credit risk on distributors, and has allowed MTN to realise the available sales potential, as well as supporting distributors in their businesses. Due to its success, this product has been deployed across a wide range of industries with similar structures.

The Commercial Banking SBU generated profit on ordinary activities before tax of ₦27.2 billion for the six months ended 30 June 2016, and accounted for ₦1,806.1 billion or 55.1 per cent. of the Group's total assets as at 30 June 2016.

Lending

The Group offers a range of lending products, including overdraft facilities, term loans, shorter-term time loans, lease financing and invoice discounting to its Commercial Banking customers, and also offers other contingent facilities such as performance bonds, guarantees and import finance facilities (through letters of credit). These facilities are usually short-term in nature and range from one to four years. Within the Commercial Banking SBU, the Group's lending activities are spread amongst industries and geographies, with loans to customers in sectors such as oil & gas, telecommunications, projects and infrastructure, real estate, manufacturing, automobile, aviation, food and beverages, fast-moving consumer goods and general commerce, and with customer bases that extend throughout the country. These customers are largely distributors, suppliers and other service providers (that is, stakeholders in the value chain) of the large corporate clients of Access Bank's Corporate and Investment Banking SBU, as well as of other emerging, large Nigerian corporations whose turnover or business structure may not yet allow them to qualify as clients of the Corporate and Investment Banking SBU. The majority of loans to commercial customers (including loans made by the Corporate and Investment Banking SBU) are secured, primarily by real estate. As at 30 June 2016, the Group's loans and advances to customers totalled ₦1,784.9 billion, of which ₦1,031.1 billion, or 57.8 per cent., were loans to Commercial Banking clients. As at 30 June 2016, ₦350.4 billion, or 22.3 per cent., of the Group's gross loans to Commercial Banking clients were denominated in U.S. dollars and other foreign currencies.

Deposits

The typical deposit products offered to customers in the Commercial Banking SBU consist of current accounts, banker's acceptances, term deposits and fixed rate deposits. As at 30 June 2016, the Group's deposits from customers totalled ₦1,970.4 billion, of which ₦823.9 billion, or 41.8 per cent., were from Commercial Banking clients. As at 30 June 2016, ₦289.8 billion, or 16.6 per cent., of the Group's deposits from Commercial Banking clients were denominated in U.S. dollars and other foreign currencies. See also "*Management's Discussion and Analysis of Results of Operations and Financial Condition—Financial Condition—Deposits from customers*".

Public Sector subgroup

The focus of the Public Sector subgroup within the Commercial Banking SBU is on all institutions operating under the auspices of government, including within the executive, legislative and judiciary branches, and at the federal, state and/or local government levels. Some of the products and services offered to the public sector include batch payments, revenue collection schemes, cash management, deposit and investment, electronic payroll systems, offshore remittances and foreign exchange and project finance.

In order to provide financial relief to state governments and support the Nigerian economy, the Nigerian Federal Government has implemented two facilities, the SBO and the ECA, available to states who meet a 22-point reform agenda created under the Federal Government's Fiscal Sustainability Plan. Of the 27 eligible states, 16 states accessed such funds through Access Bank which, as at 30 June 2016, amounted to ₦197 million in funds. See "*Management's Discussion and Analysis of Results of Operations and Financial Condition—Public sector lending*". As at 30 June 2016, the total lending of the Group to the public sector is ₦278.0 billion, or 15.6 per cent. of total lending, comprising of ₦129.4 billion via the SBO, ₦67.1 billion via the ECA and ₦81.1 billion of direct lending from the Group's balance sheet.

Business Banking

The Business Banking SBU focuses on companies and SMEs with annual turnover of not more than ₦1 billion. The Business Banking SBU adopts the Commercial Banking SBU's target market model, and focuses on customers that are within the Commercial Banking and Corporate and Investment Banking SBU customers' value chain.

The Business Banking SBU generated profit on ordinary activities before tax of ₦50.6 million for the six months ended 30 June 2016, and accounted for ₦112.5 billion, or 3.4 per cent., of total assets as at 30 June 2016.

Lending

As at 30 June 2016, the Group's loans and advances to customers totalled ₦1,784.9 billion, of which ₦64.2 billion, or 3.6 per cent., were loans to Business Banking clients. As at 30 June 2016, ₦13.9 billion, or 0.9 per cent. of the Group's gross loans to Business Banking clients were denominated in U.S. dollars and other foreign currencies.

Deposits

As at 30 June 2016, the Group's deposits from customers totalled ₦1,970.4 billion, of which ₦226.8 billion, or 11.5 per cent., were from Business Banking clients. As at 30 June 2016, ₦16.2 billion, or 0.91 per cent., of the Group's deposits from Business Banking clients were denominated in U.S. dollars and other foreign currencies.

Personal and Private Banking

The Group's Personal and Private Banking comprises personal banking, which focuses on affluent professionals, employees in the value chain of the Group's corporate clients, as well as students, pensioners, employees of religious organisations and informal traders; and private banking, which focuses on ultra-high and high net worth individuals.

The Personal and Private Banking business is structured to develop and promote the retail business generally through traditional branches, as well as electronic banking channels and the provision of services to individual account holders. As at 30 June 2016, the Personal and Private Banking business served over 6.5 million customers.

Following completion of the Acquisition and subsequent Merger, the Group has significantly expanded its presence in the Nigerian retail banking business by the addition of the Intercontinental Bank Group's extensive retail branch and distribution and customer networks. As at 30 June 2016, the Group had 371 branches (of which 305 are located in Nigeria, two are located in the United Kingdom, with the remaining banking branches located in other sub-Saharan African countries) and approximately 1,526 ATMs.

The Personal and Private Banking SBU is organised by geographic region within Nigeria and is structured along three broad customer segments:

- *Private Banking*: this subgroup focuses on affluent professionals, which comprise management and executive level employees of private companies and the public sector;
- *Personal Banking*: this subgroup focuses on employees in the value chain, which comprise employees of incorporated companies below management level, officers and support staff; and
- *Inclusive Banking*: this subgroup focuses on students, pensioners, employees of religious organisations and informal traders and the mass market.

The Personal and Private Banking SBU's products and services range from standard to specialised savings, current and investment accounts. This division offers credit products including personal loans, advances, mortgages, asset finance, small business loans and credit cards. E-business products offered include internet banking, mobile banking, merchant services and customised corporate solutions.

The Personal and Private Banking SBU's private banking business focuses on ultra-high and high net worth individuals. The private banking business provides clients with integrated wealth management products and services such as portfolio management, concierge and custodian services, with the aim of presenting a one-stop shop for wealth management services, including personalised and timely service, confidentiality, funds administration and financial advisory services. Products and services offered by the private banking business include credit cards, portfolio management services (including dedicated wealth managers), credit facilities, core banking products (including VIP current and savings accounts) and other exclusive privileges (including custody and safekeeping services, mail holding services and concierge/passenger assistance services).

For the six months ended 30 June 2016, the Personal and Private Banking business generated a profit on ordinary activities before tax of ₦7.3 billion, and accounted for ₦102.0 billion, or 3.1 per cent., of total assets as at 30 June 2016.

Lending

Currently, retail lending in Nigeria is constrained by the lack of a comprehensive credit bureau, a legal framework that makes it difficult to register and pledge land as collateral and the lack of a national identity card system. See "*Risk Factors—Risks relating to the Nigerian banking sector—The high credit risk of Nigerian borrowers and the lack of a fully-developed central credit bureau in Nigeria may adversely affect the Group's retail loan portfolio*". Loans to individuals are generally only made when individuals pass certain credit reference checks in accordance with applicable regulations.

As at 30 June 2016, ₦66.0 billion, or 3.7 per cent., of the Group's loans and advances to customers were loans to individuals. The Group also lends to approximately 3,890 state government employees primarily in the form of personal loans, and as at 30 June 2016 these loans accounted for ₦1.3 billion, or 0.1 per cent., of the Group's total gross loans. As the Group provides payroll services to many state and federal employees, the Group's retail lending to public sector employees is payroll deductible. See "*Management's Discussion and Analysis of Results of Operations and Financial Condition—Public sector lending*" and "*—Loans and advances to customers*".

The range of loan products offered to Personal and Private Banking customers includes term loans, overdrafts, lease financing (to assist small and medium-sized enterprise customers with equipment and machinery requirements), invoice discounting (purchasing account receivables from customers for cash, allowing customers to benefit from immediate cash flow whilst still retaining sales accounting and credit control functions; offered to small and medium-sized enterprise customers who have receivables from Access Bank's large corporate clients), revolving credit facilities (usually to assist customers finance their permanent working capital, and mainly with a maximum tenor of three years).

Other lending/credit products include Visa credit card, Auto Online (an online product designed to assist customers with the acquisition of new vehicles) and a Facility Upgrade Support Scheme Credit Programme*,* which provides short and medium-term financing to schools for the purpose of bridging short-term funding gaps, infrastructure development and asset acquisition.

Deposits

As at 30 June 2016, ₦377.7 billion, or 19.2 per cent., of the Group's total deposits from customers were deposits from retail customers, compared with ₦344.2 billion, or 20.4 per cent., as at 31 December 2015, ₦337.4 billion, or 23.2 per cent., as at 31 December 2014, and ₦258 billion, or 19.3 per cent., as at 31 December 2013. The increase in CRR on public sector funding and the new CBN policy on a single treasury settlement account have resulted in a decrease in deposits from public sector and financial institutions. Retail deposits stayed relatively flat in 2016. See also "*Management's Discussion and Analysis of Results of Operations and Financial Condition—Financial Condition—Deposits from customers*".

The Group conducts its retail banking operations primarily through its network of 305 banking branches in Nigeria and 66 banking branches elsewhere in sub-Saharan Africa and the United Kingdom (as at 30 June 2016) and other distribution channels such as ATMs, points of sale and the internet. See "*—Distribution Channels*" below.

The deposit products offered to retail customers include current accounts, domiciliary accounts (offering interest-bearing foreign currency-denominated accounts in U.S. dollars, pounds sterling and Euros), Solo accounts (targeted at students and young adults), Access Premier Account (providing competitive interest rates for individual customers), Evergreen accounts (aimed at making banking easier during retirement and providing features such as free service changes, priority services and access to Evergreen lounges) and a number of savings accounts, including Access Early Savers (for children until they are teenagers), Access IPSA Account (a hybrid savings account with certain features and benefits of a current account, such as allowing direct deposits of cheques), and Investment Savings Account (suitable for regular savings).

The Group also offers MPower Biz Gold and Platinum business accounts, specially designed for business owners, SMEs, sole traders, professional firms, non-government organisations, schools and churches. They provide access to financial advisory services provided by the Group and the Access SME Toolkit, which is a financial services tool designed by Access Bank to help business owners to set up, grow and manage their businesses more effectively.

Electronic Banking

The Group also aims to provide reliable E-Banking solutions to enhance customers' experience. Access Bank intends to leverage on its E-Banking platform to accelerate growth in retail banking and cash management. These services provide customers with added convenience, as banking can be conducted from anywhere and at any time. The key ideas behind the provision of E-Banking facilities are convenience, simplicity and security.

- *Primus*: the Group's corporate internet platform that provides a variety of features optimised to address the traditional payment and cash management requirements of large corporate and other categories of businesses. Primus provides access to a comprehensive range of banking solutions which offers collections, treasury services, trade services, payments and liquidity management services. It aims to be a consolidated financial transaction one-stop shop for the Group's corporate clients.

- *Access Internet Banking*: the Group's "easy to use" web-based internet banking application that allows customers to view the latest information on their accounts, track transactions and download and print their account statements from anywhere with online access. Customers can also set up, view and amend standing instructions.

- *Access Telephone Banking*: giving customers access to their account over the phone.

- *Access Mobile Banking*: providing customers with access to account information through the SMS facility available on any of the GSM networks.

- *Access Debit and Credit Cards*: allowing customers to carry out transactions without the need to carry around large sums of cash.

- *PayWithCapture ("PWC")*: the Group's mobile payment solution allowing customers to make payments by scanning a QR code on their mobile device.

Digital Banking

Digital Banking is a key driver of innovation in Nigeria's financial services industry. The increase in the use of technology is gradually changing consumers' behavioural patterns, particularly as it relates to purchase and payment systems. For example, social networking, peer reviews of products and online research are now the norm.

Digital payments are becoming significant in Africa with evidence that digital banking is becoming more popular than traditional forms of payment. The Group is positioning itself to meet this customer demand by placing digital distribution at the heart of its personal and business-banking proposition. The Digital Banking Group was created in September 2014 to incorporate multichannel integration with an emphasis on creating new business models and digital assets that provide value to the Group's customers.

The Digital Banking Group is a fast-growing group of intelligent and vibrant innovators working in line with the Bank's vision to be the World's Most Respected African Bank.

The Digital Banking Group provides solutions which enable consumers to purchase and make payments conveniently, afford businesses the opportunity to sell and accept payments in their preferred manner, and connects the two in a way that seeks to add value to both. These solutions support open unified multichannel integration that enables the Bank to deliver seamless customer service on any device or channel to third parties and external partners. The Bank can develop new services and incorporate services via web APIs. These digital banking solutions also enable the Bank to focus on achieving synergies across channels rather than only delivering a specific product or service.

In the Group's bid to position itself as a centre for innovation and the commercialisation of technology, Access Bank, via a strategic partnership with Capture Payment Solutions, has introduced the innovative electronic payment solution, PWC. PWC is a mobile solution that uses a customer's phone camera to scan a merchant's specific QR code for payment via a linked account (MasterCard/VISA/Access Bank Account/Mobile Wallet, etc.) The app is available on all devices (Android, iOS, Blackberry). PWC allows both Access Bank and non-Access Bank customers to make payments (in-store or remote) by scanning a PWC-generated QR code using the camera of the mobile device.

Access Bank will continuously leverage key partnerships and strong alliances to provide innovative and cost-effective solutions to grow the bank's business, develop and offer new products and services, and ultimately reduce costs.

Operations and IT division

Through the Operations and IT division, the Group supports the operations of each of its other divisions by providing the information technology system and infrastructure, such as branches, and day-to-day transactional banking services, such as payments and collections, trade finance, operating units and retail products, to facilitate the transaction processing requirements of its customers. The division aims to provide quality-of-service delivery, quality-of-process execution and efficiency of operations, and products and services offered include telegraphic transfers, cash deposits, cash withdrawals, cheque deposits, draft issuance and letters of credit, which enable other divisions to carry out their assigned services. Examples of some of the products and services offered include:

- *Collections*: The Group's collections products are designed to expedite the receipt of funds into customers' accounts and to help them manage their receivables process with greater efficiency.

- *Payments*: The Group's payments products are designed to facilitate the management of customers' payments processes. For example, Access Pay is a product that is designed to integrate the customers' internal processing systems with Access Bank's online payment platform and supports all types of payments, including payments to suppliers and vendors, salaries and allowances to employees, pension fund payments and tax payments. The result is a reduction in routine administrative tasks and increased payment efficiency.

- *Account Information*: The Group can provide customers with detailed account information to facilitate accounts reconciliation processes.

The Operations and IT division has in place relationship models for engaging the different categories of the Group's customers, which are designed to facilitate differentiated offerings to customers suited to their differing requirements and expectations. The three main categories of customer identified in this engagement model include: institutional and public sector clients; corporate and large commercial customers; and smaller commercial and individual clients.

Information Technology

The Group strives to use state-of-the-art infrastructure, processes and security to help ensure the smooth and efficient delivery of all its transactional banking products and services.

The Group has a robust information technology system that enables effective support of the Group's business strategy for business growth and sustainability. Key automation projects have been successfully implemented which Access Bank believes have resulted in business optimisation and delivered competitive advantages for the business, including improved process efficiency and cost reductions. They include:

- Automation of the front, middle and back office treasury processes. This has brought about significant improvements in efficiency, accuracy and controls, and significantly improved the Group's capability to effectively serve its customers.

- As a key development of the Group's Enterprise Risk Management Framework, automated Asset and Liability and Market Risk applications were implemented. These applications have transformed and enhanced the Group's ability to take an integrated and enterprising approach to risk management. A comprehensive risk management dashboard also provides management with up-to-date information regarding business performance across all risk categories.

- Successful automation of the Group's global trade and payments business. This platform automates the global trade and payment process, bringing about improvements in responsiveness to customers, process quality and risk management. There is a customer-facing portal to enable customer self-service with straight-through processing and transaction tracking.

- Successful delivery and implementation of the Group's suite of integrated payments, collections, cash management and payroll solutions for the clients. These solutions can be integrated into the customers' systems to provide efficient and cost-effective bulk payments, collections and reporting capabilities, helping customers integrate their payments and collections systems and processes.

The Group has recently upgraded its core banking platform software to Flexcube UBS 12.1, which has enhanced functionality and provides a platform on which the Bank can serve its customers from various locations at any time. See also "*—The Group is subject to risks relating to its information technology systems and its ability to remain competitive depends on its ability to upgrade such systems*".

As part of the Group's continued significant investment in core technology, a data centre was launched in 2014. As one of the most sophisticated data centres in financial services in Africa, it aims to fulfil the Group's computing requirements by acting as a primary site for hosting its core banking applications, enterprise applications and ATM systems, with a consistent power supply and sophisticated power management and cooling systems. The data centre provides a platform for all of the Group's IT services with high processing capacity and uptime and has been built to support the Group's growth into the future. The data centre is further supported by a secondary data centre as well as a disaster recovery centre, thereby seeking to ensure continual availability of all Access Bank's IT services across its network and to support the Group's growth into the future. Both data centres are located in Lagos (with a secondary disaster recovery centre located in mainland Lagos). Management is also exploring new locations for a disaster centre recovery outside of Lagos. Real-time replication of core banking applications has also been established between the primary data centre and the disaster recovery centre.

The Group also actively participated and led in shaping the electronic payment services and the shared service initiative of the CBN. Access Bank was a standing member of the CBN committees on payment system reforms. It also chaired various work streams and provided technical input into the process.

The Group continues to develop its enterprise architecture for IT-enabled business transformation to facilitate sustainable business growth into the future. All enterprise systems now operate on a common platform and, in 2013, the Bank upgraded to the Oracle 11g database to enable it to process higher volumes of transactions, address issues of technology obsolescence, reduce performance overhead, enhance operational efficiency and improve speed, service and security. This upgrade to the Oracle 11g database also prepared the Bank for its upgrade of the core banking platform to a higher version in the last quarter 2014.

In 2015, the Group performed a series of information security enhancements, such as the deployment of automated solutions. Additionally, the Group carried out staff training on handling sensitive and harmful/spam messages. Trainings also focused on ways by which security breaches can be prevented by either staff or customers. Additionally, the Group used Phishlab to provide anti-phishing and enterprise asset protection for identifying fraudulent spam messages.

The following are some of the activities carried out in 2015:

- The reimplementation of the Microsoft System Centre Configuration Manager which allows better distribution of patch and antivirus updates to systems on the bank's network and an enhanced capability for the centralised deployment of applications to system.

- The development of an Access Bank Cyber Security Threat Prevention Framework and roadmap to secure the enterprise against existing and future cybersecurity threats.

- Commenced implementation of an anti-fraud system on the multichannel architecture, which is expected to reduce fraud exposure and provide proactive monitoring.

- Reimplementation of Hedgehog on the Flexcube UBS platform, which will provide insight into the activities on the Flexcube databases and protect the Bank from malicious activities.

In 2016, the Group expects to implement the following:

- CR2 Multichannel platform;

- Enterprise Service Bus;

- Contact Centre/CRM solution; and
- Enterprise Data Warehouse.

The Bank will enhance efficiency through a private cloud, a virtualisation to reduce server footprint and improve DR and cloud capability. Furthermore, the Bank will improve stability through application monitoring and use of a security operations centre.

Further transformation of the Bank's IT (IT architecture, software development, IT operations and infrastructure and operating model) will align with the Bank's vision to be the World's Most Respected African Bank.

See also "*Risk Factors—Risks relating to the Bank and the Group—The Group is subject to risks relating to its information technology systems and its ability to remain competitive depends on its ability to upgrade such systems*".

Distribution Channels

The Group distributes its products and services through a variety of channels, including through its network of branches and ATMs across the various locations where it operates, as well as online and electronically through its internet and mobile banking platforms, as well as through provision of POS terminals. Access Bank also has dedicated relationship management teams throughout its branch network, who are responsible for marketing its products and services.

In addition to branches and ATMs, the Group also offers electronic banking products, which include, amongst others, AccessPay, AccessDirect, mobile banking, call centres, Visa cards, Access Online (online real-time account balance enquiry, transfers and print statement), Access Alert, PWC and AccessFX (supports online customers' foreign exchange transactions). The Group aims to continue expanding the channels through which it distributes products and service customers, including, where possible, development of more convenient and/or accessible channels to suit the needs of its customers.

Branches and Representative Offices

As at 30 June 2016, the Group had a total of 371 branches of which 305 are located in Nigeria and two are located in the United Kingdom, with the remaining banking branches located in other sub-Saharan African countries. The Group's branch network is spread across Nigeria, other countries in Africa where it operates (including Sierra Leone, Gambia, Zambia, Rwanda, Ghana and the Democratic Republic of Congo), as well as in the United Kingdom. The Group has also set up a representative offices in China, Lebanon and the UAE (Dubai) with the aim to take advantage of increasing trade between Africa and Asia, and expects to use the China, Lebanon and UAE representative offices as hubs to service key trading partners in Asia. The Group is considering converting the Dubai representative office into a full branch.

The Group uses a widespread network of branches which are built to serve diverse sets of customers and businesses in line with the Operations and IT division's engagement model described above. Each branch's product and service offering is tailored to suit the needs of the customers it serves. The Group assigns branches within four categories, ranging from full service branches to leaner branches that offer largely pay and receive services only. Branch categorisation is based on the size and characteristics of deposits and customers served by each branch, and is closely aligned with services provided to key customer markets and segments.

The operations of each branch are subject to internal regulation and to oversight by Access Bank's head office in Lagos, Nigeria. Each branch is linked in real-time to the head office via either VSAT or fibre cable, and each branch has its own power generation system to supplement the main power network.

ATM network

The location of ATMs is determined on the basis of the size and location of the relevant branch; some branches may have more than one ATM.

As at 30 June 2016, Access Bank owned and operated 1,526 ATMs. In addition, in common with many other retail banks in Nigeria, customers of the Group can use the ATM networks of other Nigerian banks for a nominal fee per withdrawal.

Other Distribution Channels

Other distribution channels include electronic and online banking products and services, including electronic fund transfers at points of sale, telephone banking, internet banking, mobile banking, the Group's call centres and use of new media platforms. Furthermore, in addition to being able to use its branches, ATMs and the network of third-party ATMs available throughout Nigeria, under arrangements between Access Bank and third-party vendors, the Group's customers are currently entitled to use Access Bank's card products to pay for goods or services at trade service outlets throughout Nigeria.

The Group has invested significantly in technology (Flexcube software, VSAT communications system and radio links) which interfaces with electronic delivery systems that facilitate multiple delivery channels to customers, including its ATM networks, on mobile devices and over the internet. The Group's range of internet, electronic and online banking products and services offer customers services such as collections and remittances of bills (including utility bills), real-time internet banking, purchase of mobile phone airtime, funds transfers, cheque requisitions and confirmations, balance enquiries and statement services. These products and services include:

- *Primus* – the Group's corporate internet platform that provides a variety of features optimised to address the traditional payment and cash management requirements of large corporate and other categories of businesses. Primus provides access to a comprehensive range of banking solutions, which offers collections, treasury services, trade services, payments and liquidity management services. The Group aims for Primus to be a consolidated financial transaction one-stop shop for Group's corporate clients.

- *Contact centre* – the Group's customer service centre provides telephone, email and SMS customer contact that is available 24 hours a day, 7 days a week (including weekends and public holidays).

- *Visa Classic* – allows customers access to an internationally accepted credit card from Access Bank's range of Visa products. These cards have a wide range of features such as protection against fraud, lost/stolen card reporting and worldwide acceptance.

- *Visa Gold and Platinum* – offers customers a wider range of benefits than the Visa Classic, with additional features and premium services such as car rental insurance, emergency cash and card assistance, and travel and emergency services.

- *Access Visa Debit Card* – this is a dual currency card linked to an individual's U.S. dollar domiciliary and Naira accounts, giving customers access to cash from their accounts and enabling them to make cashless payment for goods and services.

- *Access Online* – an application that allows customers access to real-time banking transactions on the internet. Customers are able to access a wide range of online services, including tracking their transactions and printing statements.

- *Access Pay* – a web-based enterprise suite of payments and collections solutions that facilitates online, real-time payments to merchants across banks, one-off and recurrent payments and fund remittances.

- *Point of sale terminals* – allows customers to make cashless payments for purchases. In response to the CBN's new policy on cash-based transactions and drive towards a "cashless economy" aimed at encouraging more electronic-based transactions, and thereby reducing the amount of physical cash in circulation, Access Bank has increased the number of its POS terminals significantly. As at 30 June 2016, Access Bank had 9,651 POS terminals in strategic locations. These POS terminals are placed with retail merchants across the nation and are owned by merchant acquirers (such as Visa and Interswitch), with Access Bank acting as bankers to these merchants. POS terminals support the businesses of Access Bank's merchant customers by allowing their customers to pay for transactions without cash, and further improves Access Bank's relationship within this value chain.

- *Access Mobile* – allows customers to carry out basic banking transactions from the convenience of their mobile phones. Transactions covered include funds transfers, balance enquiries, purchase of mobile phone airtime and payment of bills.

- A*ccess Direct* – an integrated electronic funds transfer solution that allows local money transfers from an Access bank account to any other account in Access Bank and to a non-account holder for collection in any of Access Bank's branches nationwide.

- A*ccess Trade* – a web-based portal that gives customers access to straight-through processing for trade transactions, including providing updates on import documentary credit applications and allowing customers to initiate requests for the issuance of guarantees.

- A*ccess Express* – a 24/7 self-service electronic branch that requires minimal human interface where customers are able to withdraw and deposit cash, enquire about account balances, access statements and previous transactions, receive and transfer funds, as well as pay for pre-booked airline tickets, purchase air time for mobile phones and settle utility bills. The first Access Express branch was opened in Ikota, Lagos State in March 2014. The Group currently has seven Access Express branches, located in Lagos, Abuja and Port Harcourt.

- *PayWithCapture ("PWC")* – the Group's mobile payment solution allowing customers to make payments by scanning a QR code on their mobile device.

Subsidiaries

Banking subsidiaries

As at the date of the Prospectus, the Group had seven banking subsidiaries: Access Bank (Ghana) Limited, Access Bank Rwanda, Access Bank (Gambia) Limited, Access Bank (Sierra Leone) Limited, Access Bank Zambia Limited, Access Bank (R.D. Congo) and The Access Bank UK Limited.

See "*Risk Factors—Risks Related to Nigeria and other regions in which the Group operates*".

Non-banking subsidiaries

As at the date of this Prospectus, the Group had one non-banking subsidiary; Access Finance BV. (Netherlands).

Disposal of subsidiaries

In line with the Group's strategy to focus on Nigeria as its primary market and extend its operations only to selected African economies, the Group disposed of its interests in Access Bank Cote d'Ivoire and Access Bank Burundi and reduced its interests in Access Bank (Gambia) Limited, Access Bank (Sierra Leone) Limited and Access Bank (R.D. Congo), and Flexmore Technologies Limited, which has been liquidated. On 13 April 2016, the Corporate Affairs Commission (CAC) granted approval for the liquidation of the entity with a three-months' notice period starting 1 April 2016. At the expiration of the notice period, the entity will be considered liquidated.

As at 30 June 2016, Flexmore Technologies Limited accounted for 0.0 per cent. of the Group's total assets.

Equity Interests

As at 30 June 2016, the Group also held a 17.7 per cent. equity interest in IBTC Pension Managers, a 17.7 per cent. equity interest in Unified Payment Services Limited, a 7.2 per cent. equity interest in Nigeria Interbank Settlement System, a 7.5 per cent. equity interest in Central Securities Clearing System Limited, a 13.6 per cent. equity interest in Credit Bureau Limited, a 7.0 per cent. equity interest in E-Transact and a 10.2 per cent. equity interest in Africa Finance Corporation.

Anti-Money Laundering

Access Bank has implemented an anti-money laundering and combating financing of terrorism ("**AML/CFT**") programme (the "**AML/CFT Programme**") that is maintained and reviewed to help ensure compliance by Access Bank and its employees with the provisions of the Money Laundering (Prohibition) Act of 2011, the CBN's "Know Your Customer" Manual of 2003 and the Wolfsberg Principles (anti-money laundering principles for private banking drafted by a group of international global banks published in May 2002), as well as the FATF 40 Recommendations of Combating Money Laundering and the Financing of Terrorism & Proliferation. The AML/CFT Programme is designed to try and ensure that there are appropriate systems in place to prevent, promptly detect and report money laundering activities within the Group.

The objectives of the AML/CFT Programme are to engender a compliance culture, mitigate the impact of certain operational, reputational and legal risks, protect the safety and soundness of Access Bank, and protect employees from risks they may run while carrying out their duties and obligations.

The Group's AML/CFT policies and procedures have been approved by Access Bank's senior management and the Board of Directors and adopted across the Group. The policies and procedures require Access Bank to properly identify each new customer and to accurately verify all of the information and documents provided by such customer. Know your customer and enhanced due diligence procedures are carried out at all times and suspicious transaction and currency transaction reports are rendered to the Nigeria Financial Intelligence Unit ("**NFIU**") periodically. Access Bank also carries out transaction monitoring and filtering against approved watch lists, such as the European Union list, the United Nations list and the United States Office of Foreign Assets Control list. A Chief Compliance Officer is appointed at the senior management level to oversee the AML/CFT Programme and report to the Board of Directors. In addition, Access Bank trains its staff on aspects of AML/CFT to raise staff awareness. Access Bank also has an internal audit team that conducts an internal audit at least once a quarter to ensure adherence to the AML/CFT Programme. The audit report generated is circulated to the Board of Directors through the Board Audit Committee, as well as the heads of each relevant department. Access Bank also carries out periodic self-assessments using AML/CFT consultants, and its efforts in this area are subject to review by the CBN and NFIU.

Access Bank also carries out Group-wide anti-money laundering training once every quarter to train staff on combating money laundering and terrorism financing.

Insurance

Insurance policies are used to mitigate operational risks. These policies are current and remain applicable in the Group's operating environment. Insurance coverage is purchased at the Group or cluster (subsidiaries grouped by geographical proximity) level to discharge statutory and regulatory duties, or to meet counterparty commitments and stakeholder expectations. The primary insurance policies currently maintained by the Group include comprehensive crime and electronic crime insurance, directors' and officers' liability insurance and professional indemnity insurance. The Group also purchases insurances for tangible assets such as cars, equipment and cash, and maintains fire insurance.

See "*Risk Factors—Risks relating to the Bank and the Group—The Group may not have adequate insurance to cover losses suffered as a result of deficiencies in its internal control policies and procedures*".

Marketing

The marketing strategy of Access Bank typically has a five-year planning horizon in line with the corporate objectives of Access Bank. This is developed based on a detailed study of the present and forecast Group operating environment, and the internal capabilities of the Group. To assure stakeholders as to its commitment to continuous delivery of excellent financial services and solutions, and to meet and exceed customers' expectations, Access Bank started its 10:10 recruitment campaign in 2015, which was an online mode of recruitment that gave candidates the opportunity to apply for only 10 minutes per day (from 10:00 am to 10:10 am) over a certain period.

In 2014, Access Bank launched the "W" initiative to serve female customers. This new approach provides banking solutions to meet the unique financial and lifestyle needs of women across distinct subsegments, including young professionals, women with families and woman in business. Also, as part of its marketing strategy initiative, Access Bank collaborated with a major telecoms operator, Airtel Nigeria, to develop and launch the "Access Money" mobile money service powered by Airtel. This service allows customers to perform simple, secure and instant financial transactions using their mobile phones. Additionally, our flagship payment solution, PWC was recently upgraded with additional features that enable our customers to transfer funds from any bank account to another. Users can also transfer money to phone numbers and email addresses.

These strategies have provided the basis for Access Bank's expansion across Africa and the United Kingdom, and management believes that acceptance, recognition and support received by the brand has significantly enhanced Access Bank's corporate and brand positioning across borders. The successful implementation of this strategy has earned Access Bank a number of domestic and international recognitions and awards. These awards include, amongst others, the Chartered Institute of Bankers of Nigeria Award for the "Best Bank Academy" in 2016, the 2016 Karlsruhe Business Sustainability Award, the 2016 Euromoney "Best Bank Transformation" Award, the 2015 Euromoney "Best Flow House in Africa" Award, the 2015 Risk Managers Association of Nigeria award for "Institutional Leadership in Risk Advocacy", the 2014 Conrad Clark "Risk Management Award", the 2014 African Banker Magazine "Most Socially Responsible Bank in Nigeria" and the 2014 Intermarc "Credit Card Product of the Year".

Innovation, Research and Development

Through its research and development ("**R&D**") functions, the Group seeks to maintain a sound basis for creating market-driven products and services.

In this regard, the Group has invested in the development of market-driven products which aim to meet the demands of this evolving industry, including Access FX, The Black Card, Access Trade and PWC:

- Access FX is an innovative product that provides corporate and institutional customers online access to foreign currency transactions.

- The Black Card (Visa Infinite) is the highest card level in Visa's range of card products. Holders of The Black Card, which bears the unique Visa Infinite logo, are accorded special recognition wherever their card is presented and enjoy the exclusive benefits and privileges accorded to Visa Infinite card holders, including the making of travel arrangements.

- Access Trade is an innovative product designed to facilitate seamless trade transactions between Access Bank's customers and their trade partners in any part of the world. The product is a web-enabled application which supports online, real-time initiation and tracking of transactions by customers of Access Bank from any location where internet access is available.

- Access Bank has shown leadership in its digital offerings, the most prominent being our PWC solution, the first of its kind in Africa. PWC is a convergent payment system that aggregates QR code payment, near field communication technology and existing payment instruments (e.g. MasterCard, Visa, bank accounts and mobile money wallets) into one application. PWC has now evolved into a digital banking platform with features such as instant account opening, Titanium MasterCard issuance, savings club, social media cash transfers, and payments via unstructured supplementary service data ("**USSD**") platforms, split payment and one-click payments, as well as payments to phone numbers and email address. PWC has redefined cashless and branchless banking by enabling seamless payment solutions from mobile phones, computer systems and a USSD solution that enables transactions via a short code on all mobile phone types.

The Bank believes that it can as a result provide value to customers by designing its products and services to achieve cost savings for customers or increase their capacity to generate more revenues. For example, the Bank successfully automated its global trade and payments business by establishing a platform that improves responsiveness to customers, process quality and risk management – and to track transactions from anywhere that internet access is available.

As an institution, the leadership and employees of the Bank believe that innovation does not just set the Bank apart from the competition, but enables it to consistently deliver an enjoyable experience that addresses the current and evolving needs of its customers. To support further innovation, the Bank has established the Basement, an online portal where employees can share and improve upon innovative ideas. The enthusiasm of the Bank's employees for this initiative has resulted in over 38,000 collaborative actions on the Basement. On a daily basis, employees ideate, collaborate, review and comment on ideas. This collaboration has resulted in developing and improving world-class technology platforms, enhancing the work-life balance of Bank employees, integrating customer feedback mechanisms, and improving internal working relationships amongst employees.

In line with what Access Bank believes is consistent with trends seen in the financial service industry in developed economies, Access Bank intends to continue its concerted efforts at strengthening R&D as part of its strategic vision to become the world's most respected African bank.

Group Culture

The Group places great emphasis on creating a culture founded on values of excellence, ethics, trust, teamwork, continuous learning and a passion for customer service. Access Bank is continuing to provide training and support to foster a global corporate culture within the Group, to continue to improve service delivery standards.

Employees

As at 30 June 2016, the Group employed a total number of 7,046 staff, comprising 2,937 professional staff and 4,109 outsourced staff, compared with 2,774 professional staff and 4,218 outsourced staff as at 31 December 2015, 2,735 professional staff and 4,638 outsourced staff as at 31 December 2014, and 4,001 professional staff and 4,380 outsourced staff as at 31 December 2013.

Professional staff are permanent staff that handle the Bank's core functions and are hired directly by Access Bank. Outsourced staff are provided by service contractors and handle non-core functions, such as those provided by administrative officers, secretaries and security guards. The decrease in the total number of staff from 31 December 2014 to 31 December 2015 was largely due to the elimination of redundancies following the Merger. The increase in the total number of staff from 31 December 2015 to 30 June 2016 was largely due to the Group's new strategy of increasing middle manager hires in its branches and retail banking business. As a means to improve efficiencies, the Group conducts employee training sessions, and outsources its non-core positions with low skill requirements by hiring independent contractors to fill low skill positions. In order to maintain its standards of client service, the Group has implemented a training programme for the Intercontinental Bank employees that remained with the Group, and the efforts to enhance and establish further training facilities are ongoing. In addition, the Group also intends to set up a new training facility in Lagos to further enhance the range and depth of training offered to its employees.

Access Bank has established a performance bonus incentive scheme which seeks to attract and retain high-performing employees. Awards to individuals are based on the job level, business unit performance and individual performance. In 2013, the Group established an Employee Performance Share Plan which will award Access Bank's shares to its employees, subject to such terms and conditions as the Board of Directors may determine from time to time. In addition, the Group has put in place a long-term incentive programme, which rewards senior and executive management for loyal service to the Group for a period in excess of 10 years.

Service Delivery

An important enabler for the Bank to achieve its Access 1, 2, or 3 objectives is the adoption of a customer-centric culture and enhanced service delivery. To this end, the Bank embarked on a "Winning with Service" campaign to resolve those technological, operational, logistics and process-related issues identified as hindering the Bank's overall ability to deliver optimal service to its customers. The campaign gave rise to the creation of the #IAM Initiative.

The #IAM Initiative created a means for the Bank's employees to contribute to the Bank's ongoing effort to re-establish itself as a service-oriented brand. Through this initiative, all employees that volunteered were challenged to put forth innovative solutions to critical issues hampering the Bank's operating efficiency and service delivery; these employees were tagged the "#IAM Service Volunteers". The initiative also fostered collaboration, as all participants were expected to work in teams to develop new ideas and actively pursue the execution of these ideas.

Commitment to Community

Corporate social responsibility continues to form an important part of the Group's operations. The Group supports activities that positively impact education, health, the arts, the economy and the environment. These activities include HIV/AIDs awareness campaigns, improving education quality, running eye tests, subsequent treatment and the provision of corrective eye glasses, and an empowerment programme that involves training community members in soap-making, baking and other useful skills. The Group also renovated the Keke Primary School in Lagos. In addition, it partnered with the Gas to Health initiative to launch "Operation Mama Put" to promote local food vendors switching from cooking with firewood to cooking with liquefied petroleum gas.

The Group demonstrated its commitment to fighting sickle cell disorder across sub-Saharan Africa by supporting the Nirvana Initiative. This initiative carries out free community sensitisation outreach, genotype testing, screening and counselling in Lagos. This grassroots community outreach initiative was carried out in June 2016 with a team of trained health professionals and counsellors, including medical doctors and technicians from the Lagos State Teaching Hospital. Over 300 community members attended the event to participate in an educational programme on sickle cell disease. Additionally, the Group entered into a partnership with CSR-in-Action in October 2015 to sponsor a series of training sessions addressing proposal and grant writing for civil society organisations in Nigeria. This training was held in June 2016 at the Group's offices with 54 participants from ten Nigerian states in attendance. In commemoration of the World Environment Day 2016, the Bank, in partnership with the Global Initiative for Economic Empowerment, organised a high-level awareness programme for young leaders in various organisations to address the fight against the illegal trade in wildlife. A total of 131 participants representing 62 organisations attended the programme, with 105 participants signing a joint declaration pledge to show zero tolerance for the illegal trade of wildlife products.

As part of its commitment to sustainable green practices across sub-Saharan Africa, the Bank has provided support to Green Impact International, a global eco-advocacy organisation aimed at creating a movement of environmentally conscious individuals across nations. As part of this aim, Green Impact International has created a programme in which its volunteers reach out to secondary school students on ecological awareness, including assisting with the creation of environmentally oriented school clubs and school green space initiatives.

Property, Plant and Equipment

As at 30 June 2016, the Group leased 10 per cent. of its premises from third parties pursuant to medium-term renewable leases, and owned the remaining branch network buildings. For the six months ended 30 June 2016 and years ended 31 December 2015, 2014 and 2013, the Group paid a total amount of ₦664 million, ₦803 million, ₦233 million and ₦120 million under its leases, respectively. Property and equipment (comprising leasehold improvement and buildings, computer hardware, furniture and fittings, motor vehicles and capital work in progress) of the Group was ₦80,101.7 million (including equipment on lease of ₦53 million) as at 30 June 2016, ₦73,330 million (including equipment on lease of ₦1,469 million) as at 31 December 2015, ₦69,660 million (including equipment on lease of ₦1,202 million) as at 31 December 2014, and ₦67,243 million (including equipment on lease of ₦1,840 million) as at 31 December 2013.

Legal Proceedings

The Group in the ordinary course of business was, as at 30 June 2016, involved in 751 cases as a defendant. The total amount claimed in the cases instituted against the Group is estimated at ₦1,445 billion. Of this amount, ₦1,050 billion relates to one case which was dismissed in February 2014. Although the case was refiled by the claimant in February 2014, management believes that the refiling will likely be dismissed by the courts. As at 30 June 2016, the Group had a litigation claims provision of ₦614 million.

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) which may have, or have had during the 12 months prior to the date of this Prospectus, a significant effect on the Group's financial position or profitability.

Related Party Transactions

Except as disclosed in Note 44 to the Interim Financial Statements, Note 45 to the 2015 Financial Statements, Note 44 to the 2014 Financial Statements and Note 53 to the 2013 Financial Statements appearing elsewhere in this Prospectus, the Group has not entered into any related party transactions with any related party during the six months ended 30 June 2016, the year ended 31 December 2015, the year ended 31 December 2014, the year ended 31 December 2013, or during the period between 30 June 2016 and 22 September 2016 (the latest practicable date prior to the date of this Prospectus). As at 30 June 2016, 31 December 2015, 31 December 2014 and 31 December 2013, 4.8 per cent., 4.5 per cent., 5.2 per cent. and 12.0 per cent. of the Group's gross loans and advances to customers were made to related parties, respectively.

ASSET, LIABILITY AND RISK MANAGEMENT

General

The principal risks inherent in the Group's business include funding and liquidity risk, market risk, interest rate risk, foreign exchange risk, credit risk, operational risk, compliance risk and reputational risk.

The Group's risk management framework and governance structure are intended to provide comprehensive controls and ongoing management of the major risks inherent in its business activities. The Group's overall risk tolerance is established in the context of the Group's earnings power, capital and diversified business model.

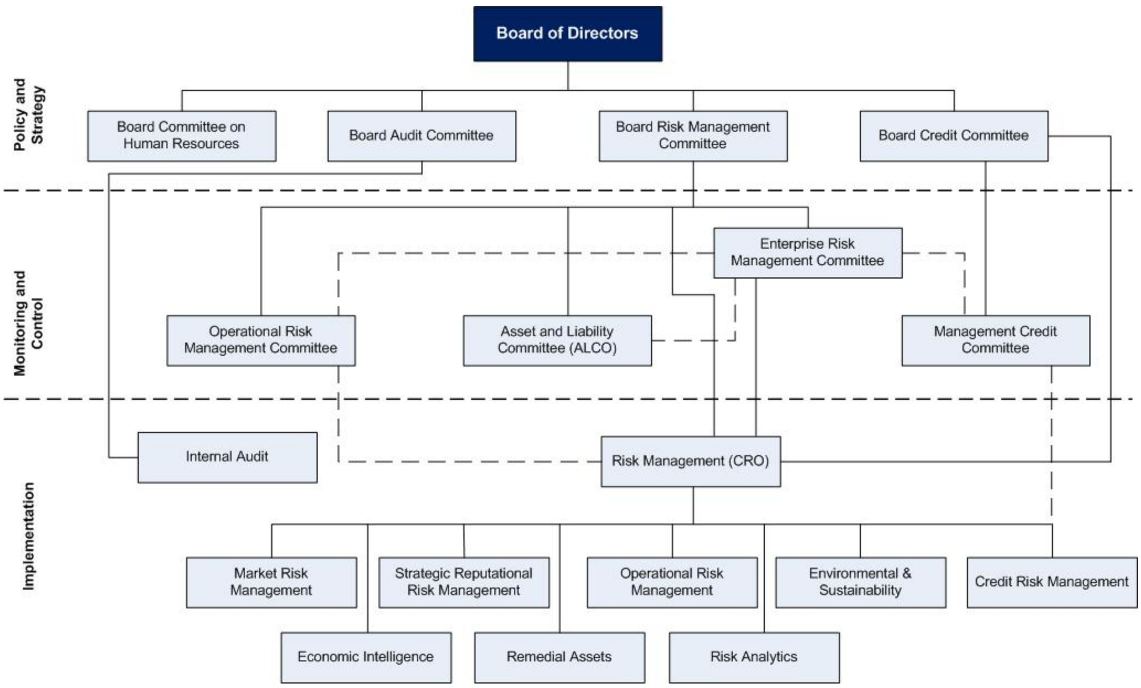
The Group also encourages a culture of risk awareness and recognition of personal responsibility throughout the Group. As part of building this culture of risk awareness, the Bank has created educational and training programmes for employees at all levels of the organisation to ensure that staff in all function areas are adequately empowered to manage risk, including initial risk awareness training for all new staff. At the branch level, awareness is enhanced through monthly training sessions, with more rigorous training conducted at the management level. For example, in 2015, six middle managers from the Risk Management Division attended leadership training at the Wharton School of Business.

The Bank believes that taking pre-emptive action to reshape its portfolio, tighten underwriting standards and increase the frequency of risk monitoring and stress testing will help mitigate the impact of cyclical downturns in its core markets.

The Group has low exposure to higher-risk asset classes, and has maintained vigilance and discipline in responding to the challenging environment. It also has a diversified portfolio across countries, products and customer segments; disciplined liquidity management; a well-established risk governance structure; and an experienced senior management team.

Risk Management

The Group's risk management governance structure is depicted below:



The Board determines the Group's overall objectives in terms of risk by issuing risk policies. These policies define acceptable levels of risk for day-to-day operations, as well as the willingness of the Group to assume risk, weighed against the expected rewards. The umbrella risk policy is detailed in the ERM Framework, which is a structured approach to identifying opportunities, assessing the risks inherent in these opportunities and actively managing these risks in a cost-effective manner. Specific policies are also in place for managing risks in the different core risk areas of credit, market and operational risks, as well as for other key risks such as liquidity, strategic and reputational risk. These risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The review is done in either or both of the following ways: through continuous self-evaluation and monitoring by the Group's risk management and compliance departments in conjunction with internal audits, and through independent evaluation by external auditors, examiners and consultants. In addition, stress-testing and scenario analyses are used to assess the Group's financial and management capabilities for operating effectively under extreme but plausible trading conditions.

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework via its committees:

- the Board Audit Committee, which assists the Board with ensuring the independence of the internal audit function of the Group;

- the Board Risk Management Committee, which provides advice and recommendations on matters relevant to risk management;

- the Board Committee on Human Resources, which advises the Board in relation to compensation, benefits and all other human resource matters affecting the directors and employees of the Bank; and

- the Board Credit and Finance Committee, which considers and approves loan applications above the limits set by the Board and approved by the Management Credit Committee ("**MCC**") and initiates credit policy changes when appropriate.

These committees meet on a regular basis and report regularly to the Board and also on an ad hoc basis, as circumstances may require. Most committees include a member of the Group's senior management.

The Board committees are assisted by various management committees in identifying and assessing risks arising from day-to-day activities of the Group. The management committees include the MCC, the Asset and Liability Committee ("**ALCO**"), the Enterprise Risk Management Committee ("**ERMC**") and the Operational Risk Management Committee.

The Chief Risk Officer ("**CRO**") has primary responsibility for risk management and review of the ERM Framework. He or she provides updates to the management teams based on quantitative and qualitative metrics. All amendments to the Group's ERM Framework require Board approval. The Risk Management Division, headed by the CRO, is responsible for the enforcement of the Group's risk policy. It achieves this by constantly monitoring risk to identify and quantify significant risk exposures and act upon such exposures as necessary.

The Risk Management Division enforces risk policy throughout the Group by setting policies and defining limits for other units of the Group; performing group-wide risk monitoring and reporting; receiving relevant data from other units with respect to risk monitoring and reporting and identifying potential risks in the unit's line of business, and providing a framework to the units for managing such risks; collaborating with market-facing units to design new products; coordinating activities with internal audit to provide a holistic view of risks across the Group; making recommendations with respect to capital allocation, pricing and rewards or sanctions based on risk reports; and receiving relevant user reports from information technology support groups in respect of the various risk management software.

In 2014, the Bank appointed a Head of Risk Management for each of the SBUs (Personal Banking, Corporate Banking, Business Banking and Commercial Banking), as well as for each of the subsidiaries. These risk officers report to the Group CRO, and this arrangement has the core advantage of providing a comprehensive view of all risks affecting credits approved in each SBU, thus providing superior, integrated management of risks. The Group's risk management philosophy is that a moderate, guarded risk attitude will ensure sustainable growth in shareholder value and reputation.

Liquidity Risk

Liquidity risk arises when the Group is unable to meet expected or unexpected current or future cash flows and collateral needs without affecting its daily operations or its financial condition. The Group aims to preserve a high degree of liquidity so that it can meet the requirements of its customers at all times, including during periods of financial stress.

The Group has developed a liquidity management framework based on a statistical model underpinned by conservative assumptions with regard to cash inflows and the liquidity of liabilities. In addition, liquidity stress tests assuming extreme withdrawal scenarios are performed on a quarterly basis. These stress tests specify additional liquidity requirements that are to be met by holdings of liquid assets.

The Group has historically maintained a liquidity ratio well above the applicable minimum regulatory requirements of the CBN (currently 30.0 per cent. of liquid assets (cash and cash equivalents, treasury bills, trading assets and government bonds) to total deposits) and has met and continues to meet the requirements of CBN's stress tests. Global funding and liquidity risk management entities are centralised in the Group's Treasury division (a subgroup within the Financial Markets business) which analyses and monitors the Group's liquidity risk. The Group aims to continuously maintain excess liquidity and to access diverse funding sources, including its deposit base. Overall oversight at management level is provided by ALCO, while the Board Risk Management Committee provides governance at Board level.

The Board approves the Group's liquidity policy and contingency funding plan, including establishing liquidity risk tolerance levels. ALCO, in conjunction with the Board and its committees, monitors the Group's liquidity position and reviews the impact of strategic decisions on the Group's liquidity. The Treasury division is responsible for the day-to-day funding and liquidity management of the Group and reports to ALCO and the Board committees that provide oversight, as it implements their strategic decisions. Liquidity positions are measured by calculating the Group's net liquidity gap and by comparing selected ratios with targets as specified in the liquidity risk management manual.

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

The following table shows the Group's ratio of liquid assets to deposits from customers (calculated on the basis of IFRS) for the periods indicated.

	As at 31 December		
	2015	**2014**	**2013**
		(%)	
At end of period	40.4	45.3	42.8
Average for the period	48.3	56.3	49.2
Maximum for the period	60.8	67.8	64.4
Minimum for the period	38.8	45.3	34.6

The following tables summarise the Group's assets and liabilities by maturity as at the dates indicated and contain certain information regarding the liquidity risk facing the Group:

	As at 31 December 2015						
	Carrying amount	**Gross nominal inflow/ (outflow)[1]**	**Less than 3 months**	**3 to 6 months**	**6 months to 1 year**	**1 year to 5 years**	**More than 5 years**
				(₦ millions)			
Non-derivative assets							
Cash and cash equivalents	478,409	478,409	228,455	-	-	-	249,955
Investment Under Management	10,404	10,494	10,494				
Non-pledged trading assets	52,234	54,822	7,547	9,872	34,532	1,909	961
Pledged assets	203,715	246,459	50,290	31,215	49,005	-	115,949
Derivative financial Instruments	77,905	77,905	5,371	3,516	2,244	66,774	-
Loans and advances to banks	42,734	43,339	552		42,695	91	-
Loans and advances to customers	1,365,831	1,394,319	456,330	60,668	130,356	437,700	309,265
Investment securities	141,631	212,879	20,972	8,188	20,585	84,945	78,187

	As at 31 December 2015						
	Carrying amount	Gross nominal inflow/ (outflow)[1]	Less than 3 months	3 to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years
	(₦ millions)						
Other Assets	72,161	71,674	29,775	39,380	2,519	-	-
	2,445,024	**2,590,300**	**809,786**	**152,839**	**281,936**	**591,419**	**754,319**
Non-derivative liabilities							
Deposits from banks	72,914	69,671	67,441	2,230	-	-	-
Deposits from customers	1,683,244	1,684,672	1,550,286	77,632	56,726	28	-
Debt securities issued	149,854	200,147	2,529	3,687	6,216	104,309	83,407
Derivative financial instruments	3,078	3,078	2,450	628	-	-	-
Other liabilities	65,277	65,277	65,277	-	-	-	-
Interest-bearing loans & borrowings	231,467	241,925	2,317	3,802	6,743	55,560	173,502
	2,205,834	2,264,770	1,690,300	87,979	69,685	159,897	256,909
Gap (asset—liabilities)	**239,189**	**325,530**	**(880,514)**	**64,860**	**212,253**	**431,522**	**497,410**
Cumulative liquidity gap	**-**	**-**	**(880,514)**	**(815,655)**	**(603,402)**	**(171,880)**	**325,530**
Off-balance sheet							
Transaction related bonds and guarantees	221,128	221,128	109,960	13,221	49,031	28,396	20,520
Guaranteed Facilities	94,136	94,136	10,272	6,217	9,470	16,627	51,550
Clean line facilities for letter of credit and other commitments	657,586	657,586	374,032	111,954	28,254	143,347	-
	972,850	**972,850**	**494,264**	**131,392**	**86,755**	**188,369**	**72,072**

(1) The gross nominal inflow/(outflow) is the contractual, undiscounted cash flow on the financial liability or commitment.

	As at 31 December 2014						
	Carrying amount	Gross nominal inflow/ (outflow)[1]	Less than 3 months	3 to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years
	(₦ millions)						
Non-derivative assets							
Cash and cash equivalents	405,015	405,015	147,423	-	-	-	257,592
Non-pledged trading assets	28,332	30,141	18,492	5,126	5,891	630	-
Pledged assets	87,072	158,112	10,950	5,221	5,522	23,687	112,732
Derivative financial instruments	24,867	24,867	11,124	2,364	11,378	-	-
Loans and advances to banks	12,436	12,565	26,149	12,539	-	-	-
Loans and advances to customers	1,110,464	1,192,473	554,083	104,769	109,235	291,168	133,217
Investment securities	215,524	225,124	22,099	103,735	8,519	60,386	20,785
Other Assets	36,031	36,031	22,967	-	13,064	-	-
	1,929,341	**2,074,728**	**787,163**	**233,757**	**153,610**	**375,871**	**524,327**
Non-derivative liabilities							
Deposits from banks	119,045	120,290	120,205	85	-	-	-
Deposits from customers	1,454,419	1,463,332	1,350,068	50,698	62,567	-	-
Debt securities issued	138,481	196,232	-	3,442	5,832	102,212	84,746
Derivative financial instruments	1,990	1,990	1,990	-	-	-	-
Other liabilities	20,202	20,202	14,828	5,374	-	-	-
Interest-bearing loans & borrowings	79,816	86,585	1,644	1,955	4,482	66,614	11,889
	1,809,974	**1,888,630**	**1,488,735**	**61,553**	**72,882**	**168,826**	**96,635**
Gap (asset—liabilities)	**119,367**	**186,098**	**(701,572)**	**172,204**	**80,728**	**207,044**	**427,692**
Cumulative liquidity gap	**-**	**-**	**(701,572)**	**(529,368)**	**(448,639)**	**(241,595)**	**186,098**
Off-balance sheet							
Transaction related bonds and guarantees	165,466	165,466	23,327	12,815	22,637	24,843	81,844
Guaranteed Facilities	91,373	91,373	11,957	11,175	24,614	14,969	28,659

	As at 31 December 2014						
	Carrying amount	Gross nominal inflow/ (outflow)[1]	Less than 3 months	3 to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years
	(₦ millions)						
Clean line facilities for letter of credit and other commitments	377,152	377,152	216,361	95,954	64,729	108	-
	633,992	**633,992**	**251,645**	**119,944**	**111,980**	**39,920**	**110,503**

	As at 31 December 2013						
	Carrying amount	Gross nominal inflow/ (outflow)[1]	Less than 3 months	3 to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years
	(₦ millions)						
Non-derivative assets							
Cash and cash equivalents	439,460	439,460	264,640	1,098	1,316	—	172,406
Non-pledged trading assets	3,773	5,114	1,417	416	1,040	922	1,320
Pledged assets	63,410	100,096	6,033	1,212	2,424	12,762	77,666
Derivative financial instruments	102	102	102	—	—	—	—
Loans and advances to banks	24,580	26,753	8,438	9,572	7,429	775	540
Loans and advances to customers	786,170	788,848	331,599	87,849	63,067	85,330	221,003
Investment securities	314,580	383,610	75,006	84,546	92,906	71,654	59,499
Other Assets	43,214	43,214	37,434	—	5,781	—	—
	1,675,288	**1,787,197**	**724,668**	**184,693**	**173,963**	**171,443**	**532,434**
Non-derivative liabilities							
Deposits from banks	72,148	72,257	55,496	12,608	4,153	—	—
Deposits from customers	1,331,419	1,333,475	848,190	133,483	348,934	2,416	452
Debt securities issued	55,828	81,846	—	2,390	4,780	74,677	—
Derivative financial instruments	33	33	33	—	—	—	—
Other liabilities	54,706	54,706	50,438	4,268	—	—	—
Interest-bearing loans & borrowings	64,339	80,283	4,561	2,078	8,151	41,740	23,754
	1,578,473	**1,622,601**	**958,718**	**154,827**	**366,018**	**118,833**	**24,206**
Gap (asset—liabilities)	**96,815**	**164,336**	**(243,050)**	**29,866**	**(192,055)**	**52,610**	**508,228**
Cumulative liquidity gap			**(243,050)**	**(213,184)**	**(405,239)**	**(352,629)**	**155,599**
Off-balance sheet							
Transaction related bonds and guarantees	158,715	158,715	36,391	21,881	13,727	24,499	62,217
Guaranteed Facilities	54,741	54,741	27,079	6,573	10,309	4,611	6,169
Clean line facilities for letter of credit and other commitments	228,957	228,957	152,715	47,960	27,919	36	—
	442,413	**442,413**	**216,185**	**76,414**	**51,955**	**29,472**	**68,386**

(1) The gross nominal inflow/(outflow) is the contractual, undiscounted cash flow on the financial liability or commitment.

The following are some of the methods employed by the Group to mitigate liquidity risk:

Quantifications

The Group has adopted both qualitative and quantitative approaches to measuring liquidity risk. Specifically, the Group adopts the following approaches:

(a) funding and liquidity plan;

(b) liquidity gap analysis; and

(c) ratio analysis.

The funding and liquidity plan defines the Group's sources and channels of utilisation of funds. The funding liquidity risk limit is quantified by calculating liquidity ratios and measuring/monitoring the cumulative gap between the Group's assets and liabilities. The liquidity gap analysis quantifies the daily and cumulative gap in a "business as usual" environment. The gap for any given tenor bucket represents the borrowings from, or placements to, the market required to replace maturing liabilities or assets. The Group monitors the cumulative gap as a plus or minus 20 per cent. of (a) total assets and (b) total deposit liabilities.

Limit management and monitoring

The Bank believes that active management of liquidity through the framework of limits and control presented above is possible only with proper monitoring capabilities. The monitoring process focuses on funding portfolios, the forward balance sheet and general indicators where relevant information and data are compared against limits that have been established. The Group's Treasury division is responsible for maintaining sufficient liquidity by maintaining a sufficiently high ratio of liquid assets and available funding for near-term liabilities. The secured liquidity measure (namely, the active management of liquidity through the framework of limits and control and proper monitoring capabilities) is calculated and monitored by the Risk Management Division. Increased withdrawals of short-term funds are monitored through measurements of the deposit base in the Group. Liquidity risk is reported to the Board on a quarterly basis.

Contingency funding plan

The Group has a contingency funding plan which incorporates early warning indicators to monitor market conditions. Such early warning indicators include, amongst other indicators, declines in the liquidity ratio below approved limits for a prescribed period, delays in disbursements of statutory allocations beyond a prescribed period, negative clearing balances for a prescribed period or a branch running out of physical cash. The Group monitors its liquidity position and funding strategies on an ongoing basis, but recognises that unexpected events, economic or market conditions, earnings problems or situations beyond its control could cause either a short-term or long-term liquidity crisis. It reviews its contingency funding plan in the light of evolving market conditions and stress test results.

To monitor liquidity and funding, the Treasury division prepares a liquidity worksheet twice a month that projects sources and uses of funds. The worksheet incorporates the impact of moderate risk and crisis situations, and is an integral component of the contingency funding plan.

The contingency funding plan covers the available sources of contingent funding to supplement cash flow shortages; the lead times to obtain such funding; the roles and responsibilities of those involved in the contingency plans; and the communication and escalation requirements when early warning indicators signal deteriorating market conditions. Both short-term and long-term funding crises are addressed in the contingency funding plan.

Market Risks

The Group's ability to meet its business objectives could be adversely affected by changes in the level or volatility of market rates or prices such as interest rates, foreign exchange rates, equity prices, commodity prices and credit spreads. Market risk mainly arises from trading activities and equity investments. The Group is also exposed to market risk through interest rate risk from non-traded assets (such as loans) held in its banking book.

Market risk policy, management and control

Over the years, the Nigerian financial market has witnessed a significant expansion in financial services and products offered. The sharp growth in scale and scope has generated new risks, especially market risk, necessitating an assessment of exposures to the volatility of the underlying risk drivers. These developments have prompted the Group to develop comprehensive market risk, asset liability management, liquidity and stress testing policies to try to ensure that risks faced across the separate business activities and on an aggregate basis are within the stipulated risk appetite of the Group. These policies have been benchmarked with industry and international best practices, and CBN Regulations.

The Board approves the acceptable level of risk in relation to trading and non-trading activities. Limits are set based on the approved risk appetite and underlying liquidity, as well as legal limitations on individual positions imposed by the regulatory authorities in Nigeria. The specific limits are proposed by the Group Head, market risk management and the Group's Chief Risk Officer and approved by the Group's Executive Management, relevant management committees, and ultimately by the Board. Risk limits are set and reviewed at least annually to keep the Group's trading activities in line with the defined risk appetite.

The Group runs an integrated and straight-through processing treasury system to enable better measurement, monitoring and management of interest rate and foreign exchange risks in the bank. Liquidity, exchange rate, and interest rate risks are managed through various metrics such as liquidity gap analysis, dynamic cash flow analysis, liquidity ratios, value-at-risk ("**VaR**"), earnings-at-risk and sensitivity analysis. The primary aim of these processes is risk forecasting and impact mitigation through management action and portfolio rebalancing. Risk of losses arising from future potential adverse movements in market rates, prices and volatilities are measured using a VaR methodology.

VaR, in general, is a quantitative measure of market risk that utilises historic market conditions to estimate the maximum potential future loss in market value in a set time period at a set statistical confidence level. VaR provides a consistent measure that can be applied across trading businesses/units and products over time and can be set against actual daily trading profit and loss outcome. To assess their predictive accuracy, VaR models are back tested against actual results. See Note 5.2.2 to the 2015 Financial Statements for additional information on the Group's VaR analysis. Sensitivity measures are used in addition to VaR as risk management tools. For example, interest rate sensitivity is measured in terms of exposure to a one basis point increase in yields, whereas foreign exchange, commodity and equity sensitivities are measured in terms of the underlying values or amounts involved.

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

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

In line with the CBN circular on new capital adequacy framework, the Bank has adopted the standardised duration approach for market risk and has obtained the board approval for the policy on Internal Capital Adequacy Assessment Process ("**ICAAP**"). This policy defines and sets processes to review and improve the techniques used for identification, measurement and assessment of all material risks and resultant capital requirements.

In addition, the Group has put in place a detailed plan for the full implementation of the Basel II and Basel III frameworks and has also put in place a road map for the migration to a more advanced capital computation method which factors in the actual loss experience of the Group. The Group started implementing the Basel II framework as part of its capital management strategy in 2008, and the Group's risk management system has been completely in line with Basel II principles since January 2014.

The Bank conducts liquidity stress tests periodically to identify gaps within its liquidity management structure. The Bank has also initiated a liquidity coverage ratio and net stable funding ratio computation as per Basel III recommendations. This requires the Bank to have sufficient high quality liquid assets to withstand a 30-day stressed funding scenario, as well as to have a structure in place to address liquidity mismatches.

The Bank is presently preparing its Internal Liquidity Adequacy Assessment Process document which will be validated by KPMG at completion.

Interest rate risk

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

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

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprice at different times or in differing amounts. In the case of floating-rate assets and liabilities, the Group is also exposed to basis risk, which is the difference in repricing characteristics of the various floating-rate indices, such as the savings rate, 90-day NIBOR and other types of interest. Non-traded interest rate risk arises in the banking book from the provision of retail and wholesale (non-traded) banking products and services, as well as from certain structural exposures within the Group balance sheet, mainly due to repricing timing differences between assets, liabilities and equity. These risks impact both the earnings and the economic value of the Group. Overall non-trading interest rate risk positions are managed by the Treasury division, which uses investment securities, advances to banks and deposits from banks to manage the overall position arising from the Group's non-trading activities.

Interest rate risk is monitored centrally with a gap report. A limits framework is in place to ensure that retained risk remains within approved limits. Interest rate risk also arises in each of the subsidiary treasuries in the normal course of business. The risk is managed by local treasury functions, subject to modest risk limits and other controls advised by both the Market Risk unit and ALCO.

The following tables show a summary of the Group's interest rate gap position on non-derivative assets and non-derivative liabilities for the dates indicated.

	As at 31 December 2015						
	Less than 3 months	**4-6 months**	**7-12 months**	**1-5 years**	**More than 5 years**	**Non-Interest-bearing**	**Total**
				(₦ millions)			
Non-derivative assets							
Cash and cash equivalents	52,434	—	—	—	—	425,975	478,409
Investment under management	10,404						10,404
Non-pledged trading assets	7,378	9,654	33.220	1,183	800	—	52,234
Pledged assets	50,456	26,579	41,491	8,156	77,033	—	203,715
Loans and advances to banks	543	—	42,100	91	—	—	42,734
Loans and advances to customers	443,791	57,307	129,633	429,432	305,668	—	1,365,831
Investment securities	14,988	6,943	18,194	46,645	45,594	—	132,364
Other assets		—	9,266	—	—	72,161	81,427
	579,994	**100,483**	**273,905**	**485,506**	**429,095**	**498,136**	**2,367,119**
Non-derivative liabilities							
Deposits from banks	70,685	2,230	—	—	—	—	72,914
Deposits from customers	1,524,108	70,456	66,658	22,022	—	—	1,683,244
Debt securities issued	—	—	—	149,854	—	—	149,854
Other liabilities	—	—	—	—	—	65,277	65,277
Interest-bearing loans & borrowings	17	12	1,008	20,357	197,232	12,840	231,467
	1,594,809	**72,699**	**67,666**	**192,233**	**197,232**	**78,117**	**2,202,757**
Total interest repricing gap	**(1,014,815)**	**27,785**	**206,238**	**293,273**	**231,862**	**420,019**	**164,362**

	As at 31 December 2014						
	Less than 3 months	4-6 months	7-12 months	1-5 years	More than 5 years	Non-Interest-bearing	Total
				(₦ millions)			
Non-derivative assets							
Cash and cash equivalents	147,423	—	—	—	—	257,592	405,015
Investment under management	—	—	—	—	—	—	—
Non-pledged trading assets	18,109	4,901	5,089	234	—	—	28,332
Pledged assets	10,634	2,137	2,354	—	71,947	—	87,072
Loans and advances to banks	—	4,977	7,459	—	—	—	12,436
Loans and advances to customers	479,679	103.692	107,911	288,231	130,951	—	1,110,464
Investment securities	45,180	109,040	6,481	50,819	13,604	—	225,124
Other assets	—	—	—	—	—	36,031	36,031
	701,024	**224,748**	**129,294**	**339,283**	**216,502**	**293,623**	**1,904,474**
Non-derivative liabilities							
Deposits from banks	104,197	10,592	4,256	—	—	—	119,045
Deposits from customers	1,295,132	57,033	101,954	300	—	—	1,454,419
Debt securities issued	—	—	—	65,326	73,155	—	138,481
Liabilities on investment contracts	—	—	—	—	—	—	—
Other liabilities	7,048	3,674	4,602	4,784	—	94	20,202
Interest-bearing loans & borrowings	156	—	—	31,698	48,118	—	79,972
	1,406,533	**71,300**	**110,811**	**102,107**	**121,274**	**94**	**1,812,120**
Total interest repricing gap	**(705,509)**	**153,448**	**18,482**	**237,176**	**95,228**	**293,528**	**92,354**

	As at 31 December 2013						
	Less than 3 months	4-6 months	7-12 months	1-5 years	More than 5 years	Non-Interest-bearing	Total
				(₦ millions)			
Non-derivative assets							
Cash and cash equivalents	303,141	849	577	—	—	134,892	439,460
Non-pledged trading assets	1,199	348	849	1,145	231	-	3,773
Pledged assets	4,775	—	—	—	58,635	-	63,410
Loans and advances to banks	5,959	9,546	7,645	1,430	—	—	24,580
Loans and advances to customers	324,347	88,560	61,332	93,969	217,960	—	786,170
Investment securities	80,227	65,024	84,786	35,407	49,135	-	163,951
Other assets	—	—	—	—	—	43,214	43,214
	719,649	**164,328**	**155,190**	**131,952**	**325,962**	**178,107**	**1,675,186**
Non-derivative liabilities							
Deposits from banks	56,942	11,082	4,124	—	—	—	72,148
Deposits from customers	830,182	133,237	345,376	2,239	—	20,385	1,331,419
Debt securities issued	—	—	—	55,828	—	—	55,828
Other liabilities	—	—	—	—	—	54,706	54,706
Interest-bearing loans & borrowings	2,293	1,349	4,143	41,329	15,225	—	64,339
	889,417	**145,668**	**353,643**	**99,396**	**15,225**	**75,092**	**1,578,440**
Total interest repricing gap	**(169,768)**	**18,660**	**(198,453)**	**32,556**	**310,734**	**103,015**	**96,746**

Foreign exchange risk

Foreign exchange risk is the exposure of the Group's financial condition to adverse movements in exchange rates. The Group is exposed to foreign exchange risk primarily through its proprietary currency trading activities (largely U.S. dollar/Naira currency pairings), as well as through acting as an intermediary in foreign exchange transactions between the CBN and commercial banks. The Group is also exposed to foreign exchange risk through granting foreign currency-denominated loans to its customers. See "*Risk Factors—Risks relating to the Bank and the Group—The Group is subject to foreign exchange risk and is affected by changes in the value of the Naira against other currencies*".

Foreign exchange risk is quantified using the net balance of assets and liabilities in each currency, and their total sum. This net open position is measured on a daily basis and is to be kept within set limits. The assets and liabilities include current positions, forward positions, commitments, and the market value of derivatives in a foreign currency.

The CBN periodically advises banks on a regulatory Net Open Position Limit ("**NOPL**"), which is currently 20.0 per cent. of shareholders' funds unimpaired by losses. The aggregate foreign currency borrowing of banks is also required by the CBN not to exceed 75.0 per cent. of its shareholders' funds unimpaired by losses. However, the Group has always sought to maintain a more prudent approach, and the internal NOPL is set at no higher than 80 per cent. of the regulatory advised limits.

The Group's foreign exchange risk is monitored at unit, country and group levels, since an effective overview of such risk is a critical element of the Group's asset/liability risk management. The Board defines the overall risk tolerance levels and expectations for foreign exchange risk management and management aims to ensure that the risk tolerance is maintained at prudent levels.

Given exchange rate uncertainties, the Bank embarked on deliberate steps to decrease its foreign currency portfolio in 2015. This was achieved by only granting foreign currency loans to top rated obligors with foreign exchange receivables and healthy margins. Other factors are also taken into account when assessing foreign currency lending, such as international affiliations, e.g. the existence of a parent entity that is able to provide an alternative source of foreign currency for the obligor. Additionally, the Bank has acquired foreign exchange forwards from the CBN to lock in exchange rates and hedge foreign exchange risk.

The following table shows the foreign currency asset and liabilities net position of the Group as at the dates indicated.

	As at 31 December		
	2015	**2014**	**2013**
		(₦ millions)	
Net position (₦)	365,164	252,418	99,452
Net position (U.S.$)	(81,189)	(158,312)	(4,235)
Net position (£)	(8,914)	37,509	33,665
Net position (€)	(537)	(9,117)	(5,231)
Net position (other currencies)	4,916	38,056	12,501
Total	**279,441**	**160,554**	**136,151**

Credit Risks

Credit risks may arise from the failure of an obligor of the Group to repay principal and/or interest at the stipulated time or failure otherwise to perform as agreed. This risk is compounded if any assigned collateral only partly covers the claims against the relevant obligor, or if its valuation is exposed to frequent change, such as due to changing market conditions (namely, market risk).

Extension of credit in the Group is guided by its credit risk and portfolio management plan, which sets out specific rules for risk origination and management of the loan portfolio. The plan also sets out the roles and responsibilities of different individuals and committees involved in the credit process.

The Group actively safeguards and strives to continually improve the health of its loan portfolio. The Group scrutinises all applications and aims to identify potential "bad loans" during the loan application phase, as well as constantly monitoring the existing loan portfolio. In addition, the Group does not extend credit to certain categories of obligors and activities, such as defence and weapons procurements for unauthorised contractors, gambling companies, projects which may have negative socio-economic impacts and projects which may lead to occupational or health concerns.

The Group also complies with the CBN single-obligor limits. Section 20 (1a) of BOFIA prohibits a bank from granting more than 20 per cent. of its shareholders' funds to any one company, its subsidiaries and associates, unless approval is granted by the CBN. However, the Group applies a more conservative policy and considers any companies belonging to a group whose managements are strongly linked by virtue of their related ownership structure and, in particular, where the business interests of one entity affects the single obligor status of the other, and applies the single obligor limit to the entire related group.

To monitor and manage its credit risk, the Group applies credit models and systems which consider relevant financial and non-financial parameters that affect how an obligor will be rated. This risk rating policy incorporates credit risk rating models which estimate risk of obligor default (covering both recovery risk and exposure risk). These models are currently based on "expert judgment" (a method of software estimation based on consultation with one or more experts with relevant experience) for retail and non-retail exposures. The Group's long-term goal is to adopt the Internal Rating Based approach, based on an internal database built up over time, for calculation of its capital requirements. The development, implementation and application of these models are guided by the Group's policy to implement adherence to Basel II.

The pricing of each credit granted reflects the level of risks perceived to be inherent in the credit. Subject to competitive forces, the Group aims to implement a consistent pricing model for loans to its different target markets.

The Group's provisions for credit losses seek to meet prudential guidelines set forth by the central banks of the countries where the Group operates, both for loans for which specific provisions exist, as well as for the portfolio of performing loans. The Group's credit process requires rigorous and periodic review of the quality of the loan portfolio, which helps it to identify and remediate credit issues proactively. The Bank has also improved its credit practices through constant review of existing policies to align them with current practices in the market place. The current risk rating process is required for all obligors of, and facilities provided by, the Bank. Amongst other things, the risk rating policies enable the Bank to objectively rate all the customers based on set financial and non-financial criteria and to measure its risk appetite, identify portfolio concentration based on risk rating, allow flexibility in pricing and identify potential risks in a credit facility. The risk rating process includes models, guidelines, support adjustments, collateral adjustments, process controls, as well as any other defined processes that a business undertakes in order to determine specific obligor risk ratings and facility risk ratings (measuring the potential loss on a facility in the event of an obligor default). The Bank has automated its credit management solution processes, which have automated the Bank's loan origination and processing, reporting, scoring, calculation of loan loss provision and/or impairment and impairment triggers, loan remediation and recovery, as well as documentation and collateral management.

The risk rating process of each business/trading unit must be in compliance with the Bank's risk rating policy and any deviations must be explicitly approved. Establishing the risk rating process is the joint responsibility of the business/trading unit manager and independent Credit Risk Management unit manager responsible for the relevant business. The process must be documented and approved by the MCC. The independent Credit Risk Management unit is ultimately responsible for reviewing and ensuring correctness of the risk rating assigned to a borrower or facilities. The risk rating process for each business/trading unit must be reviewed and approved every three years, unless more frequent review is deemed to be necessary by the independent credit risk manager or the relevant business/trading unit manager.

The Bank's risk rating process has two distinct models, one model for retail applicants and one model for non-retail applicants. Retail applicants are further classified into one of two categories, the salaried and the self-employed. The Bank then rates retail applicants using a scorecard that includes employment, income, demographic and behavioural parameters, as well as the applicant's credit history. To conclude the retail rating process, the retail applicant's individual risk rating is assigned a weight of 90 per cent. and the relevant political and economic factors are assigned a weight of 10 per cent. to provide an overall risk rating for the credit decision. Additionally, analysis of a retail credit retail applicant is dependent on the type of exposure, e.g. personal loan, credit cards or automotive loans.

The non-retail applicant's risk rating is weighted for financial factors (60 per cent.) and for non-financial factors (40 per cent.). Financial factors include an applicant's liquidity ratios, solvency ratios, profitability ratios and turnover ratios. Non-financial factors include economic, political, industry and management parameters. Note that the risk rating of a non-retail applicant assigned by this model may be further downgraded, if the Bank believes that the model's outcome is too generous compared with the applicant's capacity to meet the proposed obligations.

After the rating risk for either a retail applicant or a non-retail applicant has been assigned, the Bank's account office must not only ask whether the specific applicant's risk rating falls within the Bank's risk appetite, but also whether there is additional space for lending within the assigned risk rating. The answer to both of these queries must be in the affirmative for both of these queries for the lending process to proceed. Lastly, the risk ratings also provide guidance for the levels of covenants and collaterals that will be required for a specific application to be approved.

The Group also has a Criticised Assets Committee which reviews credit facilities that do not meet approved terms, covenants or repayment schedules that show little or no movement during their tenor or which fail to be liquidated, which are regarded as delinquent facilities or NPLs. The Criticised Assets Committee performs a quarterly review of loans with emerging signs of weakness; the MCC and the Board Credit and Finance Committee also perform reviews of the quality of the Group's loan portfolio on a quarterly basis. These are in addition to daily reviews performed by credit risk management units, which, together, have overall responsibility for, amongst other things, managing risk asset creation and exposure management processes in the Group.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, or systems, or from external events. The Group also defines operational risk to include the reputation and franchise risk associated with business practices or market conduct in which it is involved. The Group manages operational risk through an overall framework designed to balance strong corporate oversight with well-defined independent risk management. This framework includes recognised ownership of the risk by the relevant business/trading unit, oversight by the Board Risk Management Committee, and independent review by the internal audit group, which is independent from the risk division, and reports directly to the Board through the Board audit committee and, for day to day functions, to the Group Managing Director or CEO.

The Bank's operational risk strategy seeks to minimise the impact that operational risk can have on shareholders' value. The strategy is to reduce the likelihood of occurrence of expected events and related costs by managing the risk factors and implementing loss prevention or reduction techniques to reduce variation to earnings, minimise the impact of unexpected and catastrophic events and related costs through risk financing strategies that will support the Bank's long-term growth, cash flow management and balance sheet protection and eliminate bureaucracy, improve productivity, reduce capital requirements and improve overall performance through the institution of well-designed and implemented internal controls.

The Group had many accomplishments relating to its operational risk function in 2015. In 2015, the British Standards Institute (the "**BSI**") reapproved the Group's ISO 22301 (Social Security—Business Continuity Management System) certification, demonstrating the Group's dedication to ensure that its business continuity practices continue to meet international standards. Information security and the protection of confidential and sensitive customer data are a priority for Access Bank. In recognition of this focus, in 2015 the BSI certified the Bank as ISO27001:2013 (Information Security Management System) compliant. This was an upgrade from the ISO27001:2005 certification that the Bank received in 2012 following an audit by the BSI. The Bank has also maintained its Payment Card Industry Security Standard ("**PCIDSS**") certification to enhance the security of its electronic channels, payment processes and platforms. Access Bank was the first Nigerian bank to become PCIDSS certified, in 2011, and has since met recertification requirements annually in order to continuously improve its security processes so that they align with the Bank's current business and security risks.

Additionally, the Bank completed the automation of key operational risk processes using the newly acquired Nasdaq "Bwise" governance, risk management and compliance software. Some of these automated processes facilitated by "Bwise" include risk and control self-assessment, key risk indicator monitoring, incident reporting, issue tracking, loss data management and business impact analysis. The objective of this automation initiative was to facilitate accurate and timely risk identification, assessment, monitoring and reporting to support risk analytics across the Bank. As part of this process, in 2014 the Bank strengthened its risk analytics by implementing a daily review of certain key risk metrics. The Group also fully implemented its core banking application (Flexcube) to enhance credit process, monitoring and limit setting. See "*Description of the Group— Strong Information Technology and E-business platform*". With respect to cybersecurity, the Group strengthened preventative measures against cybercrime and cyber-fraud, including implementing a new anti-phishing solution, as well as taking measures to sensitise staff and customers to anti-fraud measures.

In order to create and promote a culture that emphasises effective operational management and adherence to operating controls, there are three distinct levels of operational risk governance structure in Group:

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

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

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

Compliance Risk

Compliance risk is the risk of damage to the Bank's integrity as a result of failure (or perceived failure) to comply with relevant laws, regulations, internal policies and procedures or ethical standards.

The Group approaches compliance risk management on an enterprise and line of business level. The Group's Conduct and Compliance function, headed by the Chief Conduct and Compliance Officer ("**CCCO**"), oversees significant compliance risk issues, and develops and formulates strategies, policies and practices for assessing and managing compliance risks across the Group. The strategy of the Conduct and Compliance function is to align the Bank's processes with best practices, promote a positive culture and closely provide regular advisory services to SBUs in order to achieve the business objectives of the Bank without exposing the Bank or its stakeholders to regulatory or reputational risks. The CCCO coordinates and manages compliance risk across the Group with the assistance of designated senior officers selected along functional and business lines (including anti-money laundering, anti-bribery, anti-fraud international sanctions, legal and regulatory compliance, code of conduct, staff gifts and financial reporting) appointed as Compliance Resource Officers. Emerging compliance issues are reviewed in quarterly meetings chaired by the CCCO, who then seeks to formulate appropriate responses to mitigate identified compliance risks. The CCCO reports directly to the Group Managing Director and CEO, and reports quarterly to the ERMC and the Board Risk Management Committee, and performs these functions independently of the CRO.

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

In 2015, the Group commenced the restructuring of its processes, methodology and approach to compliance risk. This restructuring is in part based on a review of the Group undertaken by Ernst & Young ("**E&Y**"). The Bank first engaged E&Y in November 2013 and then again in July 2014 to enhance the Compliance and Internal Control function's overall effectiveness, as well as to streamline and coordinate the function across the Group to support the Bank's medium and long-term objectives. As a result of these E&Y engagements, the Bank has created a new governance structure designed to enhance the Bank's competitiveness. The Compliance and Internal Control function has been transformed from primarily a monitoring role to an advisory role with closer cooperation with the Bank's SBUs. Additionally, SBUs have been empowered to assist the Compliance and Internal Control function with AML/CFT monitoring tools such as Itellinx and SafeWatch. The Compliance and Internal Control function also supports the SBUs by providing regular trainings on AML/CFT trends and challenges, as well as on updates in regulatory requirements of both local and international regulatory bodies.

Reputational Risk

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

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

- a highly regulated financial services industry with high visibility and vulnerability to regulatory actions that may adversely impact its reputation (e.g. a corporate governance crisis);
- strong competition, as well as the fact that largely homogeneous products and services have led customers not to perceive significant differences between financial service providers; and
- given the nature of products and services that banks provide, a bank's reputation can also be damaged by an adverse impact on the reputation of its clients.

With banks operating and competing in a global environment, it can be difficult to follow and respond appropriately to numerous risks emerging from a variety of different sources and locations. The effects of a reputational risk event include but are not limited to the following:

- loss of current or future customers;
- loss of public confidence;
- loss of employees leading to an increase in hiring costs or staff downtime;
- reduction in current business partnerships or potential future business partnerships;
- increased cost of capital in the credit or equity markets;
- regulatory sanctions;
- increased costs due to government regulations, fines or other penalties; and
- the loss of banking licenses.

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

The desired risk appetite for reputational risk is "low risk". The Bank works to ensure that highest ethical standards are followed at all times and that the code of conduct policy is strictly implemented.

During the year under review, the leadership of the Strategic and Reputational Risk Management unit commenced the full implementation of all the Strategic and Reputational Risk policies such as publication tracking, zero tolerance for non-compliance with laws and regulations and the implementation of the reputational risk management framework.

Environmental and Sustainability Risk

As part of its vision to be the world's most respected African bank, Access Bank takes into account the need to provide innovative solutions to social and environmental challenges in all of its countries of operations. In furtherance of this goal, the Bank is a signatory to various local and international frameworks, organisations and conventions that promote best practices in environmental, social and governance performance. These frameworks, organisations and conventions include the United Nations (the "**UN**") Global Compact, Global Reporting Initiative, the UN Environmental Programme Finance Initiative, the UN Principles on Responsible Investment, the Nigerian Sustainable Banking Principles (the "**NSBP**"), the Nigerian Conservation Foundation, the Convention on Business Integrity and the Equator Principles.

The Bank's sustainable banking model was specifically designed to align with the International Finance Corporation Performance Standards and the NSBP, with a strategy focussing on business activities that positively impact people, the planet and profitability. To further these goals, the Bank has in place an Environment and Sustainability ("**E&S**") team to create policies and procedures that are duly approved by the Board. This team is driven by Bank staff as well as by an international E&S consultancy that was recruited by the Bank in March 2015 to advise the Bank for a period of two years.

During the E&S consultancy's engagement, it has already proposed multiple initiatives that the Bank has implemented. Following a recommendation from the E&S consultancy, the Bank automated its credit processing through the "Access Credit Portal", which contains a relevant section for E&S review, thus further embedding E&S considerations into risk decision making. Additionally, the E&S consultancy worked in partnership with PricewaterhouseCoopers, UK, and Sustainable Finance Limited, UK, to facilitate the development and application of a sustainable finance toolkit, which the Bank applies to identifying E&S risks and executing risk management strategies. The E&S consultancy also designed a carbon dioxide ("**CO_2**") footprint measurement application to assist the Bank's goal of continually reducing its CO_2 emissions.

Basel II Implementation

The Group has applied the Basel II framework as part of its capital management strategy since 2008.

The Group started implementing the Basel II framework as part of its capital management strategy in 2008, and the Group's risk management system has been completely in line with Basel II principles since January 2014. Substantial enhancements were made to the risk management framework based on the guidelines of the Basel II Capital Accord, including:

- design of a risk capital model to evaluate risks;
- a defined risk appetite that is aligned with business strategy optimisation;
- risk decisions based on accurate, transparent and rigorous analytics;
- stress tests to measure the potential impact to the Group of very large changes in various types of key risk factors (for example, interest rates, liquidity, non-performing loans), as well as the potential impact of a number of historical and hypothetical forward-looking systemic stress scenarios;
- accountability through common framework to manage risks;
- empowering risk managers to make decision and escalate issues; and
- expertise, authority and independence of risk managers.

The Basel Committee has issued its latest guidance on Basel III. The reforms under Basel III include increasing the minimum common equity (or equivalent) requirement and applying stricter regulatory adjustments. In addition, banks will be required to maintain, in the form of common equity (or equivalent), a capital conservation buffer in addition to stricter liquidity measurements such as the liquidity coverage ratio and net stable funding ratio, both of which as a minimum must not be lower than 100 per cent. Furthermore, buffers may also be implemented if there is excess credit growth in any given country.

On 10 December 2013, the CBN issued a circular to all banks and discount houses regarding the implementation of Basel II/III in Nigeria. The circular contains guidance notes on the Regulatory Capital Measurement and Management Framework for the Implementation of Basel II/III for the Nigerian banking sector (the "**Basel II/III Framework**") published by the CBN. The guidance notes specify approaches for quantifying the risk weighted assets for credit risk, market risk and operational risk for the purpose of determining regulatory capital. Under the Basel II/III Framework, the minimum capital requirement is retained at 10 per cent. and 15 per cent. for local and international banks, respectively. In December 2013, the CBN directed banks to commence a parallel run of both Basel I and II minimum capital adequacy computations based on the requirement of the guidelines with effect from January 2014. It also stated that minimum capital adequacy computation under Basel II rules would commence in June 2014. However, in July 2014, the CBN extended the parallel run for an additional period of three months, stating that the full adoption would commence on 1 October 2014, explaining that some banks had faced initial challenges in the parallel run, particularly with regards to the requirements of reporting the capital charges for credit, market and operational risks. In June 2015, the CBN provided further guidance on the implementation of Basel II but is yet to set a deadline for the implementation of or compliance with Basel III.

The Bank is fully compliant with the Basel II requirements. As specified by the released guidelines, the standardised approach has been adopted for market and credit risk whilst the operational risk capital requirements are calculated using the basic indicator approach. The Board has approved the policy on ICAAP, and the Bank's ICAAP document is reviewed at least bi-annually, as well as submitted to the regulator on an annual basis.

While further communication on the implementation of Basel III is still expected from the regulator, the Bank has put in place a detailed plan for the full implementation of the Basel III framework: The liquidity coverage ratio and net stable funding ratio are being computed. The Bank has completed the documentation of its Internal Liquidity Adequacy Assessment Process, which is undergoing validation by our external consultants,-KPMG. The Bank has also drawn up a road map for migrating to a more advanced capital computation method which factors in the actual loss experience of the Bank.

Through an embedded risk governance structure, a continuous focus on credit, the management of the Group's liquidity position and the monitoring of the Group's risk-weighted assets demand and capital supply, the Group aims to ensure its compliance with minimum regulatory and Board-approved capital targets.

The Group also monitors, on a continuous basis, risk trends in its business and trade areas where the environment is or may be changing and/or its growth rates are increasing to ensure that the Group remains within its set risk appetite. For each of the risk trends, the executive committee and Board are informed by the Chief Risk Officer of potential changes in the environment relating to the specific risk trend, the Group's positioning, exposure and actions being taken or planned.

An awareness of Basel II and Basel III (as applicable) is also vital in the Group's approach to enterprise, operational and capital risk management.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following discussion and analysis is intended to assist in the understanding and assessment of the trends and significant changes in the Group's results of operations and financial condition. Historical results may not indicate future performance. Some of the information in this section, including information in respect of the Group's plans and strategies for its business and expected sources of financing, contains forward-looking statements that involve risk and uncertainties and is based on assumptions about the Group's future business. Actual results could differ materially from those contained in such forward-looking statements as a result of a variety of factors, including the risks discussed in "Risk Factors" included elsewhere in this Prospectus. Potential investors should read "Forward-Looking Statements" for a discussion of the risks and uncertainties related to those statements, and should also read "Risk Factors" for a discussion of certain factors that may affect the business, results of operations or financial condition of the Group.

The following discussion should be read in conjunction with the section entitled "Selected Statistical and other Information" and the Financial Statements, including accompanying notes, appearing elsewhere in this Base Prospectus. The financial information set out below and referred to in this section has been extracted without material adjustment from the Financial Statements or has been extracted without material adjustment from the Group's accounting records, which formed the underlying basis of the financial information included in the Financial Statements.

Overview

Access Bank is a full service commercial bank operating through branches and service outlets located in major centres primarily across Nigeria and sub-Saharan Africa, as well as the United Kingdom, with representative offices in China, Lebanon, and the United Arab Emirates (Dubai). The Group provides a wide range of banking and other financial services to over 7 million customers from 371 branches and service centres with total assets of ₦3.3 trillion, all as at 30 June 2016. According to The Banker Magazine in February 2016 Access Bank is one of the five largest banks in Nigeria in terms of assets, loans and deposits, and is ranked as one of Africa's top 20 banks by total assets and capital. The Group's strategy focuses on the pursuit of building sustainable practices, innovation, superior service delivery and employee empowerment.

As at 30 June 2016, the Group has over 800,000 shareholders comprising Nigerian and international institutional investors, and more than 5,000 staff. The Group's debt instruments are listed on the London Stock Exchange and the Irish Stock Exchange, and, as at 22 September 2016, the Bank has a credit rating of B from S&P, B from Fitch and B1 from Moody's.

The Group's financial products and services include corporate and trade finance operations, treasury and investment services, retail banking products and services (including current and savings accounts, credit cards, ATM services, electronic banking and retail lending), money market activities and private banking services/wealth management.

The Group applies a VCM which it views as a key competitive differentiator to acquire and retain market share, by aiming to develop and align its products and services to the activities of its corporate clients and various stakeholders who participate in creating value for these corporate clients, such as suppliers, distributors, customers, employees (including their family members) and shareholders of such corporate clients, as well as government authorities and regulators who interact with those corporate clients. In 2015, the Group adopted the use of data analytics and technology to support its VCM and grow its share of top corporate and commercial banking customers. In addition, in 2015 the Group re-engineered certain existing processes across the Group to enable enhanced collaboration amongst the Group's SBU's in an effort to drive sustainability throughout the entire value chain. Under these new processes, each SBU is encouraged to seek to extend the VCM to stakeholders who may not be its immediate customers in partnership with other SBUs. For example, the Commercial Banking SBU, which primarily serves private and public sector business, would be encouraged to collaborate with the Personal Banking SBU to build relationships with potential new clients who may be employees of the private and public sector businesses. This collaboration has permitted the continued development and launch of products tailored to customers across the value chain and which are offered in key growth sectors and markets for Access Bank.

The Group's main business activities are served by the following SBUs:

- ***Corporate and Investment Banking***: Access Bank believes that the Corporate and Investment Banking SBU has become one of the largest support bases for institutional clients that are driving change in Nigeria through infrastructure development projects, the construction of improved transportation links and other commercial and real estate developments. The Corporate and Investment Banking SBU primarily serves multinational, large local and foreign-owned companies with minimum annual turnover of ₦10 billion. The Corporate and Investment Banking SBU continues to seek long-term partnerships with such clients across key growth sectors of the Nigerian economy, particularly oil & gas, telecommunications, power and infrastructure and food and beverages, as well as transport and household utilities. In addition, the Corporate and Investment Banking SBU's treasury team provides solutions to address corporate client needs across funding, foreign exchange, liquidity, investment, hedging and other risks. This SBU also provides customised financial solutions to complex funding challenges of large corporate clients in key sectors of the Nigerian economy and is responsible for the Group's relationships with domestic and international financial institutions (including DFI's).

- ***Commercial Banking***: As at 30 June 2016, the Commercial Banking SBU is the largest market-facing business that operates within the Group. This SBU offers specialised business solutions and bespoke financial services to support the needs of its target markets, namely general commerce/trading, manufacturing, construction, hospitality and lifestyle (such as hotels and restaurants), the public sector and the Asian market. The Commercial Banking SBU primarily serves:

    - private sector businesses, consisting of local and foreign-owned institutions operating within the Group's identified market segments with a minimum annual business turnover of ₦1 billion (excluding companies that meet the Corporate and Investment Banking SBU's customer criteria); and

    - public sector, federal, state and local government (including ministries, departments and agencies) and government-affiliated businesses.

- ***Business Banking***: The Business Banking SBU primarily serves companies and SME's that are seeking to grow their business with annual turnover of not more than ₦1 billion. This SBU has recorded considerable growth in its customer base, with over 300,000 customers spread across key market segments including imports and exports, commerce/distributive trade, educational institutions, contractors and healthcare providers as at 30 June 2016 (as compared with over 150,000 customers as at 30 June 2015).

- ***Personal Banking***: With a retail banking focus, the Personal Banking SBU offers integrated products and services to ultra-high and high net worth individuals, affluent professionals, employees in the value chain of the Group's corporate clients, as well as students, pensioners and informal traders. This SBU also provides international money transfer services through the Group's franchise business primarily for remittance services, utilities and government revenue collection, as well as development banking with an emphasis on non-governmental organisations.

- ***Digital Banking***: The Digital Banking SBU provides solutions to enable consumers to make purchases and payments conveniently and allow businesses to sell and accept payment in their preferred manner while seeking to connect businesses and their customers in a way that adds value to both parties. Through the Group's digital banking solutions, Access Bank seeks to provide its customers with the ability to access these payment services across various devices or channels in an effort to enable the Group to deliver a seamless customer experience.

Significant factors affecting results of operations

The Group's performance and results of operations have been and continue to be affected by a number of external factors. There are also various specific factors the Bank believes have affected the Group's results of operations in the past and that the Bank expects will continue to affect its results in the future. In this section, the Group sets out those material factors that have had, or may have had, an effect on its results.

Nigeria's oil production and supply

The Nigerian economy is highly influenced by oil prices and Nigeria's level of oil & gas production. According to the NBS, the oil & gas sector accounted for 8.1 per cent. of GDP in 2015, a decrease from the 10.1 per cent. contribution in 2014 and 14.4 per cent. contribution in 2013. As at 30 June 2016, 27.7 per cent. of the Group's total gross loans were extended to companies in the oil & gas sector, compared with 24.7 per cent. as at 31 December 2015, 27.2 per cent. as at 31 December 2014 and 28.7 per cent. as at 31 December 2013.

Given Nigeria's dependence on oil exports for foreign exchange earnings and government revenue, the country's foreign exchange reserves, Naira/U.S. dollar exchange rate and government revenues have declined by 23.6 per cent., 40.6 per cent. and 47.4 per cent., respectively, between 2014 and the second quarter of 2016 due to more than a 60.0 per cent. decline in prices of crude oil since mid-2014 when the price of oil peaked at U.S.$115 per barrel. In December 2013, the price of crude oil was U.S.$112.75 per barrel. Crude oil prices then fell significantly to U.S.$57.54 per barrel in December 2014, to U.S.$36.36 per barrel in December 2015 and to U.S.$40.08 per barrel in the second quarter of 2016. In addition to the global price decline, local supply disruptions (theft and sabotage) in Nigeria continue to hamper output in the oil sector and have been a significant factor in the decline of the oil & gas sector's contribution to Nigeria's GDP. Quarterly contribution of oil & gas to Nigeria's GDP declined from 10.7 per cent. in the first quarter of 2015 to 8.4 per cent. in the fourth quarter of 2015. In 2016, the contribution of oil & gas to Nigeria's GDP increased to 12.3 per cent. in the first quarter and then subsequently declined to 8.3 per cent. in the second quarter of 2016, mostly due to lower oil production following militant attacks in the Niger Delta.

Since early 2006, hundreds of foreign oil workers and members of their families have been kidnapped in the Niger Delta. During this period, militant attacks have been carried out on numerous oil facilities and platforms, often focused on cutting oil production by sabotaging pipelines and forcing oil companies to halt onshore production. Militants have also staged attacks on pipelines in the region, adversely affecting the output of oil from the region. In January 2010, Chevron announced it had been forced to decrease oil production in Nigeria by 20,000 barrels per day, after gunmen attacked its Makaraba—Utonana pipeline in Delta State. In June 2013, the Trans Niger Pipeline, a major oil pipeline in Nigeria that carries 150,000 barrels a day of oil through the Niger Delta to the Bonny terminal, was shut down for approximately two weeks following an explosion and fire at a location that had been targeted by oil thieves. The Shell Nembe Creek Trunkline was also shut down in February 2014 to stop leaks caused by theft.

In 2009, the Government offered an amnesty to militants who surrendered their weapons by October 2009, in the hope that about 10,000 militants would exchange their weapons for a pardon and retraining. Over 20,000 militants surrendered their arms and ammunition pursuant to the amnesty offer of the Government. In December 2009, MEND claimed responsibility for an attack on an oil pipeline in the Niger Delta, breaching the ceasefire agreement with the Government. Nevertheless, until recently, the amnesty programme had significantly reduced but not eliminated tensions in the region. In 2014, MEND renewed its attacks of oil industry participants and security operatives. According to MEND, the series of attacks code named "*hurricane exodus*" was a reaction to the judgment of a court in South Africa sentencing one of the leaders of MEND to prison. In addition, MEND claimed responsibility for the murder of twelve Nigerian policemen in Bayelsa State. Since inception in 2009, the amnesty programme had included monthly cash stipends to former militants and employment training to those who inhabited the region. Such monthly cash stipends continued until May 2016, when the Nigerian government cut the budget allocated for the amnesty programme by more than two thirds. There can be no assurance that such cuts will not result in increased attacks by MEND or other groups in the region on oil industry participants and security operatives, adversely affecting Nigeria's economy and, as a result, the Group's business.

Since March 2016, a new militant group, the NDA, has begun carrying out attacks in the Nigerian Delta. The NDA has stated that they would like a greater share of Nigeria's oil wealth. Furthermore, the NDA has claimed that they will not consider a peace deal without international mediators and more recently they have threatened to bring Nigerian oil production to a complete halt. In June 2016, according to the Nigerian Department of Petroleum Resources, a truce was reached between the Nigerian government and the NDA; however, the militants have publicly stated that they do not recall agreeing to a ceasefire. In July 2016, the NDA claimed responsibility for seven new attacks in the Niger Delta area. The NDA proclaimed that they had attacked a pipeline connected to the Warri refinery operated by the NNPC and blown up two oil lines close to the Batan flow station in the Niger Delta run by a subsidiary of NNPC. Furthermore, they claimed responsibility for the bombing of two Chevron facilities near Abiteye, Delta, the destruction of an ExxonMobil pipeline and an explosion at Nsit-Ibon LGA in Akwa Ibon state. Media sources are reporting that these attacks in the Niger Delta have pushed crude oil production to 30-year lows. Nigeria's oil production in 2015, 2014 and 2013 averaged 2.4 mbd, 2.4 mbd and 2.3 mbd, respectively. As a result of these and other attacks, oil production in Nigeria has fallen from 2.2 million barrels at the beginning of 2016 to reportedly as low as 1.4 million barrels a day at some points throughout the year.

Any deterioration in global oil prices or oil supply in Nigeria has affected, and may in the future affect, the Nigerian banking sector and the Group's results of operations.

Nigeria's currency controls

Responding to the falling oil prices that resulted in a significant decline in the Naira's value in 2014 to 2015 and in an effort to curb demand for foreign exchange, in 2015 the CBN instituted certain currency control policies and pegged the Naira at ₦197 to the U.S. dollar. Under these new trading rules, banks were only able to purchase foreign exchange if they had a prior order from a corporate customer, such as a fuel importer or foreign mobile phone company looking to repatriate profits or dividends. The government stated that its initial measures proved to be inadequate in stemming the pressure on the devaluation of the Naira, and as a result, the government took additional measures, including restrictions on the importation of 41 categories of items and prohibited any merchant from refusing to accept payment for goods and services in Naira. The government believed that these initiatives would help stimulate local production of certain goods and enable the government to preserve declining foreign reserves. The CBN also required local Nigerian banks to limit dollar-denominated transactions using ATM cards to U.S.$50,000 per annum. Additionally, corporate cards were no longer authorised for cross-border payments. Local banks were also required to limit daily foreign ATM cash withdrawals to U.S.$300 and ₦60,000; and a bank customer with multiple debit cards could only use the one card linked to the primary transactional account while abroad. Furthermore, during this period Nigerians were only allowed to utilise foreign currency for predetermined purposes, such as a business travel allowance, medical fees, school fees and mortgage payments through their banks, leading to a large increase in the use of the black market for foreign currency exchange. Following recommendations by the IMF and the private sector to remove these currency control measures, in June 2016 the CBN stated that it would abandon its previous policy of pegging the Naira to the U.S. dollar and on 20 June 2016 the CBN reintroduced market-driven currency trading under a flexible exchange rate system whereby the CBN will only intervene for a select number of items deemed critical by the Nigerian government. On the day of the CBN's announcement, the Naira fell approximately 30 per cent. in value to ₦280 to the U.S. dollar and as at 16 September 2016 was valued at ₦316 to the U.S. dollar. As a result of adverse movements in exchange rates, the Group is exposed to foreign exchange risk primarily through its loan and deposit portfolios that are denominated in foreign currencies and through acting as an intermediary in foreign exchange transactions between central and commercial banks, as well as customers. Following the CBN's free-float measures, which resulted in a significant devaluation in the Naira and a follow-on inflationary effect, the Group is exposed to increased costs from foreign exchange-related contracts and other operating expenses. Access Bank's efforts to keep such costs within planned thresholds by accessing the over-the-counter foreign exchange futures window proposed by the CBN may not be sufficient. Furthermore, the Bank may experience material declines in asset quality following the Naira depreciation which could impact the capacity of borrowers to meet their obligations under their loan agreements with the Bank. As such, any further significant fluctuations in the Naira against such foreign currencies could have a material adverse effect on the Group's financial condition, capital adequacy, liquidity and/or results of operations.

While the Naira is no longer pegged at a fixed rate but allowed to move as determined by market forces, there still are currency controls in place. For example, there are still controls on use of ATM cards abroad and restrictions on importation of certain goods. These restrictions have led to a reduction in the number of letters of credit issued, volume of transactions on cards used abroad and trade related transactions generally. The depreciation in the value of Naira has also resulted in higher risk-weighted assets and a lower capital adequacy ratio for the Group as at 30 June 2016 than it would have had if currency depreciation had not occurred. Despite these changes, the Group is still well within the regulatory requirement. The Naira depreciation has also led to an increase in the cost of risk as the Group has had to take additional impairment charges as a result of increase in Naira value of foreign currency loans as well as due to the impact of the Naira's devaluation on certain sectors of the economy.

Nigeria's banking regulatory environment

On 27 March 2013, the CBN released the Revised Guide to Bank Charges, which provides a standard for the application of charges in the banking industry; these took effect from 1 April 2013. The Revised Guide to Bank Charges in part stipulated a minimum of 30 per cent. of the MPR per annum as interest payable on savings accounts in Nigeria. At the current MPR of 14 per cent., this translates to a minimum of 4.2 per cent. per annum. For the six months ended 30 June 2016 and the years ended 31 December 2015, 2014 and 2013, the average interest rate paid by the Group on its average balance of savings account deposits was 1.9 per cent., 2.4 per cent., 2.0 per cent. and 2.3 per cent., respectively. Savings account deposits accounted for 7.8 per cent., 8.2 per cent., 8.9 per cent. and 8.9 per cent. of the Group's total deposits from customers as at 30 June 2016, 31 December 2015, 31 December 2014 and 31 December 2013, respectively. This increase in interest payable on savings account deposits has increased the Group's cost of funds.

The Revised Guide to Bank Charges also phases out the CoT charged by banks from 2013 until 2016; customers will no longer be charged for transactions on current accounts. Prior to 1 April 2013, banks were permitted to charge CoT of ₦5 per ₦1,000. From 1 April 2013, this was reduced to ₦3 per ₦1,000. This was further reduced to ₦2 per ₦1,000 from 1 January 2014, and will be further reduced to ₦1 per ₦1,000 in 2015, and zero from 2016. This reduction in CoT chargeable is expected to reduce the Group's fee and commission income. In January 2016, the House of Representatives mandated the CBN to order banks to refund all CoT charges levied on customers or face severe penalties. Fee and commission income constituted 20.5 per cent., 9.9 per cent., 12.6 per cent. and 15.3 per cent. of the Group's revenues for the six months ended 30 June 2016 and the years ended 31 December 2015, 2014 and 2013, respectively. As such, this decrease in fee and commission income as a result of the reduction in CoT chargeable could negatively impact the Group's revenues. For the six months ended 30 June 2016, 0.7 per cent. of the Group's gross revenue was comprised of income from CoT, compared to 0.9 per cent., 2.4 per cent. and 3.0 per cent. for the years ended 31 December 2015, 2014 and 2013, respectively.

While the Revised Guide to Bank Charges issued on 1 April 2013 is still extant, on 11 March 2016, the CBN issued an exposure draft on the Guide to Charges for Banks and Other Financial Institutions in Nigeria which, if implemented by the CBN, would replace the 1 April 2013 guide. The exposure draft indicates that the new guide, if implemented, would retain a minimum interest on deposit of 30 per cent. per annum while CoT would be zero with retroactive effect from January 2016. In addition, the CBN also stated in the Revised Guide to Bank Charges that banks should not charge CoT on returned outward clearing cheques, reversal of transactions and all bank-induced debts. In March 2016, the CBN released a draft of the new proposed Guide to Charges for Banks and Other Financial Institutions ("**Draft Guide to Bank Charges**"). The Draft Guide to Bank Charges will, along with portions of the extant 2013 Revised Guide to Bank Charges, phase out CoT charged by banks on current accounts. In addition, CoT would not apply to outward clearing cheques, reversal of transactions and all bank-induced debts in relation to such accounts.

These changes, as well as other changes instituted by regulatory authorities on Nigerian banks, could have a significant effect on the Group's results of operations such as the reduction by the CBN in 2015 of debit card transaction amounts done offshore, reducing the volume of debit card transactions. This may have the effect of reducing income earned by the Group. In September 2014, the CBN reintroduced ATM charges. A ₦65 charge applies on a bank customer's cash withdrawals from another bank's ATM. The ₦65 charge begins to apply to withdrawals by a customer from the fourth remote ATM withdrawal in a month. However, cash transactions at the ATMs of the customer's bank are free. In 2015, the CBN reduced the transaction amount allowed for debit card transactions performed offshore, and this has impacted the volume of debit card transaction and hence income earned on these cards. Further, in January 2016, the CBN introduced a ₦50 stamp duty payable by an account holder upon every deposit of up to ₦1,000 into his or her current account. These changes, as well as other changes instituted by regulatory authorities on Nigerian banks, could have a significant effect on the Group's results of operations.

The Group is also required to contribute to a sinking fund to cover any net deficits incurred by AMCON by virtue of the Asset Management Corporation of Nigeria (Amendment) Act, 2015. By virtue of the provisions of the Act, every licensed bank, including the Bank, is required to contribute an amount equal to 0.50 per cent. of its total assets as of the date of its audited financial statements and which shall be payable on or before 30 April in each calendar year commencing in the 2014 calendar year, and for every calendar year during the tenor. On 25 and 26 July 2016, the MPC voted to maintain the CRR at 22.5 per cent.

See "*Risk Factors—Risks relating to the Bank and the Group—The Group operates in an uncertain regulatory environment and recent changes to and by the CBN may have a material adverse effect on the Group*".

Public sector lending

Due to recently declining global oil prices and decreased oil production, many Nigerian states have been unable to pay their employees' salaries. In order to provide financial relief to state governments and support the Nigerian economy, the Federal Government has implemented two facilities, the SBO and the BSF, that are both available to states that meet a 22-point reform agenda created under the Federal Government's Fiscal Sustainability Plan. In order to receive funds under these facilities, each state must, amongst other criteria, meet targets to enhance internally generated revenue, establish efficiency units to reduce overhead costs, work to privatise state-owned enterprises and comply with limits on securing further bank loans. In 2015, the CBN disbursed ₦338 billion in total funds under the SBO and BSF to commercial banks for onlending to the 27 states in Nigeria who complied with the Fiscal Sustainability Plan. The CBN has provided these funds to Nigerian commercial banks for a maximum tenor of 20 years at a 2 per cent. interest rate and permitted these banks to onlend to the states at a maximum 9 per cent. interest rate. Of the 27 eligible states, 16 states accessed such funds through Access Bank, which, as at 30 June 2016, amounted to ₦197 million in funds. In order to provide a loan to a state, each participating commercial bank is required to appraise a state's loan request based on prudential guidelines and the CBN's minimum conditions precedent to drawdown, and each state is required to issue an irrevocable standing payment order to the commercial bank to ensure repayment of the loan as a first line charge before the state government is permitted access to its federal account allocation. Access Bank is also serving as a payroll agent for these states. The SBO is collateralised against Federal Government allocations, while the BSF is collateralised against the BSF allocation. However, should the Federal Government be unable to raise sufficient revenue to pay each state's federal allocation, or should the BSF become excessively depleted, Access Bank may be unable to collect the amount due to it from each state under the SBO and BSF facilities. Due to the factors described above, lending to the public sector increased significantly since 2014, accounting for 15.6 per cent. of Gross Loans as at 30 June 2016 and 12.1 per cent. of total assets as at 31 December 2015 compared with 2.1 per cent. as at 30 June 2015 and 4.9 per cent. as at 31 December 2014, respectively.

Interest rate environment and funding

One of the most significant factors affecting the Group's profitability is the level of, and fluctuations in interest rates in Nigeria over time, which in turn (along with the volume of loans and deposits) influence the interest income generated by the Group's assets (primarily loans and advances to customers) and the interest expense associated with its liabilities (primarily deposits). Increases in interest rates have tended to increase net interest income as the Group's assets have tended to reprice more quickly than liabilities. Movements in short-term and long-term interest rates have also affected the Group's level of gains and losses on its investment and trading portfolio.

By November 2015, the CBN had shifted to an accommodative monetary policy stance and cut the MPR by 2.0 per cent. to 11.0 per cent. while the corridor around the MPR was adjusted to +2.0 per cent./-7.0 per cent. from +2.0 per cent./-2.0 per cent. The CRR was also cut to 20.0 per cent. from 25.0 per cent., but was conditioned on lending to the real sector. The prime lending rate and deposit rate moved from 15.9 per cent. and 9.0 per cent. as at December 2014 to 17.0 per cent. and 4.9 per cent. as at December 2015. In March 2016, the CBN readopted a tight stance as the MPR was increased by 1.0 per cent. to 12.0 per cent. in order to curb inflationary pressures after the hike in the inflation rate to 11.4 per cent. in February 2016 from 9.6 per cent. in January 2016. The corridor around the MPR was also adjusted, to +2.0 per cent./-5.0 per cent. while the CRR was raised to 22.5 per cent.

In May 2016, the MPC voted to maintain MPR at 12.0 per cent. with an asymmetric band of +200 and -500 basis points around the MPR. As at 30 June 2016, the prime lending and deposit rates were 16.8 per cent. and 5.2 per cent., respectively. However, at the MPC meeting held on 25 and 26 July 2016, the MPC voted to increase MPR to 14 per cent., the highest in the past eight years. The CBN has kept the MPR at record highs since 2014 in an effort to maintain price stability, as Nigeria has experienced a depreciating Naira and high inflation as a result of declining oil prices. The CBN expressed that its rationale for the increase in July 2016 was to improve the real rate of return and reduce the gap between inflation and interest rates in a bid to attract foreign direct investment as well as to increase the supply of U.S. dollars and reduce foreign exchange shortages.

The CBN may further tighten the monetary policy stance in 2016 due to sustained inflationary pressures. The Group generates the majority of its interest income from loans and advances to customers and investment securities. The average interest rate on the Group's loans and advances to customers was 12.2 per cent. in the six months ended 30 June 2016, 13.0 per cent. in the year ended 31 December 2015, 12.6 per cent. in the year ended 31 December 2014, and 13.3 per cent. in the year ended 31 December 2013. The average earnings on investment securities as the average interest rate on the Group's investment securities was 7.1 per cent. in the six months ended 30 June 2016, 8.0 per cent. in the year ended 31 December 2015, 10.0 per cent. in the year ended 31 December 2014, and 8.6 per cent. in the year ended 31 December 2013.

Demand for the Group's products

In addition, a significant portion of the Group's fee and commission income, which consists of fees arising from transactions and banking activity, facility fees and administrative fees, is associated with the volume of loans extended by the Group. Demand for the Group's loans and other products, and the Group's ability to continue to create loans, affects the size of the Group's loan portfolio and, in turn, the Group's results of operations. Demand for the Group's loans and other products depends on several factors, which include economic and political conditions in Nigeria and elsewhere in Africa, conditions prevailing in the Nigerian banking sector, the Group's competitive environment and the Group's ability to take advantage of growth opportunities.

Loans and advances to customers increased to ₦1,746,863 million as at 30 June 2016 from ₦1,365,831 million as at 31 December 2015, ₦1,110,464 million as at 31 December 2014 and ₦786,170 million as at 31 December 2013. The increase of ₦255,367 million in loans and advances to customers in 2015 was primarily due to emerging lending opportunities in the Nigerian real (non-financial) sector of the economy and the Group's partnership on lending programme with the government – including the ECA loans and salary bailout facilities – ensuring that they have a positive and far-reaching social, economic and sustainable impact with the attendant multiplier effect on citizens and the country at large. Loans and advances to corporate entities and other organisations constituted 96.3 per cent., 96.1 per cent., 97.5 per cent. and 98.2 per cent. of the Group's loan portfolio as at 30 June 2016, 31 December 2015, 31 December 2014 and 31 December 2013, respectively, reflecting the Group's focus on corporate clients (institutional and commercial) during these periods. The Group believes that, as it develops its relationship with its corporate clients, it will be able, over time, to benefit from increased business along the value chain of these corporate clients, such as its suppliers, distributors, customers, employees and shareholders of such corporate clients.

Measures to stimulate the Nigerian economy

In June 2016, the Government, through the CBN, unveiled two export-financing programmes known as the Non-Oil Export Stimulation Facility (the "**ESF**") and the Export Re-discounting and Refinancing Facility (the "**RRF**") to improve non-oil exports in the country in an effort to encourage diversification in the Nigerian economy. The ESF, which was unveiled in June 2016, is designed to provide financial assistance of up to ₦5 billion to non-oil exporters in Nigeria in the form of a low-interest facility with a tenure not exceeding 10 years. The goal of the ESF is to offer non-oil exporters in Nigeria additional opportunities to upscale and expand their businesses in addition to improving their competiveness. In addition, the CBN has expanded the RRF, which was established in 2002, by ₦50 billion to support the Deposit Money Banks ("**DMBs**") in the provision of short-term pre- and post-shipment finance, with a tenure not exceeding 360 days, to exporters for undertaking export transactions. This involves the provision of finance to eligible DMBs, who seek to access the rediscount window of the CBN with a view to liquidating income from export credit made available to non-oil exporters in Nigeria. A function of the RRF is that the CBN would take an active role in moderating the cost of non-oil export credits and indirectly influence the cost of providing finance to the non-oil export sectors.

In 2016, high import dependence and shortage of foreign exchange have characterised the Nigerian economy. The CBN has noted that the economy needs to aggressively earn and increase its stock of foreign reserves in order to avoid distortions when faced with severe economic shocks. The Federal Government has recently disclosed plans to inject ₦350.0 billion into the economy, which will help stimulate growth and liquidity in the economy. In addition, in the assented Appropriation Act, the sum of ₦44.7 billion consisting of capital expenditure of ₦23.0 billion and recurrent expenditure of ₦21.7 billion has been allocated to the state house, ministries, departments and agencies within the supervision of the President. Further, in June 2016, the finance minister organised a non-deal roadshow in London to update existing bond holders on the government's economic strategies and continued thereafter to engage with international investors to explore fundraising options. In July 2016 the Nigerian government created a U.S.$100 million Nigerian Content Intervention Fund which will provide credit facilities to fund the activities of manufacturers, service providers and other key players in the Nigerian oil & gas industry. The Nigerian Content Intervention Fund will be managed by the Nigerian Content Development and Monitoring Board in conjunction with the Bank of Industry to provide lending directly to entities in the oil & gas industry under competitive terms.

For more information on the banking sector in Nigeria and the special measures taken by the CBN in response to the global financial crisis, see "*The Nigerian Banking Sector*".

Level of deposits

Similar to other banks in Nigeria, the Group has historically relied almost exclusively on corporate and retail depositors to meet its funding needs as access to other funding sources, including the capital markets, has been limited. Nigerian companies usually withdraw their deposits on a frequent basis and are not typically in a position to place significant funds in deposits on a long-term basis. The CBN requires Nigerian banks to maintain a 30.0 per cent. liquidity ratio to meet short-term liquidity needs. Decreases in corporate deposits and/or unexpected withdrawals of retail deposits can increase the Group's costs of funding when other sources of funding are not available on commercially reasonable terms or in time to meet the Group's funding requirements. Moreover, the CBN's requirement to maintain a 30.0 per cent. liquidity ratio results in certain constraints on the Bank's ability to lend, which in turn affects the size and growth of its loan portfolio. As at 30 June 2016, the Group's liquidity ratio was 33.6 per cent.

Competition

The banking industry in Nigeria has become increasingly competitive, which has resulted in increasing pressure on the loan rates chargeable by the Group, particularly in the corporate segment. The Group's net interest margin (defined as net interest income divided by average interest earning assets) was 5.3 per cent. for the six months ended 30 June 2016, 5.2 per cent. for the year ended 31 December 2015, 6.2 per cent. for the year ended 31 December 2014 and 5.2 per cent. for the year ended 31 December 2013.

Significant accounting policies

The Group's consolidated financial position and results of operations presented in the Financial Statements and the notes thereto, as well as selected statistical and other information appearing elsewhere in this Base Prospectus are prepared in accordance with IFRS and depend upon the Group's accounting policies, which in some cases involve a significant amount of management judgement. The Group has identified those accounting policies that it believes to be the most important to an understanding of the consolidated results of operations and financial condition of the Group. The Group's significant accounting policies are described in Note 3 to the Financial Statements. These significant accounting policies require management's subjective and complex judgement about matters that are inherently uncertain.

New and amended standards and interpretations not yet adopted by the Group

As described in Note 3.2 to the Financial Statements, IFRS 9, which becomes effective on 1 January 2018, will introduce new requirements for the classification and measurement of financial assets and financial liabilities. The Group is currently consulting with advisers regarding the impact of IFRS 9; however, it has yet to assess the full impact on the Group.

Restatements and reclassifications

The Group's statement of comprehensive income for the year ended 31 December 2013 was restated to reflect its interest in Associate Discount House Limited as a discontinued operation in the 2014 Financial Statements. Accordingly, the financial information relating to the Group as of and for the year ended 31 December 2013 has been derived from the comparative period information for the year ended 31 December 2014, such that all financial information included in the Base Prospectus is presented on a consistent basis. For further details and a reconciliation of the 2013 comprehensive income included herein to the 2014 Financial Statements, see Note 47 to the 2014 Financial Statements.

The Group's statement of comprehensive income for the year ended 31 December 2014 was restated to reflect certain reclassifications between line items in the 2015 Financial Statements. Accordingly, the financial information relating to the Group as of and for the year ended 31 December 2014 has been derived from the comparative period information for the year ended 31 December 2015, such that all financial information included in the Base Prospectus is presented on a consistent basis. For further details and a reconciliation of the 2014 comprehensive income included herein to the 2015 Financial Statements, see Note 41 to the 2015 Financial Statements.

Recent developments

Commercial paper issuance programme

The Board has approved and the Group is in the process of establishing a ₦100 billion local commercial paper issuance programme (the "**CP Programme**"). The Group is planning to issue a first tranche of ₦50 billion under the CP Programme in late October 2016. The CP Programme will allow the Bank to gain faster access to the market and secure short-term funding. The CP Programme will also allow the Group to lock in an interest rate over the tenor of the instrument.

Potential refinancing of existing notes

In September 2016, the Bank expects to commence refinancing of the existing senior unsecured U.S.$350 million 7.25 per cent. notes due July 2017 (the "**2017 Notes**") issued by the Bank's wholly owned subsidiary, Access Finance B.V., a private company with limited liability organised under the laws of the Netherlands. The Bank is considering all options for this refinancing, including a potential exchange offer. In relation to this refinancing, the Bank may issue Notes in exchange for the 2017 Notes. The Bank's current expectation is that this refinancing, if commenced, would be for an uncapped amount, excluding U.S. holders.

Naira free float

The CBN's Naira free-float measures adopted in June 2016 resulted in a significant devaluation of the Naira from a pegged rate of ₦197 to the U.S. dollar immediately before the free float *to* ₦305 to the U.S. dollar as at 2 September 2016. Following the Naira depreciation, the Group expects that its financial results for the period ended 30 September 2016 will reflect the negative impact of this devaluation largely due to the large volume of U.S. dollar loans in the Group's loan book, U.S. dollar deposits and U.S. dollar borrowings when translated into Naira. This is also expected to put pressure on the Group's capital ratios. The Naira depreciation has also led to an increase in the cost of risk as the Group has had to take additional impairment charges as a result of increase in Naira value of foreign currency loans as well as due to the impact of the Naira's devaluation on certain sectors of the economy. Any further significant fluctuations in the Naira could have a material adverse effect on the Group's financial condition and results of operation. See "*Management's Discussion and Analysis of Results of Operations and Financial Condition—Nigeria's currency controls*" and "*Risk Factors—The Group is subject to foreign exchange risk and is affected by changes in the value of the Naira against other currencies*".

Financial results as of and for the six months ended 30 June 2016

Interim consolidated statement of financial position of the Group

	As at 30 June	As at 31 December
	2016	2015
	(₦ thousands)	
Assets		
Cash and balances with banks	612,253,609	478,409,336
Investment under management	11,403,713	10,403,608
Non-pledged trading assets	23,778,607	52,298,422
Pledged assets	269,177,523	203,715,397
Derivative financial assets	155,550,018	77,905,020
Loans and advances to banks	69,059,407	42,733,910
Loans and advances to customers	1,746,863,344	1,365,830,831
Investment securities	206,196,592	186,223,126
Other assets	91,048,323	83,014,503
Property and equipment	80,101,766	73,329,927
Intangible assets	7,026,886	6,440,616
Deferred tax assets / (liabilities)	4,986,776	10,845,612
	3,277,446,564	2,591,150,308
Assets classified as held for sale	140,727	179,843
Total assets	**3,277,587,291**	**2,591,330,151**
Liabilities		
Deposits from financial institutions	208,982,658	72,914,421
Deposits from customers	1,970,423,706	1,683,244,320
Derivative financial liabilities	48,090,028	3,077,927
Current tax liabilities	6,317,489	7,780,824
Other liabilities	91,961,420	69,355,947
Deferred tax liabilities	476,062	266,644
Debt securities issued	212,484,633	149,853,640
Interest-bearing borrowings	304,070,191	231,467,161
Retirement benefit obligations	6,164,500	5,567,800
Total liabilities	**2,848,970,687**	**2,223,528,684**
Equity		
Share capital and share premium	212,438,802	212,438,802
Retained earnings	70,691,647	51,730,369
Other components of equity	139,788,357	99,732,330
Total equity attributable to owners of the Bank	**422,918,806**	**363,901,501**
Non controlling interest	5,697,798	3,899,966
Total equity	**428,616,604**	**367,801,467**
Total liabilities and equity	**3,277,587,291**	**2,591,330,151**

The Group's total assets increased to ₦3,277,587 million as of 30 June 2016 from ₦2,591,330 million as at 31 December 2015. The increase was primarily attributable to an increase in loans and advances to customers, as well as due to an increase in money market placements and cash reserve requirements resulting from an increase in the Group's deposits. This increased size of the loan book was primarily driven by an increase in the Naira value of foreign currency loans (particularly U.S. dollar denominated loans) resulting from the depreciation of the Naira against the U.S. dollar following the CBN's Naira free-float measures adopted in June 2016. The Group's proportional lending to the public sector increased to 15.6 per cent. of gross loans as at 30 September 2016 compared with 12.1 per cent. of gross loans as at 31 December 2015 largely due to the Federal Government's SBO and ECA lending facilities. See also "—*Significant factors affecting results of operations—Public sector lending*". Otherwise, the loan book experienced limited growth due to the Group's increased focus on borrower quality. These increases were partially offset by a decrease in trading securities and deferred assets.

As at 30 June 2016, the Group's NPLs stood at ₦36,614 million, compared with ₦24,417 million as at 31 December 2015. This represents 2.1 per cent. and 2.0 per cent. of total gross loans and advances as at 30 June 2016 and 31 December 2015, respectively. This increase in the Group's NPLs was primarily due to the effects of the slowdown in the Nigerian economy and the depreciation of the Naira on existing foreign currency loans, as well as due to the Group's conservative impairment policy relating to specific obligors operating in the oil & gas sector and the construction sector.

The Group's total liabilities increased to ₦2,848,971 million as at 30 June 2016 from ₦2,223,529 million as at 31 December 2015. The increase was primarily attributable to growth in deposits from financial institution and customers, as well as an increase in interest-bearing borrowings. This increase was also attributable to the increase in the Naira value of foreign currency deposits (particularly U.S. dollar denominated deposits) resulting from the depreciation of the Naira against the U.S. dollar following the CBN's Naira free-float measures adopted in June 2016. Additionally, the Naira free float also contributed to an increase in the Naira value of foreign currency debt securities issued by the Group.

As at 30 June 2016, the Group's total and Tier I capital adequacy ratios were 19.6 per cent. and 13.9 per cent., respectively. In order to ensure that capital adequacy requirements under Basel II are met, the Group has taken measures to strengthen its capital position, including raising Tier 1 and Tier 2 capital instruments in the capital markets. The decline in the Group's Tier 1 capital compared with 31 December 2015 was largely a result of the Naira devaluation and resulting growth in the loan book. Subsequent to 30 June 2016, the continuing devaluation of the Naira has put further strain on the Group's capital levels.

The devaluation of the Naira following the free float has and in the future may impact the Bank's ability to comply with ratios related to foreign currency exposures, among which is a requirement that foreign-denominated debt should not exceed 75 per cent. of the Bank's Tier 1 capital. At the date of this Base Prospectus, the Bank has received approval from the CBN to issue new Notes under the Programme up to U.S.$500 million. Given the recent devaluation, such issuance may cause the Bank to be in excess of this ratio. The CBN approval confirms that the CBN has no objection to such an issuance as long as the Bank has a plan in place to comply with this ratio within two years. If the Bank does not have such plan in place within the two years, the CBN may take action against the Bank. The Bank intends to have such a plan in place to ensure compliance with the conditions of this arrangement with the CBN.

Interim consolidated statement of comprehensive income of the Group

	For the six months ended 30 June	
	2016	**2015**
	(₦ thousands)	
Continuing operations		
Interest income	112,292,554	98,861,986
Interest expense	(43,841,887)	(50,699,097)
Net interest income	**68,450,667**	**48,162,889**
Net Impairment Charge	(10,212,305)	(8,886,639)
Net interest income after impairment charges	**58,238,362**	**39,276,250**
Fee and commission income	35,632,172	17,151,635
Fee and commission expense	(57,448)	(302,016)
Net fee and commission income	**35,574,724**	**16,849,619**
Net gains on investment securities	33,089,164	39,199,767
Foreign exchange income	(11,108,100)	7,929,774
Other operating income	4,163,527	5,498,790
Personnel expenses	(22,068,132)	(19,689,221)
Operating lease expenses	(990,251)	(867,805)
Depreciation and amortisation	(5,115,330)	(4,737,820)
Other operating expenses	(41,761,035)	(44,346,010)
Profit before income tax	**50,022,929**	**39,113,344**
Income tax expense	(10,536,217)	(7,826,247)
Profit for the year	**39,486,712**	**31,287,098**

The Group's net interest income increased by 42.1 per cent. to ₦68,451 million for the six months ended 30 June 2016 from ₦48,163 million for the six months ended 30 June 2015. The increase was attributable to growth in interest income from lending activities, as well as a reduced cost of funds due to an improved deposit mix, primarily as a result of an increase in low-cost retail deposits though generally interest rates were fairly stable. The Group has recently increased its strategic focus on the retail sector, which has helped increase its access to low-cost deposits.

The Group's net fee and commission income increased by 111.1 per cent. to ₦35,575 million for the six months ended 30 June 2016 from ₦16,850 million for the six months ended 30 June 2015. The increase was also attributable to the Group's retail strategy, resulting in greater income from increased activation and utilisation of the Group's electronic channels, as well as higher transaction volumes on these electronic channels. The increase was also attributable to a rise in the volume of card transactions, supported by an increase in the number of cards issued, an increase in the POS value, as well as an increase in mobile and internet transaction volumes.

Net impairment charge on financial assets for the six months ended 30 June 2016 was ₦10,212 million, as compared with the net impairment charge on financial assets for the six months ended 30 June 2015 of ₦8,887 million, primarily as a result of a collective impairment on a larger loan book and prudential provisions on the loan portfolio resulting from the current macro-economic outlook.

The Group's other operating income decreased by 24.3 per cent. to ₦4,164 million for the six months ended 30 June 2016 from ₦5,499 million for the six months ended 30 June 2015, primarily due to a decrease in other banking income. The Group's other operating expenses decreased by 5.8 per cent. to ₦41,761 million for the six months ended 30 June 2016 from ₦44,346 million for the six months ended 30 June 2015, primarily as a result of a decrease in premises and equipment costs, as well as a decrease in administrative expenses as the Group improved its efficiency in administrative management.

As a result, the Group saw its profit increase by 26.2 per cent. to ₦39,487 million for the six months ended 30 June 2016 from ₦31,287 million for the six months ended 30 June 2015. The CBN's Naira free-float measures adopted in June 2016 led to a revaluation loss of approximately ₦11 billion due to the short position of swaps; however, this was offset by strong gains on derivatives of ₦33 billion.

Key ratios

The following table provides certain of the Group's key ratios as at and for the six months ended 30 June 2016. The basis for calculation of ratios that are non-IFRS financial measures is set out in the notes below. Non-IFRS financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with IFRS measures. See also "*Presentation of Financial and Other Information—Non-IFRS measures of financial performance*".

	As at and for the six months ended 30 June 2016
	(%)
Profitability ratios:	
Return on average equity[(1)]	19.9
Return on average assets[(2)]	2.7
Net interest margin[(3)]	5.3
Net interest income/operating income	57.1
Cost to income ratio[(4)]	53.7
Operating expenses/average total assets[(5)]	2.4
Effective tax rate	21.1
Balance sheet ratios:	
Loans to customers, net/total assets	53.3
Total loans, net/deposits liabilities[(6)]	73.1
Loans to customers, net/total equity	407.6
Deposits from customers/total assets	60.1
Total equity/total assets	13.1
Liquid assets[(7)]/total assets	22.4
Liquid assets[(7)]/customer deposits	37.2
Liquid assets[(7)]/liabilities of up to three months	38.7
Capital adequacy ratios:	
Total capital[(8)]	19.6
Tier 1 capital[(9)]	13.9
Credit quality ratios	
Non-performing loans[(10)]/gross loans[(11)]	2.1
Allowances for impairment losses[(12)]/non-performing loans	220.5
Allowances for impairment losses[(12)]/total gross loans to customers	2.1
Impairment charges/average net loans[(13)]	1.2

(1) Return on average equity is calculated as the Group's annualised net profit for the period attributable to equity holders divided by the average of opening and closing balances of equity attributable to equity holders for the period.

(2) Return on average assets is calculated as the Group's annualised net profit for the period attributable to equity holders divided by the average of opening and closing balances of its total assets for the period.

(3) Net interest margin is calculated as the annualised net interest income for the period divided by the average balance of interest-bearing assets during the applicable period.

(4) Cost to income ratio is calculated as operating expenses divided by operating income less net impairment charge.

(5) Calculated as operating expenses divided by the average of opening and closing balances of its total assets for the period.

(6) Deposit liabilities include deposits from financial institutions, deposits from customers and interest-bearing borrowings.

(7) Liquid assets include cash and cash equivalents, treasury bills, trading assets and government bonds.

(8) Total capital is expressed as a percentage of total risk-weighted assets.

(9) Tier 1 capital is expressed as a percentage of risk-weighted assets.

(10) NPLs are past due loans to customers that are impaired.

(11) Non-performing loans to gross loans ratio is calculated as NPLs to customers divided by gross loans to customers.

(12) Allowances for impairment losses include allowances for specific impairment that relates to individually significant exposures, and allowances for collective loans, established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

(13) Impairment charges on loans to average net loans ratio is calculated as impairment charges on loans for the period divided by the average of opening and closing balances of net loans for the period indicated.

Results of operations

The following table sets forth the Group's results of operations for the years ended 31 December 2015, 2014 and 2013.

	For the year ended 31 December		
	2015	2014	2013
		(₦ thousands)	
Continuing operations			
Interest income	207,802,768	176,918,223	145,961,028
Interest expense	(102,421,118)	(76,901,080)	(68,237,387)
Net interest income	**105,381,650**	**100,017,143**	**77,723,641**
Writeback/(impairment charge) on financial assets	(14,224,715)	(11,652,271)	6,163,544
Impairment charge on goodwill	—	—	—
Net interest income after impairment charges	**91,156,935**	**88,364,872**	**83,887,185**
Fee and commission income	33,463,887	30,796,798	31,653,170
Fee and commission expense	(151,118)	(36,763)	(105,638)
Net fee and commission income	**33,312,769**	**30,760,035**	**31,547,532**
Net gains on investment securities	62,738,014	23,406,363	1,875,283
Net Foreign exchange income	26,501,682	563,922	7,537,545
Other operating income	6,897,879	12,948,230	15,013,907
Fair value gain on investment property	—	750,000	4,850,286
Personnel expenses	(42,346,952)	(31,293,540)	(31,081,954)
Prepaid rent expenses	(1,739,857)	(1,541,417)	(1,451,667)
Depreciation	(8,615,137)	(7,922,841)	(7,486,600)
Amortisation	(1,483,193)	(1,315,332)	(1,227,944)
Other operating expenses	(91,384,023)	(62,698,002)	(59,932,982)
Operating profit	75,038,117	52,022,290	43,530,591
Share of profit/(loss) of equity-accounted investee	—	485,576	1,465,819
Profit before income tax	**75,038,117**	**52,022,290**	**44,996,410**
Income tax expense	(9,169,344)	(8,958,811)	(7,498,759)
Profit for the year from continuing operations	65,868,773	43,063,479	37,497,651
Discontinued operations			
Loss from discontinued operations	—	(87,267)	265,760
Profit for the year	**65,868,773**	**42,976,212**	**36,297,592**

Year ended 31 December 2015 compared to year ended 31 December 2014

Net interest income

The following table sets out certain information relating to the Group's net interest income for the periods indicated.

	Year ended 31 December		
	2015	2014	Change
	(₦ thousands)		(%)
Interest income	207,802,768	176,918,223	17.5
Interest expense	(102,421,118)	(76,901,080)	33.2
Net interest income	**105,381,650**	**100,017,143**	**5.4**

Net interest income was ₦105,382 million for the year ended 31 December 2015 and ₦100,017 million for the year ended 31 December 2014. The increase in net interest income was primarily due to strong loan growth to obligors in the Bank's approved sectors and a high yield in government instruments. The increase was partially offset by marginal increase in interest expense in 2015.

The Group's net interest margin (defined as the Group's net interest income divided by the average balance of the Group's total interest earning assets during the applicable period) decreased to 5.2 per cent. in 2015 from 6.2 per cent. in 2014. The primary reason for the decrease in the Group's net interest margin in 2015 compared with 2014 was an increase in the cost of funds, from deposit and borrowings.

Interest income

The following table sets out details of the Group's interest income for the periods indicated.

	Year ended 31 December				
	2015	**% of total**	**2014**	**% of total**	**Change**
		(₦ thousands, except %)			*(%)*
Cash and balances with banks	3,694,903	1.8	3,216,457	1.8	14.9
Loans and advances to banks and customers	159,753,483	76.9	136,389,429	77.1	17.1
Investment securities	44,354,382	21.3	37,312,337	21.1	18.9
Total interest income	**207,802,768**	**100.0**	**176,918,223**	**100.0**	**17.5**

Total interest income increased to ₦207,803 million for the year ended 31 December 2015 from ₦176,918 million for the year ended 31 December 2014, primarily due to an increase in interest income from loans and advances to banks and customers and an increase in interest income from investment securities.

Interest income from loans and advances to banks and customers increased to ₦159,754 million for the year ended 31 December 2015 from ₦136,389 million for the year ended 31 December 2014. This was due to the Group increasing lending and the Group benefiting from a risk asset during the period. The Group believes that as it develops its relationships with its corporate clients, it will be able, over time, to benefit from increased business along the value chain of these corporate clients, such as its suppliers, distributors, customers, employees and shareholders of such corporate clients.

Interest income from investment securities increased to ₦44,354 million for the year ended 31 December 2015 from ₦37,312 million for the year ended 31 December 2014, primarily due to an increase in yield on government treasury bills. The slight increase in interest income from cash and balances with banks was as a result of an increase in interbank placements.

Interest expense

The following table sets out details of the Group's interest expense for the periods indicated.

	Year ended 31 December				
	2015	**% of total**	**2014**	**% of total**	**Change**
		(₦ thousands, except %)			*(%)*
Deposits from financial institutions	8,884,392	8.7	4,586,282	6.0	93.7
Deposits from customers	79,630,442	77.7	65,530,991	85.2	21.5
Securities dealing	37,991	0.0	7,927	0.0	379.3
Interest-bearing borrowings and other borrowed funds	13,868,293	13.5	8,775,880	11.4	58.0
Total interest expense	**102,421,118**	**100.0**	**76,901,080**	**100.0**	**33.2**

Total interest expense incurred by the Group increased to ₦102,421 million for the year ended 31 December 2015 from ₦76,901 million for the year ended 31 December 2014. The increase in total interest expense is due to an increase in interest expense on deposits from customers, interest-bearing borrowings and other borrowed funds and deposits from financial institutions due in part to new CBN rules on the minimum rate paid on savings accounts. See "*Significant factors affecting results of operations—Nigeria's banking regulatory environment*".

Interest expense on deposits from customers increased to ₦79,630 million for the year ended 31 December 2015 from ₦65,531 million for the year ended 31 December 2014, due to an increase in rates on tenured deposits which grew significantly in this period.

Interest expense on interest-bearing borrowings and borrowed funds increased in 2015 as a result of increased loans and borrowings during that year. See "*Financial condition as at 31 December 2015, 2014 and 2013—Total liabilities—Interest-bearing loans and borrowings*".

Interest expense on deposits from financial institutions increased to ₦8,884 million for the year ended 31 December 2015 from ₦4,586 million for the year ended 31 December 2014, as a result of increased trade obligations as a result of increased trade activities. Interest expense from securities dealing also increased to ₦38 million for the year ended 31 December 2015 from ₦8 million for the year ended 31 December 2014, primarily due to an increase in the Group's use of investment securities.

Net fee and commission income

The following table sets out certain information relating to the Group's net fee and commission income for the periods indicated.

	Year ended 31 December		
	2015	**2014**	**Change**
	(₦ thousands)		*(%)*
Fee and commission income	33,463,887	30,796,798	8.7
Fee and commission expense	(151,118)	(36,763)	311.1
Net fee and commission income	**33,312,769**	**30,760,035**	**8.3**

Net fee and commission income was ₦33,313 million for the year ended 31 December 2015 and ₦30,760 million for the year ended 31 December 2014.

Fee and commission income

The following table shows the composition of fee and commission income for the periods indicated.

	Year ended 31 December		
	2015	**2014**	**Change**
	(₦ thousands)		*(%)*
Credit-related fees and commissions	15,032,494	12,107,051	24.2
Commission on turnover and handling commission	3,202,396	5,872,065	(45.5)
Other fees and commissions	15,228,997	12,817,682	18.8
Total fee and commission income	**33,463,887**	**30,796,798**	**8.7**

Total fee and commission income increased to ₦33,464 million for the year ended 31 December 2015 from ₦30,797 million for the year ended 31 December 2014, due to increases in credit-related fees and commissions and other fees and commissions, partially offset by a decrease in commission on turnover and handling commission. Credit-related fees and commissions increased to ₦15,032 million for the year ended 31 December 2015 from ₦12,107 million for the year ended 31 December 2014, resulting mainly from increased lending. Other fees and commissions, which includes various transaction-related revenue such as debit card issuance fees, alert message fees and commissions on fund transfers, increased to ₦15,229 million for the year ended 31 December 2015 from ₦12,818 million for the year ended 31 December 2014, as a result of increased transaction and payment volumes, especially for transactions completed on the Group's E-Banking platform. Commission on turnover and handling commission decreased to ₦3,202 million for the year ended 31 December 2015 from ₦5,872 million for the year ended 31 December 2014, as a result of the reduction of CoT charges from ₦5 per ₦1,000 to ₦3 per ₦1,000 from 1 April 2013, following the CBN's release of the Revised Guide to Bank Charges. See "—*Significant factors affecting results of operations—Nigeria's banking regulatory environment*".

Fee and commission expense

Total fee and commission expense increased to ₦151 million for the year ended 31 December 2015 from ₦37 million for the year ended 31 December 2014. Fee and commission expense in the periods under review was mainly related to bank charges on transfers.

Net gains on financial instruments classified as held for trading

Net gains on financial instruments classified as held for trading increased to ₦53,937 million for the year ended 31 December 2015 from ₦23,084 million for the year ended 31 December 2014. The increase in net gains on financial instruments classified as held for trading was primarily attributable to increased securities trading portfolio and derivative trading as the bank took advantage of the market opportunities.

Other operating income

The following table shows the composition of other operating income for the periods indicated.

	Year ended 31 December		
	2015	2014	Change
	(₦ thousands)		*(%)*
Dividends on "available for sale - equity securities"	3,734,392	3,382,399	10.4
Gain on disposal of property and equipment	151,937	905,884	(83.2)
Rental income	90,179	205,973	(56.2)
Bad debt recovered	1,343,966	3,294,295	(59.2)
Cash management charges	322,248	444,087	(27.4)
Income from agency and brokerage	89,093	—	—
Income from asset management	271,124	—	—
Income from other investments	680,008	—	—
Write back on litigation claims	—	165,967	—
Other income	214,392	4,549,625	(95.3)
Total operating income	**6,897,879**	**12,948,230**	**(46.7)**

The Group had other operating income of ₦6,898 million for the year ended 31 December 2015, as compared with other operating income of ₦12,948 million for the year ended 31 December 2014. This decrease resulted mainly from a decrease in other income, gain on disposal of property and equipment and bad debt recovered. The decrease was partially offset by increases in income from agency and brokerage, income from asset management and income from other investments.

Income from gain on disposal of property and equipment decreased to ₦152 million for the year ended 31 December 2015 from ₦906 million for the year ended 31 December 2014 as a result of branch rationalisation, which was carried out after the Merger, in 2012 and 2013. These properties were disposed of in 2014. Dividends on "available for sale-equity securities" increased to ₦3,734 million for the year ended 31 December 2015 from ₦3,382 million for the year ended 31 December 2014, as a result of increased dividend paid in 2015 on the Group's equity investment, particularly in Africa Finance Corporation and Stanbic IBTC pensions. Other income, which includes revenue from various charges such as charge on cards, transfers and ATMs, decreased to ₦214 million for the year ended 31 December 2015 from ₦4,550 million for the year ended 31 December 2014, as a result of reductions in various income lines by the CBN in the revised circular on charges on bank tariffs in which, for example, transfer charges were reduced to 1.0 per cent. from 1.5 per cent. Additionally, charges on international cash withdrawals were reduced to ₦240 from ₦420, and annual maintenance fees were reduced from ₦1,000 to ₦100. However, this was offset by a slight increase in card commission income. See note 13 to the 2015 Financial Statements for additional information.

Writeback/(impairment charge) on financial assets

The impairment charge on financial assets for the year ended 31 December 2015 was ₦14,225 million, as compared with a net impairment charge on financial assets of ₦11,652 million for the year ended 31 December 2014, primarily as a result of increased collective impairment primarily in the oil & gas sector.

The Group's NPLs as at 31 December 2015 decreased to ₦24,417 million, representing 1.8 per cent. of gross loans and advances, from ₦25,261 million, or 1.7 per cent., of gross loans and advances as at 31 December 2014. The Group's NPLs decreased in 2015 primarily due to the improved quality of obligors and significant recovery efforts.

The following table sets out certain information relating to the Group's impairment allowance on loans and advances for the periods indicated.

	Year ended 31 December	
	2015	2014
	(₦ millions, except %)	
Impairment allowance on loans and advances:		
Balance at 1 January	**18,982**	**14,495**
Impairment loss for the year:		
Charge / (allowance no longer required) for the year	10,837	10,942
Net impairment for the year	**10,837**	**10,942**
Effect of foreign currency movements	—	—
Write-offs	(1,128)	(6,455)
Balance at 31 December	28,691	18,982
Non-performing loans/gross loans and advances	**1.8%**	**1.7%**
Allowances for impairment losses/ non-performing loans	117.5%	75.1%
Allowances for impairment losses/gross loans and advances	2.1%	1.7%
Impairment charges/average net loans and advances[1]	0.9%	1.2%

(1) Averages based on opening and closing balances of the Group.

Impairment allowance on loans and advances increased to ₦28,691 million as at 31 December 2015 from ₦18,982 million as at 31 December 2014. The increase in impairment allowance on loans and advances in 2015 was primarily due to an increase in collective impairment following the Group's review of the performance of loans in peculiar sectors of the economy.

Operating expenses

The following table sets out the principal components of the Group's operating expenses for the periods indicated.

	Year ended 31 December				
	2015	**% of total**	**2014**	**% of total**	**Change**
		(₦ thousands)			(%)
Personnel expenses	(42,346,592)	29.1	(31,293,540)	29.9	35.3
Prepaid rent expenses	(1,739,857)	1.2	(1,541,417)	1.5	12.9
Depreciation	(8,615,137)	5.9	(7,922,841)	7.6	8.7
Amortisation	(1,483,193)	1.0	(1,315,332)	1.3	12.8
Other operating expenses[1]	(91,384,023)	62.8	(62,698,002)	59.8	45.8
Total operating expenses	**(145,568,802)**	**100.0**	**(104,771,132)**	**100.0**	**38.9**

(1) Other operating expenses comprise other premises and equipment costs, professional fees, insurance, business travel expenses, AMCON surcharge, loss on disposal of investments, deposit insurance premiums, auditor's remuneration and general administrative expenses.

Operating expenses increased to ₦145,569 million for the year ended 31 December 2015 from ₦104,771 million for the year ended 31 December 2014. This increase was primarily due to an increase in other operating expenses as a result of largely one-off investments in systems and technology improvements (e.g. the Flexcube upgrade, the Group's E-Banking platform and other retail products) to increase automation and enhance service delivery. Also, the Group increased advertising placements and marketing activities in order to drive product adoption (e.g. customer adoption of PayWithCapture) and enhance brand equity. Additionally, the Group had an increase in personnel expenses.

Personnel expenses

The following table sets out details of the Group's personnel expenses for the periods indicated.

	Year ended 31 December		
	2015	2014	Change
	(₦ thousands)		(%)
Wages and salaries	39,187,244	29,884,739	31.1
Increase in liability for long-term incentive plan	784,305	421,275	86.2
Contributions to defined contribution plans	1,811,510	804,890	125.1
Restricted Share Performance Plan(i)	563,893	182,636	208.8
Total personnel expenses	**42,346,952**	**31,293,540**	**35.3**

(1) 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 three-year period from the date of award. The scheme applies only to 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 Group recognises 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 Group sets aside an amount not exceeding five (5) per cent. of the aggregate emoluments of the Group's employees in each financial year to purchase shares of the Group from the floor of the Nigerian Stock Exchange for the purpose of the plan. The Group has also established a Special Purpose Entity ("**SPE**") to buy shares of the Group for the purposes of the RSPP. Upon vesting, the SPE transfers the shares to the employee whose interest has vested. The SPE is consolidated in the Financial Statements.

Total personnel expenses increased to ₦42,347 million for the year ended 31 December 2015 from ₦31,294 million for the year ended 31 December 2014. The increase in personnel expenses was primarily due to an increase in wages and salaries as a result of enhanced staff strength to fill personnel gaps at branches in order to boost the Group's retail market penetration and improve branch profitability.

Depreciation and amortisation

Depreciation increased to ₦8,615 million for the year ended 31 December 2015 from ₦7,923 million for the year ended 31 December 2014. This increase was primarily due to increased acquisition of fixed assets, especially as the Group engaged in major capital projects during the period (e.g. the Flexcube upgrade). Amortisation increased to ₦1,483 million for the year ended 31 December 2015 from ₦1,315 million for the year ended 31 December 2014. This increase was primarily due to an increase in prepaid expenses (e.g. advertising).

Other operating expenses

The following table sets out details with respect to the Group's other operating expenses for the periods indicated.

	Year ended 31 December				
	2015	% of total	2014	% of total	Change
	(₦ thousands)				(%)
Other premises and equipment costs	7,824,339	8.6	6,296,518	10.0	24.3
Professional fees	3,379,829	3.7	2,641,005	4.2	28.0
Insurance	1,532,297	1.7	499,373	0.8	206.8
Business travel expenses	5,493,383	6.0	2,783,045	4.4	97.4
AMCON surcharge(1)	9,909,779	10.8	8,520,471	13.6	16.3
Loss on disposal of investments	750,000	0.8	17	0.0	—
Deposit insurance premium	5,315,812	5.8	6,024,910	9.6	(11.8)
Auditor's remuneration	378,789	0.4	433,734	0.7	(12.7)
General administrative expenses	56,799,795	62.2	35,498,929	56.6	60.0
Total other operating expenses	**91,384,023**	**100.0**	**62,698,002**	**100.0**	**45.8**

(1) The AMCON surcharge represents the Group's contribution to AMCON's sinking fund for the years ended 31 December 2015 and 31 December 2014, respectively. Effective 1 January 2011, each Nigerian bank was required to contribute 0.3 per cent. of its total assets as at the preceding year end to AMCON's sinking fund in line with existing guidelines. This was increased to 0.5 per cent. in 2013. The contribution to AMCON is a levy on all deposit money banks in Nigeria. 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.

The Group's other operating expenses increased to ₦91,384 million for the year ended 31 December 2015 from ₦62,698 million for the year ended 31 December 2014. The increase in other operating expenses in 2015 mainly resulted from increases in general administrative expenses, business travel expenses, insurance, other premises and equipment costs, and professional fees, partially offset by decreases in deposit insurance premium.

General administrative expenses increased to ₦56,800 million for the year ended 31 December 2015 from ₦35,499 million for the year ended 31 December 2014, as a result of increased expenses related to consultancy and IT, advertisements and marketing expenses and net litigation claims. The increase in the AMCON surcharge was primarily the result of the increase in the contribution percentage to the AMCON sinking fund from 0.3 per cent. of total assets to 0.5 per cent. of total assets that became effective in 2014. As the Group's total assets increased from ₦2.1 billion in December 2014 to ₦2.5 billion in 2015, its contribution percentage to the sinking fund also increased. Business travel expenses increased to ₦5,493 million for the year ended 31 December 2015 from ₦2,783 million for the year ended 31 December 2014, as a result of training and testing travel by up-country staff in connection with certain corporate activities, including brand awareness, visioning and a team-bonding session. The increase in other premises and equipment costs in 2015 was due to the rebranding of the Group that was implemented in 2015. The increase in professional fees in 2015 was due to major projects embarked on by the Bank, which included the development of a five-year strategic plan and the development of certain financial risk processes.

The increase in other operating expenses was partially offset by decreases in deposit insurance premium and auditor's remuneration. Deposit insurance premium expenses decreased to ₦5,316 million for the year ended 31 December 2015 from ₦6,025 million for the year ended 31 December 2014, as a result of an increase of collateralised deposits, which are exempted from the premium.

Income tax expense

Income tax expense for the year ended 31 December 2015 increased to ₦9,169 million from ₦8,959 million for the year ended 31 December 2014. The Group's effective income tax rate in 2015 decreased to 12 per cent. as compared to 17 per cent. in 2014.

Year ended 31 December 2014 compared to year ended 31 December 2013

Net interest income

The following table sets out certain information relating to the Group's net interest income for the periods indicated.

	Year ended 31 December		
	2014	**2013**	**Change**
	(₦ thousands)		*(%)*
Interest income	176,918,223	145,961,028	21.2
Interest expense	(76,901,080)	(68,237,387)	12.7
Net interest income	**100,017,143**	**77,723,641**	**28.7**

Net interest income was ₦100,017 million for the year ended 31 December 2014, and ₦77,724 million for the year ended 31 December 2013. The increase in net interest income was primarily due to an increase in interest income from loans and advances to customers, and an increase in income from interbank lending and fund placement with other banks. The increase was partially offset by an increase in interest expense in 2014.

The Group's net interest margin (defined as the Group's net interest income divided by the average balance of the Group's total interest-earning assets during the applicable period) increased to 6.2 per cent. in 2014 from 5.2 per cent. in 2013. The primary reason for the increase in the Group's net interest margin in 2014 compared to 2013 was an increase in average interest-earning assets.

Interest income

The following table sets out details of the Group's interest income for the periods indicated.

	Year ended 31 December				
	2014	% of total	2013	% of total	Change
	(₦ thousands, except %)				(%)
Cash and balances with banks	3,216,457	1.8	1,685,844	1.2	90.8
Loans and advances to banks and customers	136,389,429	77.1	97,533,141	66 8	39.8
Investment securities	37,312,337	21.1	46,742,043	32.0	(20.2)
Total interest income	**176,918,223**	**100.0**	**145,961,028**	**100.0**	**21.2**

Total interest income increased to ₦176,918 million for the year ended 31 December 2014 from ₦145,961 million for the year ended 31 December 2013, primarily due to an increase in average loans to customers and an increase in interest income on investment securities. Interest income from loans and advances to banks and customers increased to ₦136,389 million for the year ended 31 December 2014 from ₦97,533 million for the year ended 31 December 2013. This was due to an increase in lending to investment-grade customers/obligors and an increase in average lending rates. Interest income from investment securities decreased to ₦37,312 million for the year ended 31 December 2014 from ₦46,742 million for the year ended 31 December 2013, primarily due to the sale of approximately ₦59 billion of AMCON Bonds. The increase in interest income from cash and balances with banks was as a result of an increase in interbank placements.

Interest expense

The following table sets out details of the Group's interest expense for the periods indicated.

	Year ended 31 December				
	2014	% of total	2013	% of total	Change
	(₦ thousands, except %)				(%)
Deposits from financial institutions	4,586,282	6.0	2,020,605	3 0	127.0
Deposits from customers	65,530,991	85.2	56,979,897	83.5	15.0
Securities dealing	7,927	0.0	417,343	0.6	(98.1)
Interest-bearing borrowings and other borrowed funds	8,775,880	11.4	8,819,542	12.9	(0.5)
Total interest expense	**76,901,080**	**100.0**	**68,237,387**	**100.0**	**12.7**

Total interest expense incurred by the Group increased to ₦76,901 million for the year ended 31 December 2014 from ₦68,237 million for the year ended 31 December 2013. The increase in total interest expense was due to an increase in interest expense on deposits from customers and deposits from banks.

Interest expense on deposits from customers increased to ₦65,531 million for the year ended 31 December 2014 from ₦56,980 million for the year ended 31 December 2013, due to an increase in the average balance of deposits from customers in 2014, as well as an increase in the average rate of interest paid on tenured deposits as the Group focused on growing its deposit base.

Interest expense on interest-bearing borrowings and other borrowed funds decreased in 2014 as a result of the maturity of borrowings from the Belgian Investment Company for Developing Countries (BIO). See "*Financial condition as at 31 December 2015, 2014 and 2013—Total liabilities—Interest-bearing loans and borrowings*".

Interest expense on deposits from financial institutions increased to ₦4,586 million for the year ended 31 December 2014 from ₦2,021 million for the year ended 31 December 2013, as a result of an increase in interbank takings.

Net fee and commission income

The following table sets out certain information relating to the Group's net fee and commission income for the periods indicated.

	Year ended 31 December		
	2014	2013	Change
	(₦ thousands)		(%)
Fee and commission income	30,796,798	31,653,170	(2.7)
Fee and commission expense	(36,763)	(105,638)	(65.2)
Net fee and commission income	**30,760,035**	**31,547,532**	**(2.5)**

Net fee and commission income was ₦30,760 million for the year ended 31 December 2014 and ₦31,548 million for the year ended 31 December 2013.

Fee and commission income

The following table shows the composition of fee and commission income for the periods indicated.

	Year ended 31 December		
	2014	2013	Change
	(₦ thousands)		(%)
Credit-related fees and commissions	12,107,051	10,044,049	20.5
Commission on turnover and handling commission	5,872,065	6,251,985	(6.1)
Other fees and commissions	12,817,682	15,357,136	(16.5)
Total fee and commission income	**30,796,798**	**31,653,170**	**(2.7)**

Total fee and commission income decreased to ₦30,797 million for the year ended 31 December 2014 from ₦31,653 million for the year ended 31 December 2013, due to a decrease in commissions on turnover and other transactional fees; however, this was partially offset by an increase in credit-related fees and commissions. Credit-related fees and commissions increased to ₦12,107 million for the year ended 31 December 2014 from ₦10,044 million for the year ended 31 December 2013, resulting mainly from an increase in the volume of loans and advances, as well as an increase in letters of credit. Other fees and commissions, which include various transaction-related revenue such as debit card issuance fees, alert message fees and commissions on fund transfers, decreased to ₦12,818 million for the year ended 31 December 2014 from ₦15,357 million for the year ended 31 December 2013, as a result of the CBN's revision of bank charges, which eliminated monthly account maintenance charges and reduced fees charged on virtual products. Commission on turnover and handling commission decreased to ₦5,872 million for the year ended 31 December 2014 from ₦6,252 million for the year ended 31 December 2013, as a result of the reduction of CoT charges from ₦5 per ₦1,000 to ₦3 per ₦1,000 beginning on 1 April 2013, following the CBN's release of the Revised Guide to Bank Charges.

Fee and commission expense

Total fee and commission expense decreased to ₦37 million for the year ended 31 December 2014 from ₦106 million for the year ended 31 December 2013. The decrease in fee and commission expenses in the periods under review was mainly due to an increase in the volume of transfers and the commissions on these transfers.

Net gains on financial instruments classified as held for trading

Net gains on financial instruments classified as held for trading increased to ₦23,085 million for the year ended 31 December 2014 from ₦820 million for the year ended 31 December 2013. The increase in net gains on financial instruments classified as held for trading was primarily attributable to the gains and losses arising both on the purchase and sale of trading instruments and from changes in fair value. The increase was a result of profit from derivatives held for trading as the Group took advantage of certain market opportunities.

Other operating income

The following table shows the composition of other operating income for the periods indicated.

	Year ended 31 December		
	2014	2013	Change
	(₦ thousands)		(%)
Dividends on "available for sale-equity securities"	3,382,399	3,161,572	7.0
Gain on disposal of property and equipment	905,884	2,134,945	(57.6)
Rental income	205,973	313,257	(34.2)
Bad debt recovered	3,294,295	2,711,471	21.5
Cash management charges	444,087	391,350	13.5
Writeback on litigation	165,967	—	—
Other income	4,549,625	6,301,312	(31.8)
Total other operating income	**12,948,230**	**15,013,907**	**(13.8)**

The Group had other operating income of ₦12,948 million for the year ended 31 December 2014, as compared with other operating income of ₦15,014 million for the year ended 31 December 2013. This decrease resulted mainly from a decrease in gains on disposals of property and equipment and a decrease in other income. The decrease was partially offset by an increase in recovery of bad debt and cash management charges.

Income from gain on disposal of property and equipment decreased to ₦906 million for the year ended 31 December 2014 from ₦2,135 million for the year ended 31 December 2013, as a result of the Group's completion of harmonising its operations after the merger in 2012 and 2013, and hence a reduction in property disposal. Dividends on "available for sale-equity securities" increased to ₦3,382 million for the year ended 31 December 2014 from ₦3,162 million for the year ended 31 December 2013 as a result of increased dividends paid in 2014 by the Group's equity investments, particularly investments in Africa Finance Corporation and Stanbic IBTC pensions. Other income, which includes revenue from various charges such as charge on cards, transfers charges, ATMs, withdrawal charges and other one-off charges, decreased to ₦4,550 million for the year ended 31 December 2014 from ₦6,301 million for the year ended 31 December 2013, as a result of one-off income from contingent settlement derecognition, which occurred in 2013, and a reduction in transaction charges by the CBN.

Writeback / impairment charge on financial assets

Impairment charge on financial assets for the year ended 31 December 2014 was ₦11,652 million as compared with a net writeback on financial assets of ₦6,164 million for the year ended 31 December 2013, primarily as a result of writebacks in collective impairment resulting from an improved credit rating of the Group's loan portfolio.

The Group's NPLs as at 31 December 2014 decreased to ₦25,262 million, representing 2.2 per cent. of gross loans and advances, from ₦22,589 million, or 2.8 per cent., of gross loans and advances as at 31 December 2013. The Group's NPLs decreased in 2014, primarily due to the improved quality of obligors as reflected in the migration of ratings and the significant recovery effort, as well as the write-off of fully impaired loans in line with CBN prudential guidelines requiring that all asset loss and loans fully provided for after one year be written off.

The following table sets out certain information relating to the Group's impairment allowance on loans and advances for the periods indicated.

	Year ended 31 December	
	2014	2013
	(₦ millions, except %)	
Impairment allowance on loans and advances:		
Balance at 1 January	**14,504**	**37,962**

	Year ended 31 December	
	2014	2013
	(₦ millions, except %)	
Impairment loss for the year:		
Charge / (allowance no longer required) for the year	10,840	(4,856)
Net impairment for the year	**10,840**	**(4,856)**
Effect of foreign currency movements	—	1,865
Write-offs	(6,455)	(20,576)
Balance at 31 December	18,988	14,495
Non-performing loans / gross loans and advances	**1.7%**	**2.4%**
Allowances for impairment losses / non-performing loans	75.1%	64.2%
Allowances for impairment losses / gross loans and advances	1.7%	1.8%
Impairment charges / average net loans and advances[1]	1.2%	0.7%

(1) Averages based on opening and closing balances of the Group.

Impairment allowance on loans and advances increased to ₦18,988 million as at 31 December 2014 from ₦14,504 million as at 31 December 2013. The increase in impairment allowance on loans and advances in 2014 was primarily due to an increase in collective impairment, particularly in the oil & gas sector.

Operating expenses

The following table sets out the principal components of the Group's operating expenses for the periods indicated.

	Year ended 31 December				
	2014	% of total	2013	% of total	Change
	(₦ thousands)				*(%)*
Personnel expenses	(31,293,540)	29.9	(31,081,954)	30.7	0.7
Prepaid rent expenses	(1,541,417)	1.5	(1,451,667)	1.4	6.2
Depreciation	(7,922,841)	7.6	(7,486,600)	7.4	5.8
Amortisation	(1,315,332)	1.3	(1,227,944)	1.2	7.1
Other operating expenses[1]	(62,698,002)	59.8	(59,932,982)	59.2	4.6
Total operating expenses	**(104,771,132)**	**100.0**	**(101,181,147)**	**100.0**	**3.5**

(1) Other operating expenses comprise other premises and equipment costs, professional fees, insurance, business travel expenses, AMCON surcharge, loss on disposal of investments, deposit insurance premiums, auditor's remuneration and general administrative expenses.

Other operating expenses increased to ₦104,771 million for the year ended 31 December 2014 from ₦101.181 million for the year ended 31 December 2013. This increase was primarily due to an increase in deposit insurance premiums, administrative expenses, outsourcing costs and security expenses.

Personnel expenses

The following table sets out details of the Group's personnel expenses for the periods indicated.

	Year ended 31 December		
	2014	2013	Change
	(₦ thousands)		(%)
Wages and salaries	29,884,739	29,567,517	1.1
Increase in liability for long-term incentive plan	421,275	801,169	(47.4)
Contributions to defined contribution plans	804,890	600,485	34.0
Restricted Share Performance Plan[(i)]	182,636	112,783	61.9
Total personnel expenses	**31,293,540**	**31,081,954**	**0.7**

(1) Under the 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 three-year period from the date of award. The scheme applies only to 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 Group recognises 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 Group sets aside an amount not exceeding five (5) per cent. of the aggregate emoluments of the Group's employees in each financial year to purchase shares of the Group from the floor of the Nigerian Stock Exchange for the purpose of the plan. The Group has also established an SPE to buy shares of the Group for the purposes of the RSPP. Upon vesting, the SPE transfers the shares to the employee whose interest has vested. The SPE is consolidated in the Financial Statements.

Total personnel expenses increased to ₦31,294 million for the year ended 31 December 2014 from ₦31,082 million for the year ended 31 December 2013. The increase in personnel expenses was primarily due to an increase in awards under the RSPP to Group employees.

Depreciation and amortisation

Depreciation increased to ₦7,923 million for the year ended 31 December 2014 from ₦7,487 million for the year ended 31 December 2013, while amortisation increased to ₦1,315 million for the year ended 31 December 2014 from ₦1,228 million for the year ended 31 December 2013. This increase was primarily due to an increase in property, plant and equipment as the Group effected property improvements across its branches.

Other operating expenses

The following table sets out details with respect to the Group's other operating expenses for the periods indicated.

	Year ended 31 December				
	2014	% of total	2013	% of total	Change
	(₦ thousands)				(%)
Other premises and equipment costs	6,296,518	10.0	6,024,009	10.1	4.5
Professional fees	2,641,005	4.2	2,961,878	4.9	(10.8)
Insurance	499,373	0.8	858,014	1.4	(41.8)
Business travel expenses	2,783,045	4.5	2,394,411	4.0	16.2
AMCON surcharge[(1)]	8,520,471	13.6	11,695,255	19.5	(27.1)
Loss on disposal of investments	17	0.0	1,025,936	1.7	(100.0)
Deposit insurance premium	6,024,910	9.6	5,800,622	9.7	3.9
Auditor's remuneration	35	0.7	308,208	0.5	40.7
General administrative expenses	35,332,962	56.6	28,864,649	48.4	22.4
Total other operating expenses	**62,532,035**	**100.0**	**59,932,982**	**100.0**	**4.6**

(1) The AMCON surcharge represents the Group's contribution to AMCON's sinking fund for the years ended 31 December 2014 and 31 December 2013, respectively. Effective 1 January 2011, each Nigerian bank was required to contribute 0.3 per cent. of its total assets as at the preceding year-end to AMCON's sinking fund in line with existing guidelines. This was increased to 0.5 per cent. in 2013. The contribution to AMCON is a levy on all deposit money banks in Nigeria. 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.

The Group's other operating expenses increased to ₦62,532 million for the year ended 31 December 2014 from ₦59,933 million for the year ended 31 December 2013. The increase in other operating expenses in

2014 mainly resulted from increases in general administrative expenses, deposit insurance premiums, other premises and equipment costs and professional fees. This increase was partially offset by decreases in loss on disposal of investments.

General administrative expenses increased to ₦35,332 million for the year ended 31 December 2014 from ₦28,865 million for the year ended 31 December 2013, as a result of increased expenses related to vehicle repairs, branch refurbishments and rebranding. The decrease in AMCON surcharge was primarily the result of a surcharge of ₦4 billion from Intercontinental Bank acquired in 2011 and paid in 2013. Business travel expenses increased to ₦2,783 million for the year ended 31 December 2014 from ₦2,394 million for the year ended 31 December 2013, as a result of an increase in travel that was required to take advantage of various business opportunities. The increase in other premises and equipment costs in 2014 was due to rebranding and replacement costs of equipment. The decrease in professional fees in 2014 was due to increased costs incurred in 2013 for the development of a five-year strategic plan and for the development of financial risk processes. These costs were not incurred in 2014. Deposit insurance premium expenses increased to ₦6,025 million for the year ended 31 December 2014 from ₦5,801 million for the year ended 31 December 2013 as a result of an increase in deposit liabilities in 2014.

Income tax expense

Income tax expense for the year ended 31 December 2014 increased to ₦8,959 million from ₦7,499 million for the year ended 31 December 2013. The Group's effective income tax rate in 2014 remained flat at 17 per cent. as compared to 2013.

Financial condition as at 31 December 2015, 2014 and 2013

Total assets

The following table presents data regarding the Group's assets as at the dates indicated.

	As at 31 December					
	2015	**% of total**	**2014**	**% of total**	**2013**	**% of total**
	(₦ thousands, except)					
Cash and balances with banks	478,409,336	18.5	405,014,793	19.2	439,459,541	24.0
Investment under management	10,403,608	0.4	—	—	—	—
Non-pledged trading assets	52,298,422	2.0	28,411,644	1.4	3,877,969	0.2
Pledged assets	203,715,397	7.9	87,072,147	4.1	63,409,851	3.5
Derivative financial assets	77,905,020	3.0	24,866,681	1.2	102,123	0.0
Loans and advances to banks	42,733,910	1.6	12,435,659	0.6	24,579,875	1.3
Loans and advances to customers	1,365,830,831	52.7	1,110,464,441	52.8	786,169,702	42.8
Investment securities	186,223,126	7.2	270,211,388	12.8	353,811,348	19.3
Other assets	83,014,503	3.2	56,310,620	2.7	52,019,723	2.8
Investment properties	—	—	—	—	23,974,789	1.3
Investments in equity accounted investee	—	—	—	—	3,623,326	0.2
Property and equipment	73,329,927	2.8	69,659,707	3.3	67,243,305	3.7
Intangible assets	6,440,616	0.2	5,592,991	0.3	3,659,072	0.2
Deferred tax assets / (liabilities)	10,845,612	0.4	10,881,984	0.5	10,687,635	0.6
	2,591,150,308	100.0	2,080,922,055	98.9	1,832,618,259	99.8
Assets classified as held for sale	179,843	0.0	23,438,484	1.1	2,847,740	0.2
Total assets	**2,591,330,151**	**100.0**	**2,104,360,539**	**100.0**	**1,835,466,000**	**100.0**

The Group's total assets increased to ₦2,591,330 million as at 31 December 2015 from ₦2,104,361 million as at 31 December 2014 and ₦1,835,466 million as at 31 December 2013. The increase in total assets in 2015 was primarily as a result of an increase in loans and advances to customers as well as an increase in the balances of the Group's offshore operating accounts. The increase in total assets in 2014 was primarily due to an increase in investment securities as the Group took advantage of its excess liquidity to invest in low-risk bonds, as well as due to an increase in loans and advances to customers.

Cash and balances with banks

The following table sets out details of the Group's cash and cash equivalents as at the dates indicated.

	As at 31 December		
	2015	2014	2013
		(₦ thousands)	
Cash on hand and balances with banks[(1)]	85,299,149	49,549,044	114,541,529
Restricted deposits with central banks[(2)]	249,954,817	257,591,933	172,406,297
Unrestricted balances with central banks	90,721,388	32,060,575	31,143,134
Money market placements	52,433,982	65,813,241	121,368,581
Total cash and cash equivalents	**478,409,336**	**405,014,793**	**439,459,541**

(1) Included in cash on hand and balances with other banks is an amount of ₦5,239 million in 2015 (2014: ₦5,030 million) 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.

(2) Restricted deposits with central banks comprise cash reserve requirement of the CBN and other central banks of jurisdictions that the Group operates in. Restricted deposits are not available for use in the Group's day-to-day operations.

The Group's cash and balances with banks, consisting of cash on hand and balances with banks, restricted deposits held with central banks, unrestricted balances held with central banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, increased to ₦478,409 million as at 31 December 2015, as compared with ₦405,015 million as at 31 December 2014 and ₦439,460 million as at 31 December 2013.

The increase in cash and balances with banks in 2015 was primarily due to an increase in cash on hand and balances with banks, which increased to ₦85,299 million as at 31 December 2015 from ₦49,549 million as at 31 December 2014, as a result of increased trade settlement activities, which led to an increased cash position in the Group's offshore operating accounts. The increase in cash and balances with banks was partially offset by a decrease in money market placements, which decreased to ₦52,434 million as at 31 December 2015 from ₦65,813 million as at 31 December 2014 and restricted deposits with central banks, which decreased to ₦249,955 million as at 31 December 2015 from ₦257,592 million as at 31 December 2014 as a result of the Group's decision to invest in treasury bill securities and a decrease in the CRR ratio for the private sector fund.

The decrease in cash and balances with banks in 2014 was primarily due to a decrease in money market placements and a decrease in cash on hand and balances with banks, partially offset by an increase in restricted deposits with central banks. Money market placements decreased to ₦65,813 million as at 31 December 2014 from ₦121,369 million as at 31 December 2013 and cash on hand and balances with banks decreased to ₦49,549 million as at 31 December 2014 from ₦114,542 million as at 31 December 2013. These decreases arose as a result of the Group's decision to invest in government instruments rather than in interbank instruments. Restricted deposits with central banks increased to ₦257,592 million as at 31 December 2014 from ₦172,406 million as at 31 December 2013, due to the increase in the cash reserve ratio to 50 per cent. by the CBN in its bid to tighten monetary policy to regulate price stability. Unrestricted balances with central banks increased to ₦32,061 million as at 31 December 2014 from ₦31,143 million as at 31 December 2013.

Non-pledged trading assets

The following table sets out details of the Group's non-pledged trading assets as at the dates indicated.

	As at 31 December		
	2015	**2014**	**2013**
		(₦ thousands)	
Government bonds and Eurobond	2,025,000	3,786,172	1,402,326
Treasury bills	50,209,443	24,546,032	2,370,725
Equity securities	63,979	79,440	104,918
Total non-pledged trading assets	**52,298,422**	**28,411,644**	**3,877,969**

Non-pledged trading assets increased to ₦52,298 million as at 31 December 2015 from ₦28,412 million as at 31 December 2014 after an increase from ₦3,878 million as at 31 December 2013.

In 2015 and 2014, the increase in non-pledged trading assets was primarily due to increased investment in treasury bills as the Group sought to increase its investment in low-risk and stable-return securities.

Pledged assets

The following table sets out the details of the Group's pledged assets, or financial assets that may be repledged or resold by counterparties.

	As at 31 December		
	2015	**2014**	**2013**
		(₦ thousands)	
Treasury bills	106,934,817	15,125,322	4,774,503
Government bonds	96,780,580	71,946,825	58,635,348
Total pledged assets[(1)]	**203,715,397**	**87,072,147**	**63,409,851**
The related liability for assets pledged as collateral include:			
Bank of Industry	29,227,231	23,479,759	23,432,643

(1) 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 ₦25,780 million (31 December 2014: ₦24,300 million), 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 pledge has the right to realise the pledged assets. As at 31 December 2015, the Bank held ₦40,160 million worth of collateral (31 December 2014: ₦19,800 million).

Pledged assets increased to ₦203,715 million as at 31 December 2015 from ₦87,072 million as at 31 December 2014 and ₦63,410 million as at 31 December 2013.

Pledged assets increased in 2015 as a result of the Group's participation in multiple settlement schemes. For these settlement schemes, the Group was required to pledge various securities in various clearing and settlement systems as a condition to receiving funds. Pledged assets increased in 2014 as a result of increased settlement transactions, which required the Group to pledge a portion of its securities.

Derivative financial instruments

Instruments used by the Group to manage its exposure to foreign currency risks include forward contracts and cross-currency linked forward contracts. Derivative financial instruments accounted for ₦77,905 million as at 31 December 2015, ₦24,867 million as at 31 December 2014 and ₦102 million as at 31 December 2013, of the Group's total assets. These increases in 2015 and 2014 were attributable to increased and improved trading activities as the Group sought to take advantage of various market opportunities such as the balance of payments gap experienced by the government of Nigeria and currency swaps with the CBN.

Loans and advances to banks

The following table sets out details of the Group's loans and advances to banks as at the dates indicated.

	As at 31 December		
	2015	2014	2013
		(₦ thousands)	
Loans and advances to banks	42,742,996	12,442,000	24,589,212
Less collective allowances for impairment	(9,086)	(6,341)	(9,337)
Total loans and advances to banks	**42,733,910**	**12,435,659**	**24,579,875**

Loans and advances to banks increased to ₦42,734 million as at 31 December 2015 from ₦12,436 million as at 31 December 2014 and ₦24,580 million as at 31 December 2013. The increase in loans and advances to banks in 2015 was attributable to increased demand for short-term lending from microfinance institutions. The decrease in loans and advances to banks in 2014 was a result of the Bank's drive to reduce its exposure in high-risk sectors as the financial sector was being restructured during this period. See also "*—Year ended 31 December 2015 compared to year ended 31 December 2014—Writeback/(impairment charge) on financial assets*".

Loans and advances to customers

The following table sets out details of the Group's loans and advances to customers as at the dates indicated.

	As at 31 December 2015			As at 31 December 2014			As at 31 December 2013		
	Gross Amount	Impairment Allowance	Net Amount	Gross Amount	Impairment Allowance	Net Amount	Gross Amount	Impairment Allowance	Net Amount
					(₦ thousands)				
Individuals	53,970,424	(1,191,802)	52,778,622	28,597,483	(798.110)	27,799,373	15,598,775	(1,623,309)	13,975,466
Corporate entities and other organisations	1,340,551,215	(27,499,006)	1,313,052,209	1,100,848,783	(18,183,715)	1,082,665,068	785,065,649	(12,871,410)	772,194,239
Total	**1,394,521,639**	**(28,690,808)**	**1,365,830,831**	**1,129,446,266**	**(18,981,825)**	**1,110,464,441**	**800,664,424**	**(14,494,719)**	**786,169,705**

Loans to customers are the most significant component of the Group's total assets. Loans and advances to customers increased to ₦1,365,831 million as at 31 December 2015 from ₦1,110,464 million as at 31 December 2014 and ₦786,170 million as at 31 December 2013.

Loans and advances to corporate entities and other organisations constituted 96.1 per cent., 97.5 per cent. and 98.2 per cent. of the Group's loan portfolio as at 31 December 2015, 31 December 2014 and 31 December 2013, respectively, reflecting the Group's focus on corporate clients (institutional and commercial), which the Bank believes are growth sectors of the economy. Retail and small commercial banking customers typically have less financial strength than large companies, and are therefore more susceptible to negative developments in the Nigerian economy. Accordingly, the Group has significantly increased its lending to large companies in key sectors and government institutions through the on-lending programmes available to commercial banks under the SBO and the BSF, which the Group believes generates lower risk and require less provisions and collateral.

The following table set out the undiscounted cash flows on the Group's loans and advances to customers by earliest possible contractual maturity as at 31 December 2015, 2014 and 2013. The gross nominal inflow disclosed in the table is the contractual, undiscounted cash flow on the Group's loans and advances to customers.

	As at 31 December					
	2015	% of total	2014	% of total	2013	% of total
	(₦ thousands, except %)					
Less than 3 months	456,329,561	32.7	554,083,180	46.5	331,598,823	42.0
3 months to 6 months	60,667,749	4.4	104,769,326	8.8	87,849,142	11.1
6 months to 1 year	139,523,352	10.0	109,235,199	9.2	63,066,929	8.0
1 year to 5 years	437,699,851	31.4	291,167,967	24.4	85,329,871	10.8
More than 5 years	300,098,474	21.5	133,217,440	11.1	221,003,058	28.1
Total	**1,394,318,987**	**100**	**1,192,473,112**	**100**	**788.847,823**	**100.0**

Investments in equity accounted investee

Investments in equity accounted investee were nil as at 31 December 2015, nil as at 31 December 2014 and ₦3,623 million as at 31 December 2013. Investments in equity accounted investee increased in 2013 primarily due to an increase in the net assets of equity accounted investees.

Investment securities

The following table sets out details of the Group's investment securities as at the dates indicated.

	As at 31 December		
	2015	2014	2013
	(₦ thousands)		
Treasury bills	36,683,287	115,541,478	158,283,943
Bonds:			
Government bonds	93,192,273	84,072,697	74,940,217
AMCON Bonds(1)	—	—	59,123,792
Corporate bonds	3,580,595	5,079,686	7,386,140
Eurobonds	8,174,641	12,252,086	7,850,661
Local Contractors bonds	—	8,178,019	6,994,798
Other bonds(2)	—	—	—
Total bonds	**141,630,796**	**225,123,966**	**314,241,112**
Equity securities with readily determinable fair values	44,772,710	45,087,422	39,231,797
Unquoted equity securities at cost	3,145,697	3,145,697	3,145,697
Others	—	—	—
Less specific impairment on equity securities	3,326,077	3,145,697	(3,145,698)
Total investment securities	**186,223,126**	**270,211,388**	**353,811,348**

(1) AMCON consideration bonds represent consideration bonds issued by the AMCON and fully guaranteed by the Federal Government. The consideration bonds were issued to banks in exchange for non-performing loans and the issue shares of the subsidiary entity, Intercontinental Bank, as part of the Acquisition by the Bank. In accordance with the terms of the transactions, AMCON reserves the right to re-evaluate the valuation of the sale. Any changes to the transaction consideration is prospectively adjusted.

(2) Other bonds include bonds held by subsidiaries of the Bank.

Total investment securities were ₦186,233 million as at 31 December 2015, ₦270,211 million as at 31 December 2014 and ₦353,811 million as at 31 December 2013. The decrease in investment securities in 2015 was primarily due to the maturity of treasury bills and local contractor bonds in 2015. Also, the Group increased its investment in trading securities as these tended to have a high yield. The decrease in investment securities in 2014 was primarily attributable to the maturity and the redemption of AMCON Bonds and treasury bills in 2014.

Investment properties

Investment properties comprise properties purchased to be refurbished and resold. Investment properties amounted to nil as at 31 December 2015, nil as at 31 December 2014 and ₦23,975 million as at 31 December 2013. The decrease in investment properties in 2014 was primarily due to the reclassification of investment property to asset held for sale in accordance with IFRS.

Property and equipment

Property and equipment was ₦73,330 million as at 31 December 2015, ₦69,660 million as at 31 December 2014 and ₦67,234 million as at 31 December 2013. The increase in property and equipment in 2015 was primarily due to an upgrade in the Group's IT hardware, which was necessary for the software upgrade. The increase in property and equipment in 2014 was primarily due to capital investments consisting of replacements of old ATM machines and POS, and freehold improvement across branches.

Intangible assets

Intangible assets consist of goodwill and purchased software. Intangible assets were ₦6,441 million as at 31 December 2015, ₦5,593 million as at 31 December 2014 and ₦3,569 million as at 31 December 2013. The increase in intangible assets in 2015 and 2014 is attributed to the upgrade of the Group's IT software (Flexcube).

Net deferred tax assets

Net deferred tax assets were ₦10,579 million as at 31 December 2015, ₦10,823 million as at 31 December 2014 and ₦10,650 million as at 31 December 2013. The increases in net deferred tax assets in 2015 and 2014 were attributable to temporary tax differences as a result of taxable loss recorded in the period.

Other assets

The following table sets out details of the Group's other assets as at the dates indicated.

	As at 31 December		
	2015	**2014**	**2013**
		(₦ thousands)	
Accounts receivable	37,555,560	46,492,788	59,064,525
Receivable on E-Business channels	9,163,800	2,290,326	—
Receivable from disposal of Non-current asset	22,578,046	4,044,897	—
Receivable from AMCON[(1)]	5,498,909	5,498,909	5,780,565
Prepayments	10,234,249	19,518,711	8,381,804
Inventory	619,515	761,159	423,619
Subscription for investment	25,001	25,001	925,030
	85,675,080	**78,631,791**	**74,575,543**
Allowance for impairment on other assets			
Accounts receivable	(2,635,576)	(22,296,170)	(21,630,790)
Subscription for investment	(25,001)	(25,001)	(925,030)
	(2,660,577)	(22,321,171)	(22,555,820)
Total other assets	**83,014,503**	**56,310,620**	**52,019,723**

(1) Receivable from AMCON represents a receivable in connection with the acquisition of Intercontinental Bank. The receivable is expected to be settled via consideration such as cash or bonds issued by AMCON.

Other assets comprise accounts receivable, cash collateral receivable on letters of credit transactions, receivable from AMCON, receivable on E-Business channels, and receivable from disposal of Non-current assets, prepayments and subscription for investment. Other assets increased to ₦83,015 million as at 31 December 2015 from ₦56,311 million as at 31 December 2014, an increase from ₦52,020 million as at 31 December 2013. The increase in 2015 was primarily due to an increase in the receivable from the disposal of non-current asset and E-Business channels due to an increased volume in channel transactions. The increase in 2014 was primarily due to prepaid services in advertisement and travel engaged by the Group.

Total liabilities

The following table presents data regarding the Group's liabilities as at the dates indicated.

	As at 31 December					
	2015	% of total	2014	% of total	2013	% of total
	(₦ thousands, except %)					
Deposits from financial institutions	72,914,421	3.3	119,045,423	6.5	72,147,956	4.5
Deposits from customers	1,683,244,320	75.7	1,454,419,052	79.6	1,331,418,659	83.7
Derivative financial liabilities	3,077,927	0.1	1,989,662	0.1	32,955	0.0
Debt securities issued	149,853,640	6.7	138,481,179	7.6	55,828,248	3.5
Current tax liabilities	7,780,824	0.3	8,180,969	0.4	6,899,558	0.4
Other liabilities[(1)]	69,355,947	3.1	21,689,079	1.2	56,847,216	3.6
Retirement benefit obligations	5,567,800	0.3	3,269,100	0.2	1,933,021	0.1
Interest-bearing borrowings	231,467,161	10.4	79,816,309	4.4	64,338,982	4.0
Deferred tax liabilities	266,644	0.0	59,038	0.0	37,861	0.0
	2,223,528,684	100.0	1,826,949,811	100.0	1,589,448,456	99.9
Liabilities classified as held for sale	—	—	—	—	1,499,495	0.1
Total liabilities	**2,223,528,684**	**100.0**	**1,826,949,811**	**100.0**	**1,590,983,950**	**100.0**

(1) Other liabilities include creditors and accruals, certified cheques, deferred income, customers' deposit for foreign trade, collection account balances, unclaimed dividend litigation claims, provision etc.

The Group's total liabilities increased to ₦2,223,529 million as at 31 December 2015 from ₦1,826,950 million as at 31 December 2014 and ₦1,590,984 million as at 31 December 2013. The increase in total liabilities in 2015 was primarily attributable to an increase in deposits from customers as the Group focused on growing its retail deposits as well as the increase in interest-bearing borrowings as the Group partnered with the Government and CBN on bailout funding for state governments. However, this increase was partially offset by a decrease in deposits from financial institutions due to a decrease in interbank funding. The increase in total liabilities in 2014 was mainly due to an increase in deposits from customers as well as debt securities issued in the international market (the Access Bank 2021 Eurobond). This increase was partially offset by a decrease in other liabilities due to a decrease in customer collections and customer deposits for foreign exchange.

Deposits from financial institutions

The following table sets out details of the Group's deposits from financial institutions as at the dates indicated.

	As at 31 December					
	2015	% of total	2014	% of total	2013	% of total
	(₦ thousands, except %)					
Money market deposits	35,923,012	49.3	89,965,383	75.6	17,953,460	24.9
Trade related obligations to foreign banks	36,991,409	50.7	29,080,040	24.4	54,194,496	75.1
Total deposits	**72,914,421**	**100.0**	**119,045,423**	**100.0**	**72,147,956**	**100.0**

Deposits from banks decreased to ₦72,914 million as at 31 December 2015 from ₦119,045 million as at 31 December 2014 and ₦72,148 million as at 31 December 2013. The decrease in deposits from banks in 2013 was mostly driven by the Group's decision to reduce its exposure in the interbank market. The increase in deposits from banks in 2014 was attributable to the Group sourcing local currency funds from the interbank market.

Deposits from customers

Deposits from customers constituted 75.7 per cent. of total liabilities as at 31 December 2015, 79.6 per cent. as at 31 December 2014 and 83.7 per cent. as at 31 December 2013.

The following table sets out details of the Group's deposits from customers as at the dates indicated.

	As at 31 December					
	2015	**% of total**	**2014**	**% of total**	**2013**	**% of total**
	(₦ millions, except %)					
Retail customers:						
Term deposits	113,364	6.7	102,821	7.1	22,039	1.3
Current deposits	363,232	21.6	196,607	13.5	78,804	4.7
Savings	162,885	9.7	153,087	10.5	156,785	9.3
Corporate customers:						
Term deposits	491,646	29.2	476,601	32.8	485,051	28.8
Current deposits	408,902	24.3	404,154	27.8	562,086	33.4
Other	143,215	8.5	121,149	8.3	26,654	1.6
Total deposits from customers	**1,683,244**	**100.0**	**1,454,419**	**100**	**1,331,419**	**100.0**

Deposits from customers increased to ₦1,683,244 million as at 31 December 2015 from ₦1,454,419 million as at 31 December 2014 and ₦1,331,419 million as at 31 December 2013.

The Group's deposits from corporate customers, particularly current deposits, decreased in 2014 and 2015, primarily as a result of the Group's strategy to focus on its retail and SME business in order to reduce the Group's overall cost of funds.

The following table sets out the Group's deposits from customers by remaining contractual maturity dates as at the dates indicated.

	As at 31 December					
	2015	**% of total**	**2014**	**%of total**	**2013**	**%of total**
	(₦ millions, except %)					
Less than 3 months	1,550,286	92.0	1,350,068	92.3	848,190	63.6
3 months to 6 months	77,632	4.6	50,697	3.5	133,483	10.0
6 months to 1 year	56,726	3.4	62,567	4.3	348,934	26.2
1 year to 5 years	28	—	—	—	2,416	0.2
More than 5 years	—	—	—	—	452	0.0
Gross nominal inflow/(outflow)[(1)]	**1,684,672**	**100**	**1,463,332**	**100**	**1,333,475**	**100.0**
Carrying amount	**1,683,244**		**1,454,419**		**1,331,419**	

(1) The gross nominal inflow/(outflow) is the contractual, undiscounted cash flow on the financial liability or commitment.

Debt securities issued

Debt securities issued represent the net of balances held by the Group in respect of the U.S.$350 million Eurobond issued by the Group in July 2012 and the U.S.$400 million Eurobond issued by the Group in December 2014. The increase in debt securities issued to ₦149,854 million as at 31 December 2015 from ₦138,481 million as at 31 December 2014 reflects the slight depreciation of the Naira in 2015.

Other liabilities

The following table sets out details of the Group's other liabilities as at the dates indicated.

	As at 31 December		
	2015	2014	2013
		(₦ thousands)	
Certified and bank cheques	1,780,404	3,166,277	3,242,082
E-banking payables	8,925,439	2,769,805	4,110,041
Collections account balances	28,271,575	2,355,222	17,679,787
Accruals	2,214,382	104,309	584,418
Creditors	1,904,665	1,316,758	1,521,338
Customer deposits for foreign exchange(1)	7,973,447	8,700,913	20,968,919
Agency services	9,506	289,769	1,384,537
Unclaimed dividend	10,350,486	—	—
Other financial liabilities	3,847,417	1,498,749	5,215,291
Litigation claims provision	1,220,780	311,120	477,087
Other current non-financial liabilities(2)	2,857,846	1,176,157	1,663,716
Total	**69,355,947**	**21,689,079**	**56,847,216**

(1) Customers' deposits for foreign trade represent the Naira value of foreign currencies held on behalf of customers in various foreign accounts to cover letter of credit transactions.

(2) Other current non-financial liabilities include collections and other payables.

The Group's other liabilities increased to ₦69,356 million as at 31 December 2015 from ₦21,689 million as at 31 December 2014 and ₦56,847 million as at 31 December 2013.

The increase in other liabilities in 2015 was primarily due to increases in collections account balances, unclaimed dividend and E-Banking payables, partially offset by a decrease in certified and bank cheques and customer deposits for foreign exchange.

The decrease in other liabilities in 2014 was primarily due to decreases in collections account balances, customer deposits for foreign exchange and other financial liabilities.

Interest-bearing loans and borrowings

The following table sets out details of the Group's interest-bearing loans and borrowings as at the dates indicated. The facilities listed below are for on-lending purposes.

	As at 31 December		
	2015	2014	2013
		(₦ thousands)	
Due to African Development Bank (AfDB)(1)	18,920,425	18,597,477	2,405,673
Due to Netherlands Development Finance Company(FMO)(2)	1,363,990	4,148,590	1,550,047
Due to French Development Finance Company (PROPARCO)(3)	10,212,950	8,066,584	4,798,841
Due to Finnish Fund for Industrial Cooperation(4)	—	156,136	400,906
Due to Belgian Investment Company for Developing Countries (BIO)	—	—	160,585
Due to European Investment Bank (EIB)(5)	14,237,242	9,736,463	7,518,413
Due to International Finance Corporation(6)	4,997,286	7,716,067	8,239,763
Due to the CBN under the Commercial Agriculture Credit Scheme(7)	5,544,920	3,943,692	8,750,000
Due to Bank of Industry (BOI) – Intervention fund for SMEs(8)	7,193,737	9,025,449	12,797,671
Due to Bank of Industry (BOI) – Power and Airline Intervention Fund(9)	15,188,861	14,407,194	16,699,539
Special Refinancing & Restructuring Intervention Fund(10)	6,844,633	4,000,000	—
CBN – Salary Bailout facilities(11)	56,442,213	—	—
CBN – Excess Crude amount(12)	90,000,000	—	—
Other loans and borrowings	520,904	18,657	1,017,544
Total	**231,467,161**	**79,816,309**	**64,338,982**

(1) The amount of ₦18,920,424,582 (U.S.$94,934,393) represents the outstanding balance in the on-lending facility granted to the Bank by the AfDB in two tranches: one in August 2007 (U.S.$35 million) for a period of nine years and the other in August 2014 (U.S.$90 million) for a period of 10 years. The principal amount is repayable semi-annually from February 2010 for the first tranche and February 2017 for the second. Interest is paid semi-annually at 3 per cent. above 6-month LIBOR. The annual effective interest rate is 4.28 per cent. and 2.00 per cent., respectively. From this creditor, the bank has nil undrawn balance as at 31 December 2015.

(2) The amount of ₦1,363,989,927 (U.S.$6,843,903) represents the outstanding balance in the on-lending facility granted to the Bank by the FMO effective from 13 December 2012 and disbursed in two tranches; February 2013 (U.S.$10 million) and October 2013 (U.S.$15 million) for a period of 6.5 years. The principal amount is repayable semi-annually from December 2014 while interest is paid semi-annually at 3 per cent. above 6 months LIBOR. The annual effective interest rate is 5.20 per cent. for the first tranche and 4.04 per cent. for the second tranche. From this creditor, the Bank has nil undrawn balance as at 31 December 2015.

(3) The amount of ₦10,212,949,627 (U.S.$51,244,102) represents the outstanding balance in the on-lending facility granted to the Bank by Netherlands Development Finance Company and the FMO and (PROPARCO) effective from 13 December 2012 and the FMO on–lending facilities for business women effective 27 November 2014. The disbursement for PROPARCO was in three tranches, February 2013 (U.S.$10 million) and October 2013 (U.S.$9 million) and October 2013 (U.S.$6 million) for a period of 6.5 years each, while the FMO on–lending facilities for business women was disbursed in November 2014 (U.S.$30 million) for a period of 5 years. The principal amount is repayable semi-annually from December 2014 with the latter repayable from January 2016 while interest is paid semi-annually at 3.0 per cent. above 6 months LIBOR. The annual effective interest rate is 4.4 per cent. for the first tranche, 4.1 per cent. for the second tranche and the third tranche. The annual effective interest rate is 3.6 per cent. for the Netherlands Development Finance Company on–lending facilities for Business women. From this creditor, the bank has nil undrawn balance as at 31 December 2015.

(4) This represents the outstanding balance in the on-lending facility granted to the Bank by the Finnish Fund for Industrial Cooperation in July 2007 for a period of 8 years. The principal amount was repayable semi-annually from September 2012 while interest was paid semi-annually at 3 per cent. above 6 months LIBOR. The annual effective interest rate was 4.45 per cent. The facility was fully repaid on 15 March 2015.

(5) The amount of ₦14,237,241,797 (U.S.$71,436,236) represents the outstanding balance on four on-lending facilities granted to the Bank by the EIB in May 2013 (U.S.$25 million), September 2013 (U.S.$26.75 million), June 2014 (U.S.$14.7 million) and September 2015 (U.S.$29.75 million) for a period of 6 years each and the latter maturing on April 2023. The average annual effective interest rates are 3.6 per cent., 3.1 per cent., 3.2 per cent. and 3.6 per cent. From this creditor, the bank has an undrawn balance of (U.S.$29.75 million) as at 31 December 2015.

(6) The amount of ₦4,997,286,419 (U.S.$25,074,192) represents the outstanding balance on the on-lending facilities granted to the Bank by the IFC in November 2013 (U.S.$50 million) for a period of 5 years. The principal amount is repayable semi-annually from December 2014 while interest is paid semi-annually at 4 per cent. above 6 months LIBOR. The annual effective interest rate is 4.8 per cent. From this creditor, the bank has nil undrawn balance as at 31 December 2015.

(7) The amount of ₦5,544,920,058 represents the outstanding balance in the on-lending facility granted to the Bank by CBN in collaboration with the Federal Government in respect of Commercial Agriculture Credit Scheme established by both CBN and the Federal Government for promoting commercial agricultural enterprises in Nigeria. The facility is for a maximum period of 7 years at a zero per cent. interest rate to the Bank. The Bank did not provide security for this facility. From this creditor, the bank has nil undrawn balance as at 31 December 2015.

(8) The amount of ₦7,193,736,648 represents an outstanding balance on the intervention credit granted to the Bank by the BOI, a company incorporated in Nigeria for the purpose of refinancing or restructuring existing loans to SMEs and manufacturing companies. The total has a 15 year tenor. A management fee of 1 per cent. 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 cent. per annum. Though the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 31 December 2015.

(9) The amount of ₦15,188,860,503 represents the outstanding balance on intervention credit granted to the Bank by the 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 per cent. 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 cent. per annum. Though the facility is meant for on-lending to borrowers within the power and aviation sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 31 December 2015.

(10) The amount of ₦6,844,633,258 represents the outstanding balance on intervention credit granted to the bank by the BOI under the Special Refinancing and Restructuring Intervention fund, with a 10 year tenor which is due on 31 August 2024. The bank has a 36 months moratorium on the facility after which principal repayment will be charged quarterly. Though the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 31 December 2015.

(11) The amount of ₦56,442,213 represents the outstanding balance on the state salary bailout facilities granted to the bank by the CBN 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 per cent. 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 cent. per annum. From this creditor, the bank has nil undrawn balance as at 31 December 2015.

(12) The amount of ₦90,000,000,000 represents the outstanding balance on the ECA loans granted to the bank by the CBN for onward disbursements to state governments. From this creditor, the bank has nil undrawn balance as at 31 December 2015.

In April 2010, the CBN, in collaboration with the Federal Government, granted a ₦200 billion (approximately U.S.$1.28 billion) facility as part of the Commercial Agriculture Credit Scheme established by both CBN and the Federal Government for promoting commercial agricultural enterprises in Nigeria. The facility is available to the Group for a maximum of seven years without interest. The principal amount is repayable at the expiration of the loan.

In addition, in late 2009 and early 2010, the CBN introduced sector-specific stimulus measures administered through the BOI to stimulate the economy, including refinancing/restructuring banks' existing loan portfolios to the SMEs and manufacturing sectors. As part of these measures, in July 2010, the BOI granted the Bank a ₦18,145 million facility as an intervention fund for SMEs and Intercontinental Bank a ₦3,450 million facility as intervention credit for power and airline companies. Both facilities were granted for a period of 15 years. The SME intervention fund facility and the power and airline intervention fund facilities are secured by Nigerian government securities valued at ₦22,660 million as at 31 March 2012. Both of the intervention fund facilities require the Bank to maintain a liquidity ratio in compliance with CBN requirements. These agreements also contain a negative pledge preventing the creation of any security over the Borrowers' assets (subject to a number of exceptions) and a restriction on financial indebtedness. Under the on-lending agreement, a management fee of 1 per cent. deductible at source is paid by the Group and the Group is under obligation to on-lend to customers at an all-in interest rate of 7 per cent. per annum. Although the facility is meant for on-lending to borrowers in specific sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default to customers.

In January 2013, the International Finance Corporation granted the Bank a loan of U.S.$50 million, which is repayable by June 2017. The principal is repayable semi-annually from December 2014 and the interest is payable semi-annually at 4 per cent. above six months LIBOR. The facility agreement requires the Bank to comply with numerous covenants, including a minimum capital adequacy ratio and maximum leverage and foreign exchange risk ratio.

In August 2014, the AfDB granted the Bank a loan of U.S.$90 million, which is to be repaid by August 2024. The principal is repayable semi-annually from February 2015 and the interest is payable semi-annually at 4.25 per cent. above six months LIBOR. The facility agreement requires the Bank to comply with numerous covenants, including a minimum capital adequacy ratio, a maximum leverage ratio, a foreign exchange risk ratio, a related party exposure ratio and a maturity ratio.

In September 2014, the EIB granted the Bank a loan of U.S.$55.1 million, which is to be repaid by April 2023. The principal is repayable semi-annually from April 2015 and the interest is payable semi-annually at 2.6 per cent. above six months LIBOR. The facility agreement requires the Bank to comply with numerous covenants, including a minimum capital adequacy ratio, a maximum leverage ratio, a foreign exchange risk ratio and a related party exposure ratio.

In November 2014, the FMO granted the Bank a loan of U.S.$30 million, with the sole purpose of assisting in the economic development of African women, particularly women in business, which is to be repaid by October 2019. The principal is repayable semi-annually from April 2015 and the interest is payable quarterly at 4.25 per cent. above three months LIBOR. The facility agreement requires the Bank to comply with numerous covenants, including a minimum capital adequacy ratio, a maximum leverage ratio, a foreign exchange risk ratio and a related party exposure ratio.

In August 2014, the CBN, in collaboration with the Federal Government, administered through the BOI to stimulate the economy, granted ₦6 billion under the special refinancing and Restructuring intervention fund, with a 10-year tenor which is due on 31 August 2024. The bank has a 36-month moratorium on the facility after which principal repayment will be charged quarterly. Though the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 31 December 2015.

In addition, in late 2015 and early 2016, the CBN introduced sector-specific stimulus measures administered through the CBN to stimulate the economy, including financing through existing loan portfolios as well as new loans to state governments. ₦56 billion of state salary bailout facilities was granted to the Bank by the CBN for onward disbursements to state governments for payments of salaries to state workers. This facility has a tenor of 20 years with 2.0 per cent. interest payable to the CBN. The Bank is under obligation to lend to the states at an all-in interest rate of 9.0 per cent. per annum. The amount of ₦90 billion represents the balance on the ECA loans granted to the bank by the CBN for onward disbursements to state governments.

Funding and Liquidity

The Group's funding needs arise primarily from the extension of loans and advances to customers. As at 31 December 2015, the Group's funding base consisted primarily of deposits (73.1 per cent.) and other borrowed funds (15.9 per cent.). See "—*Financial condition as at 31 December 2015, 2014 and 2013*" above for more information on the Group's funding sources.

The Bank's management believes that its management of assets and liabilities have allowed the Group to maintain prudent levels of liquidity. Additionally, the CBN Prudential Guidelines require the Group to maintain 30.0 per cent. of its deposits in liquid assets, which further boosts liquidity. See "*Asset, Liability and Risk Management—Liquidity Risk*" for a summary of the effect of the Group's undiscounted cash flows on the Group's financial assets and liabilities and on the basis of their earliest possible contractual maturity.

The following table sets out certain liquidity ratios for the Group as at the dates indicated.

	As at 31 December		
	2015	2014	2013
		(%)	
Liquid assets[(1)]/total assets	24.2	23.2	35.4
Liquid assets[(1)]/customer deposits	37.2	33.6	48.7
Liquid assets[(1)]/liabilities up to three months	37.0	32.8	67.7
Loans to customers, net/total assets	52.7	52.4	42.8
Loans to customers, net/customer deposit	81.1	76.4	59.0
Loans to customers, net/total equity	371.4	400.3	321.6

(1) Liquid assets include cash and cash equivalents, treasury bills, trading assets and government bonds.

Off-balance sheet arrangements

In the normal course of its activity, the Group enters into certain financial instruments with off-balance sheet risk in order to meet the needs of its customers. These instruments, which include acceptances, endorsements, guarantees and letters of credit, involve varying degrees of credit risk and are not reflected in the balance sheet of the Group. The Group's total off-balance sheet assets were ₦973 million as at 31 December 2015, ₦634 million as at 31 December 2014 and ₦442 million as at 31 December 2013. The Group's maximum exposure to credit losses for off-balance sheet arrangements is reflected in the contractual amounts of these transactions. In accordance with the CBN Prudential Guidelines, the maximum amount that can be included in off-balance sheet commercial paper and bankers' acceptances is 150.0 per cent. of shareholders' funds, and was ₦973 million as at 31 December 2015.

Contingencies and contractual commitments

The following table sets out the commitments and contingent liabilities of the Group in Naira as at the dates indicated.

	As at 31 December		
	2015	2014	2013
		(₦ thousands)	
Contingent liabilities:			
Transaction related bonds and guarantees	221,127,530	165,466,393	158,715,258
Financial guarantees	94,135,927	91,373,327	54,741,356
Total contingent liabilities	**315,263,457**	**256,839,720**	**213,456,614**
Commitments:			
Clean line facilities for letters of credit and other commitments	657,586,492	377,152,396	228,957,302
Total commitments	**657,586,492**	**377,152,396**	**228,957,302**

Capital adequacy

The Group calculates its capital adequacy ratio as the quotient of the capital base of the Bank and the Bank's risk weighted asset base. In accordance with CBN Regulations, Nigerian banks with international banking operations are required to maintain a total capital adequacy ratio of 15 per cent. and domestic banks are required to maintain a total capital adequacy ratio of 10 per cent. The Group has applied the Basel II framework as part of its capital management strategy since 2008. Substantial enhancements were made to the risk management framework based on the guidelines of the Basel II Capital Accord and the Group's risk management system became completely in line with Basel II principles in January 2014.

In May 2016, the CBN extended the deadline for the implementation of higher capital ratio ("**CAR**") requirements for SIBs. The policy, which was to take effect from 1 July 2016, has been deferred to an undisclosed date and stipulates the implementation of a 16 per cent. minimum for SIBs. Eight designated banks, including Access Bank, were required to hold more liquid assets and have a liquidity ratio of 35 per cent. On 14 March 2016, the CBN tightened CAR requirements such that all intragroup placements will be assigned a minimum risk weight of 100 per cent. (up from 20 per cent.) owing to perceived risks from such exposures.

The following table sets forth the Group's capital adequacy as at the dates indicated, prepared in accordance with IFRS.

	As at 31 December		
	2015	2014	2013
	(₦ thousands, except %)		
Tier 1 capital			
Ordinary share capital	14,463,986	11,441,460	11,441,460
Share premium	197,974,816	161,036,211	161,036,210
Retained earnings	51,730,369	34,139,453	22,232,375
Other reserves	99,732,330	67,262,761	48,003,894
Non-controlling interests[(1)]	3,899,966	3,530,843	1,768,110
	367,801,467	**277,410,728**	**244,482,049**
Add/(Less):			
Fair value reserve for available-for-sale	(13,268,889)	(9,881,402)	(6,237,939)
Foreign currency translational reserves	5,570,719	3,710,648	4,815,485
Other reserves	(554.898)	(295,419)	(112,783)
Total Tier 1 capital	**359,548,399**	**270,944,555**	**242,946,812**
Add/(Less):			
Deferred tax assets	(10,845,612)	(10,881,984)	(10,687,635)
Regulatory risk reserve	(39,625,042)	(21,205,031)	(13,074,748)
Intangible assets	(6,440,616)	(5,592,991)	(3,659,072)
Adjusted Tier 1 capital	**302,637,129**	**233,264,549**	**215,525,357**
Tier 2 capital			
Debt securities issued	78,516,655	66,853,428	—
Fair value reserve for available-for-sale securities	13,268,889	9,881,402	6,237,939
Foreign currency translational reserves	(5,570,719)	(3,710,648)	(4,815,485)
Other reserves	554,898	295,419	112,783
50% Investments in subsidiaries	—	—	—
Total Tier 2	**86,769,723**	**73,319,601**	**1,535,237**
Total regulatory capital	**389,406,852**	**306,584,150**	**217,060,594**
Risk-weighted assets	**1,996,724,469**	**1,686,979,582**	**1,209,463,253**
Capital ratios			
Total regulatory capital expressed as a percentage of total risk-weighted assets	20%	18%	18%
Total tier 1 capital expressed as a percentage of risk-weighted assets	15%	14%	18%

As at 30 June 2016, the Group's total capital adequacy ratio (calculated in accordance with IFRS under Basel I) was 19.6 per cent. with total Tier 1 capital of ₦335,985 million and total Tier 2 capital of ₦135,970 million. As at 30 June 2016, the Group's total risk-weighted assets were ₦2,412,446 million, comprised of ₦2,079,062 million in credit risk, ₦283,443 million in operational risk and ₦49,942 million in market risk. This is compared to total risk-weighted assets of ₦1,996,724 million, comprised of ₦1,694,884 million in credit risk, ₦288,439 million in operational risk and ₦13,402 million in market risk as at 31 December 2015.

SELECTED STATISTICAL AND OTHER INFORMATION

The following tables present selected statistical information and ratios for the Group as at and for the periods indicated. The selected statistical information should be read in conjunction with the Financial Statements and the information included in "*Management's Discussion and Analysis of Results of Operations and Financial Condition*", as well as the "*Presentation of Financial and Other Information*" sections. Investors should also note that certain information included in this section of the prospectus (including monthly average balances and interest rates) were prepared based on the unaudited management accounts of the Group and is not extracted from the audited Financial Statements.

Average balances and interest rates

The following table sets forth the consolidated average balances of interest-earning assets and interest-bearing liabilities of the Group for the six months ended 30 June 2016 and 2015 and for the years ended 31 December 2015, 2014 and 2013. The table also sets forth the amount of interest income earned and interest expense incurred by the Group for the same periods, as well as the average interest rates at which interest income was earned on such assets and interest expense was incurred on such liabilities. For the purposes of this table, the average balances of assets and liabilities for the Group have been calculated on the basis of monthly averages, which is the average of the January to December month-end balances for each of the years presented. Investors should note that the results of the analysis of average balances and interest rates below would be likely to be different if alternative or more frequent averaging methods were used and such differences could be material. The average balances and related data presented in this Prospectus are based on materially less frequent average methods than those used by other banks in the United States, Western Europe and other jurisdictions, in connection with similar offers of securities. The average rates below are calculated by dividing aggregate interest income or expense for the relevant line item by the average balance for the same item for the applicable year. Average interest rates are distinct from the effective interest rates presented in the consolidated financial statements of the Group.

	For the six months ended 30 June					
	2016			2015		
	Average Balance	Interest Income/ Expense[5]	Average Rate %	Average Balance	Interest Income/ Expense[5]	Average Rate %
	(₦ millions, except %)					
Interest-earning assets:						
Cash and cash equivalents	480,394	812	0.2	410,949	2,601	0.6
Trading assets[1]	36,392	6,510	17.9	48,116	11,490	23.9
Investment securities	391,877	27,634	7.1	249,369	24,662	8.4
Loans and advances to banks	-	-	-	-	-	-
Loans and advances to customers[2]	1,316,923	160,234	12.2	1,021,446	137,883	13.5
Total interest-earning assets	2,225,586	**195,190**	**8.8**	**1,774,880**	**176,636**	**10.0**
Interest-bearing liabilities:						
Deposits from banks	117,864	3,938	3.3	150,459	6,133	4.1
Deposits from customers	1,501,200	54,103	3.6	1,308,311	72,641	5.3
Debt securities	80,114	7,043	8.8	78,965	7,263	9.2
Other borrowings	325,537	11,221	3.4	150,920	7,481	5.0
Total interest-bearing liabilities	2,024,715	76,305	3.8	**1,760,654**	**93,519**	**5.3**
Net interest spread[3]	-	-	5.0	-	-	4.6
Net interest income	-	118,885	-	-	83,117	-
Net interest margin[4]	-	-	5.3	-	-	4.7

(1) Includes trading assets and pledged assets, but excludes equity securities, as these securities are not interest earning. Trading income from treasury bills has been excluded from interest income.

(2) Average balances are net of impairment allowance.

(3) Net interest spread represents the difference between the average rate of interest earned on interest-earning assets and the average rate of interest accrued on interest-bearing liabilities.

(4) Net interest margin is calculated as the Group's net interest income divided by the average balance of the Group's total interest-earning assets during the applicable period.

(5) Interest income/expense are annualised six month balances.

	For the year ended 31 December								
	2015			2014			2013		
	Average Balance	Interest Income/ Expense	Average Rate %	Average Balance	Interest Income/ Expense	Average Rate %	Average Balance	Interest Income/ Expense	Average Rate %
	(₦ millions, except %)								
Interest-earning assets:									
Cash and cash equivalents	80,334	2,843	3.5	87,714	2,341	2.7	184,834	2,799	1.5
Trading assets[(1)]	39,225	3,095	7.9	16,690	2,115	12.7	19,093	2,227	11.72
Investment securities	322,111	25,718	8.0	262,861	26,202	10.0	435,649	37,442	8.6
Loans and advances to banks	—	—	—	—	—	—	—	—	—
Loans and advances to customers[(2)]	1,092,121	142,481	13.0	982,338	123,618	12.6	639,367	85,243	13.3
Total interest-earning assets	**1,533,791**	**174,138**	**11.4**	**1,349,603**	**154,277**	**11.4**	**1,278,944**	**127,711**	**10**
Interest-bearing liabilities:									
Deposits from banks	153,359	6,939	4.5	75,310	3,394	4.5	32,593	2,696	8.3
Deposits from customers	1,398,423	71,578	5.1	1,313,559	58,742	4.5	1,136,913	53,178	4.7
Debt securities	79,318	7,320	9.2	67,140	3,216	4.8	55,966	1,895	3.4
Other borrowings	170,632	8,165	4.8	120,795	5,559	4.6	50,782	2,843	5.6
Total interest-bearing liabilities	**1,801,732**	**94,002**	**5.2**	**1,576,804**	**70,911**	**4.5**	**1,276,254**	**67,820**	**5.3**
Net interest spread[(3)]	—	—	6.1	—	—	6.9	—	—	5.2
Net interest income	—	80,136	—	—	83,366	—	—	67,099	—
Net interest margin[(4)]	—	—	5.2	—	—	6.2	—	—	5.2

(1) Includes trading assets and pledged assets, but excludes equity securities, as these securities are not interest earning. Trading income from treasury bills has been excluded from interest income.

(2) Average balances are net of impairment allowance.

(3) Net interest spread represents the difference between the average rate of interest earned on interest-earning assets and the average rate of interest accrued on interest-bearing liabilities.

(4) Net interest margin is calculated as the Group's net interest income divided by the average balance of the Group's total interest-earning assets during the applicable period.

Interest-earning assets: yield, margin and spread

The following table sets forth the Group's net interest income, yield, margin and spread for the six months ended 30 June 2016 and 2015 and the years ended 31 December 2015, 2014 and 2013.

	As at 30 June		For the year ended 31 December		
	2016	2015	2015	2014	2013
	(₦ millions)				
Net interest income					
Naira	104,588	70,412	70,412	75,307	58,387
Foreign currency	14,297	12,705	12,705	8,059	19,337
Total	**118,885**	**83,117**	**80,136**	**83,366**	**77,724**
Yield on interest-earning assets					
Naira	4.7%	6.1%	9.0%	8.4%	10.1%
Foreign currency	4.0%	3.9%	2.4%	3.1%	1.3%
Total	**8.7%**	**10.0%**	**11.4%**	**11.4%**	**11.4%**
Yield on interest-bearing liabilities					
Naira	2.7%	4.2%	4.1%	3.0%	4.9%
Foreign currency	2.7%	1.1%	1.1%	1.5%	0.4%
Total	**3.8%**	**5.3%**	**5.2%**	**4.5%**	**5.3%**
Net interest margin[(1)]					
Naira	3.3%	2.0%	4.0%	5.3%	4.6%
Foreign currency	2.1%	2.7%	1.2%	1.6%	1.5%
Total	**5.4%**	**4.7%**	**5.2%**	**6.9%**	**6.1%**
Net interest spread[(2)]					
Naira	3.6%	1.9%	4.9%	5.3%	5.1%
Foreign currency	1.4%	2.8%	1.2%	1.6%	0.9%
Total	**5.0%**	**4.6%**	**6.1%**	**6.9%**	**6.1%**

(1) Net interest margin is calculated as the Group's net interest income divided by the average balance of the Group's total interest-earning assets during the applicable period. Average balances of total interest-earning assets are calculated as the average of monthly balances during the applicable period.

(2) Net interest spread is calculated as the difference between the average interest rate on the Group's interest-bearing assets and the average interest rate on the Group's interest-bearing liabilities. Interest-earning assets and interest-bearing liabilities are calculated as the average of monthly balances during the applicable period.

Net changes in interest income and interest expense - Volume and rate analysis

The following table provides a comparative analysis of net changes in interest income and interest expense of the Group by reference to changes in the average volume and average rates for the periods indicated. Net changes in net interest income are attributed to either changes in average balances (volume change) or changes in average rates (rate change) for interest-earning assets and interest-bearing liabilities on which interest is earned or incurred. Changes in interest income or interest expense are attributed to either (i) changes in average balances (volume change) of interest-bearing assets or interest-bearing liabilities or (ii) changes in average rates (rate change) at which interest income was earned on such assets or at which interest expense was incurred on such liabilities or (iii) changes in rate/volume. Volume change is calculated as the change in volume multiplied by the previous rate, while rate change is the change in rate multiplied by the previous volume. The rate/volume change (change in rate multiplied by change in volume) is allocated between volume change and rate change at the ratio each component bears to the absolute value of its total. See "—*Average balances and interest rates*" above for an explanation of the calculation of the average balances.

	Change from 30 June 2016 to 31 December 2015				Change from 30 June 2015 to 31 December 2014			
	Volume	Rate	Volume /Rate	Net change	Volume	Rate	Volume /Rate	Net change
	(₦ millions)							
Interest-earning assets:								
Cash and cash equivalents	14,160	(2,708)	(13,484)	(2,032)	8,628	(1,786)	(6,582)	(260)
Trading assets[1]	(224)	3,922	(283)	3,415	3,983	1,870	3,521	9,375
Investment securities	5,570	(3,004)	(651)	1,916	3,141	(4,179)	501	(1,540)
Loans and advances to banks	-	0	-	0	-	-	-	-
Loans and advances to customers	29,328	(9,600)	(1,976)	17,753)	4,921	8,985	358	14,264
Total	**48,835**	**(11,389)**	**(16,393)**	**21,052**	**20,673**	**4,890**	**(3,204)**	**(65,959)**
Interest-bearing liabilities:								
Deposits from banks	(1,606)	(1,816)	420	(3,001)	3.386	(324)	(323)	2,740
Deposits from customers	5,261	(21,179)	(1,557)	(17,475)	2,985	10,386	528	13,899
Debt securities	73	(347)	(3)	(277)	566	2,960	521	4,047
Other borrowings	7,412	(2,283)	(2,073)	3,057	1,386	429	107	1,922
Total	**11,140**	**(25,625)**	**(3,212)**	**(17,697)**	**8,324**	**13,451**	**833**	**22,608**

(1) Includes trading assets and pledged assets, but excludes equity securities, as these securities are not interest earning.

	Change from 31 December 2015 to 31 December 2014				Change from 31 December 2014 to 31 December 2013				Change from 31 December 2013 to 31 December 2012			
	Volume	Rate	Volume /Rate	Net change	Volume	Rate	Volume /Rate	Net change	Volume	Rate	Volume /Rate	Net change
	(₦ millions)											
Interest-earning assets:												
Cash and cash equivalents	(197)	763	(64)	502	(1,471)	2,134	(1,121)	(458)	(759)	(393)	109	(1,043)
Trading assets[1]	2,856	(799)	(1,078)	979	(280)	193	(24)	(111)	344	548	99	990
Investment securities	5,906	(5,214)	(1,175)	(484)	(14,850)	5,894	(2,373)	(11,240)	(4,444)	(7,564)	613	(11,395)
Loans and advances to banks	—	—	—	—	—	—	—	—	—	—	—	—
Loans and advances to customers	13,815	4,540	507	18,863	45,726	(4,785)	(2,567)	38,375	31,246	(29,033)	(8,719)	(6,507)
Total	**22,381**	**(709)**	**(1,810)**	**19,861**	**29,125**	**3,527**	**(6,086)**	**26,566**	**26,386**	**(36,442)**	**(7,898)**	**(17,954)**
Interest-bearing liabilities:												
Deposits from banks	3,517	14	15	3,546	3,533	(1,227)	(1,608)	698	(7,557)	(7,370)	4,460	(10,467)
Deposits from customers	3,795	8,492	549	12,836	8,262	(2,335)	(363)	5,564	5,996	4,570	491	10,311
Debt securities	583	2,980	540	4,104	378	785	157	1,321	37	1,872	35	1,944
Other borrowings	2,294	221	91	2,606	3,919	(506)	(697)	2,716	86	2,579	103	2,768
Total	**10,189**	**11,707**	**1,195**	**23,091**	**16,093**	**(3,283)**	**(2,511)**	**10,299**	**(1,438)**	**905**	**5,089**	**4,538**

(1) Includes trading assets and pledged assets, but excludes equity securities, as these securities are not interest earning.

Deposits

The following table shows the composition of the Group's average deposits, and the average rate paid on such deposits, for the periods indicated. For the purposes of this table, the average deposits and average rates on deposits for the Group have been calculated on the basis of monthly averages.

	As at 30 June				As at 31 December			
	2016		2015		2015	2014	2013	
	Volume	Rate%	Volume	Rate%	Volume	Rate%	Volume	Rate%
	(₦ millions, except %)							
Domestic branches:								
Non-interest-bearing demand deposits	537,432	—	599,669	—	530,666	—	432,560	—
Interest-bearing demand deposits	343,213	0.7	84,255	2.1	35,566	5.0	15,319	4.5
Savings deposits	139,518	1	137,963	2.2	129,375	2.0	100,259	3.7
Time deposits	705,864	3.2	706,327	9.3	629,194	8.5	424,400	10 9
Total domestic deposits	**1,726,027**	—	**1,528,214**	—	**1,324,801**	—	**972,538**	—
Foreign branches	244,396	2.2	155,030	1.8	129,618	3.6	165,213	2.3
Total deposits	**1,970,424**	—	**1,683,244**	—	**1,454,419**	—	**1,137,751**	—

The following table sets forth the maturity analysis of time deposits of the Group as at 30 June 2016.

	Three months or less	From over three months to six months	From over six months to 12 months	Over 12 months
	(₦ millions)			
Issued by domestic offices	330,942	347,101	23,498	4,323
Issued by foreign offices	41,550	43,578	2,950	543
Total	372,492	390,679	26,448	4,866

Loan portfolio

Distribution of loans by economic sector

The following sets forth the Group's gross loans and advances to customers by economic sector as at the dates indicated.

	As at 30 June		As at 31 December		
	2016	2015	2015	2014	2013
	(₦ millions)				
Agriculture	17,394,993	22,106,466	19,176,019	14,740,963	11,574,463
Capital market	-	286,288	-	1,316,637	178,303
Construction	122,523,765	85,078,246	87,879,130	65,583,095	28,466,420
Education	1,809,275	1,588,478	2,113,599	1,482,317	668,715
Finance and insurance	18,089,326	20,877,812	21,037,838	22,537,038	12,803,857
General	62,710,291	39,495,119	53,774,970	27,709,205	17,789,296
General commerce	165,755,956	175,654,869	159,870,596	170,977,055	111,804,399
Government	278,064,515	25,213,802	169,073,246	55,409,711	64,508,486
Information and communication	136,751,980	106,037,884	121,177,114	111,394,390	80,013,457
Other Manufacturing (Industries)	89,626,000	77,009,334	72,850,211	75,553,584	47,211,983
Basic Metal Products	3,150,209	4,145,339	2,682,493	2,271,646	16,049,601
Cement	25,610,115	25,014,777	26,147,216	28,528,775	17,490,840
Conglomerate	20,059,202	7,440,268	14,766,577	6,924,579	5,694,247
Steel rolling mills	60,792,814	67,525,017	53,920,584	66,843,130	53,396,911
Flourmills And Bakeries	3,008,886	1,619,048	13,642	4,795,238	6,049,296
Food Manufacturing	16,589,095	13,536,729	15,094,847	19,386,264	12,199,833
Oil & Gas - Downstream	165,047,897	113,784,968	137,651,684	128,040,641	139,792,100
Oil & Gas - Services	193,143,715	93,510,630	117,106,760	89,343,529	49,892,029
Oil & Gas - Upstream	96,555.620	52,422,572	61,020,646	63,154,069	39,834,017
Crude oil refining	39,301,176	31,628,487	28,860,271	26,157,810	-
Real estate activities	119,914,572	87,996,435	104,749,765	66,444,681	52,018,628
Transportation and storage	81,894,610	91,412,095	74,287,655	47,154,949	15,551,605
Power and energy	21,676,912	19,638,668	15,955,628	23,236,149	13,546,822
Professional, technical and scientific activities	1,876,062	6,274,745	7,474,460	2,106,274	883,097
Others	43,512,538	29,450,101	27,836,688	8.354,541	3,246,019
Total	**1,784,859,524**	**1,198,748,180**	**1,394,521,639**	**1,129,446,268**	**800,664,424**

Maturity profile of the Group's loan portfolio

The following table sets forth the maturity analysis of the net loans and advances to customers as at the dates indicated.

	Due within 1 month	Due within 1 to 3 months	Due within 3 to 6 months	Due within 6 to 12 months	Over 12 months	Total
			(₦ millions)			
As at 30 June 2016	193,600	298,294	72,585	173,842	1,008,543	1,746,863
As at 31 December 2015	159,715	325,305	60,668	111,035	737,798	1,394,522
As at 31 December 2014	165,226	325,830	104,769	109,235	424,385	1,129,446
As at 31 December 2013	172,299	344,598	87,849	61,948	306,333	800,644

Loan concentration

The following table sets forth information on the Group's exposure to borrowers with the ten largest balances of outstanding loans, which constituted 70.8 per cent. of total gross loans and advances, as at 30 June 2016.

	As at 30 June		As at 31 December		
	2016	2015	2015	2014	2013
			(₦ millions)		
Loans extended to the Bank's 10 largest borrowers	443,874	256,944	184,664	182,148	168,964
Loans extended to other borrowers	1,340,986	941,804	1,209,858	947,298	631,680
Total gross loans and advances	**1,784,860**	**1,198,748**	**1,394,522**	**1,129,446**	**800,644**

Geographical distribution of the Group's loan portfolio

The following sets forth the geographical distribution of the Group's gross loans and advances to customers as at the dates indicated.

	As at 30 June		As at 31 December		
	2016	2015	2015	2014	2013
			(₦ millions)		
Abuja & North West	67,492	49,533	60,791	48,187	43,064
North Central	21,596	1,829	1,640	1,772	3,130
North East	39,374	2,446	13,160	2,407	3,268
South East	6,067	4,082	4,603	3,998	5,265
South South	263,403	156,871	182,107	157,286	134,897
South West	1,206,366	876,382	1,009,605	825,241	558,917
Nigeria	**1,604,298**	**1,091,143**	**1,271,906**	**1,038,891**	**748,541**
Rest of Africa	118,381	73,521	79,854	63,934	20,939
Europe	62,181	34,084	42,762	26,621	31,164
Others	—	—	—	—	—
Total	**1,784,860**	**1,198,748**	**1,394,522**	**1,129,446**	**800,644**

Non-performing *loans*

Loans by credit quality classification

The following tables show the Group's loans by credit quality classification as at the dates indicated.

	Loans and advances to customers		Loans and advances to banks		Off Balance Sheet	
	As at 30 June		As at 30 June		As at 30 June	
	2016	2015	2016	2015	2016	2015
			(₦ millions)			
Carrying amount	1,746,863	1,173,400	69,059	106,831	1,011,177	463,207
Neither past due nor impaired						
Grade 1-3:	1,657,734	1,151,933	69,051	106,829	1,011,101	463,158
Grade 4-5:	74,699	11,167	—	—	76	50
Gross amount	1,732,433	1,163,100	69,051	106,829	1,011,177	463,207

	Loans and advances to customers		Loans and advances to banks		Off Balance Sheet	
	As at 30 June		As at 30 June		As at 30 June	
	2016	2015	2016	2015	2016	2015
			(₦ millions)			
Impairment	(18,642)	(13,591)	(3)	—	—	—
Carrying amount	1,713,791	1,149,509	69,048	106,829	1,011,177	463,207
Past due but not impaired						
Grade 6:	812	1,194	—	—	—	—
Grade 7:	3,368	1,985	14	10	—	—
Grade 8:	11,633	8,773	—	—	—	—
Gross amount	15,813	11,952	14	10	—	—
Impairment	(3,403)	(2,547)	(2)	(8)	—	—
Carrying amount	12,410	9,405	12	2	—	—
Past due and impaired						
Grade 6: Impaired	11,123	3,807	—	—	—	—
Grade 7: Impaired	6,390	10,983	—	—	—	—
Grade 8: Impaired	19,100	8,905	—	—	—	—
Gross amount	36,613	23,695	—	—	—	—
Allowance for impairment	(15,951)	(9,209)	—	—	—	—
Carrying amount	(20,662)	14,486	—	—	—	—

	Loans and advances to customers			Loans and advances to banks			Off Balance Sheet		
	As at 31 December			As at 31 December			As at 31 December		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
					(₦ millions)				
Carrying amount	1,365,831	1,110,464	786,170	42,734	12,436	24,580	972,850	633,992	442,414
Neither past due nor impaired									
Grade 1-3:	1,337,071	1,050,499	721,069	47,731	12,417	24,589	972,621	633,425	441,510
Grade 4-5:	21,492	39,301	38,479	—	—	—	229	81	452
Gross amount	1,358,563	1,089,800	759,548	47,731	12,417	24,589	972,850	633,505	441,962
Impairment	(15,708)	(9,138)	(5,415)	—	(2)	(9)	—	—	—
Carrying amount	1,342,855	1,080,662	754,133	47,731	12,415	24,580	972,850	633,505	441,962
Past due but not impaired									
Grade 6:	534	1,969	1,667	—	16	—	—	—	—
Grade 7:	1,987	3,775	8,804	12	9	—	—	—	—
Grade 8:	9,022	8,641	8,054	—	—	—	—	487	452
Gross amount	11,543	14,385	18,526	12	25	—	—	487	452
Impairment	(2,501)	(1,876)	(1,126)	(9)	(5)	—	—	—	—
Carrying amount	9,042	12,509	17,400	3	20	—	—	487	452
Past due and impaired									
Grade 6: Impaired	5,195	574	6,602	—	—	—	—	—	—
Grade 7: Impaired	5,110	16,005	7,233	—	—	—	—	—	—
Grade 8: Impaired	14,111	8,682	8,754	—	—	—	—	—	—
Gross amount	24,416	25,261	22,589	—	—	—	—	—	—
Allowance for impairment	(10,483)	(7,968)	(7,952)	—	—	—	—	—	—
Carrying amount	13,933	17,293	14,637	—	—	—	—	—	—

Loans and advances under close monitoring

The following table sets forth the breakdown of the Group's performing but past due loans as at the dates indicated.

	As at 30 June		As at 31 December		
	2016	2015	2015	2014	2013
			(₦ millions)		
Non-performing loans	36,614	23,696	24,417	25,261	22,589

	As at 30 June		As at 31 December		
	2016	2015	2015	2014	2013
			(₦ millions)		
Past due but not impaired	15,813	11,952	11,543	14,385	18,526

Distribution of non-performing loans by sector

The following table presents the Group's non-performing loans by sector as at the dates indicated.

	As at 30 June		As at 31 December		
	2016	2015	2015	2014	2013
			(₦ millions)		
Agriculture	111	—	—	—	1
Capital market	—	—	—	—	2
Construction	7,359	4,123	3,303	395	0
Education	—	—	—	—	0
Finance and insurance	—	—	109	—	29
General	—	—	201	—	1,097
General commerce	14,096	3,483	9,891	4,516	4,430
Information and communication	183	2,085	—	6,679	6,669
Manufacturing	220	1,517	1,259	503	788
Oil & gas	10,838	5,142	4,349	9,705	6,761
Real estate activities	915	1,730	885	169	329
Transportation and storage	—	1,801	—	—	634
Other	2,892	3,815	—	3,294	1,849
Total	36,614	23,696	24,417	25,261	22,589

Distribution of non-performing loans by geography

The following table presents the Group's non-performing loans by geography as at the dates indicated.

	As at 30 June		As at 31 December		
	2016	2015	2015	2014	2013
			(₦ millions)		
Nigeria:					
Abuja & North West	1,576	273	1,052	978	892
North Central	166	—	—	—	—
North East	—	—	—	—	—
South East	1,052	923	2,631	2,827	646
South South	12,079	3,477	4,737	4,789	540
South West	13,388	15,027	11,577	11,373	15,846
Nigeria	28,261	19,700	19,997	19,967	17,924
Rest of Africa	8,353	3,996	4,420	5,294	4,665
Europe.	—	—	—	—	—
Total	36,614	23,696	24,417	25,261	22,589

Changes in provision for loan impairment

The following table sets out details of movements in the Group's provision for loan losses for the periods indicated.

	Year ended 30 June		Year ended 31 December		
	2016	2015	2015	2014	2013
			(₦ millions)		
Balance at the beginning of the period/year	28,700	18,988	18,988	14,504	39,974
Acquired through business combination	—	—	—	—	—
Impairment loss for the period/year:					
Charge for the year/period	9,305	6,785	10,840	10,939	(4,856)
Recoveries		—	—	—	—
Net impairment for the period/year	**9,305**	**6,785**	**10,840**	**10,939**	**(4,856)**

	Year ended 30 June		Year ended 31 December		
	2016	2015	2015	2014	2013
	(₦ millions)				
Effect of foreign currency movements	—	(410)	—	—	(538)
Write-offs	3	(8)	(1,128)	(6,455)	(20,076)
Balance at the end of the period	**38,002**	**25,355**	**28,700**	**18,988**	**14,504**

(1) Averages based on opening and closing balances of the Group.

Investment securities

The following table sets out details of the Group's investment securities as at the dates indicated.

	As at 30 June		As at 31 December		
	2016	2015	2015	2014	2013
	(₦ millions)				
Bonds	84,596	62,883	104,948	109,582	155,957
Equity securities with readily determinable fair values	60,795	46,921	44,773	45,087	39,232
Unquoted equity securities at cost	3,146	3,146	3,146	3,146	3,146
Treasury bills	61,042	81,563	36,683	115,541	158,284
Less specific impairment for unquoted equity securities at cost	(3,381)	(3,146)	(3,326)	(3,146)	(3,146)
Total investment securities	206,197	191,367	**186,224**	**270,211**	**353,811**

The following table shows the contractual maturity distributions of securities held as at the dates indicated.

	Maturity periods					
	Due within 3 months	Due within 3 to 12 months	Over 12 months	Total net	Allowance for impairment	Total gross
	(₦ millions)					
30 June 2016	31,380	50,687	124,130	206,197	3,381	209,578
31 December 2015	20,972	28,773	136,478	186,233	3,326	189,549
31 December 2014	22,099	112,254	135,858	270,211	3,146	273,357
31 December 2013	77,416	65,024	211,641	353,811	3,146	356,957

Contractual commitments

The following table sets forth the Group's contractual commitments as at the dates indicated.

	As at 30 June		As at 31 December		
	2016	2015	2015	2014	2013
	(₦ millions)				
Letters of credit[(1)]	782,105	460,119	657,589	377,152	228,957
Guarantees[(2)]	301,343	343,583	315,263	256,840	213,457

(1) Letters of credit includes foreign exchange forwards transactions.
(2) Guarantees include guaranteed Bas/CP and transaction-related bonds and guarantees.

Return on assets and equity

The following table shows the Group's return on assets and equity as at the dates indicated.

	For the six months ended 30 June		For the year ended 31 December		
	2016	2015	2015	2014	2013
	(₦ millions, except percentages)				
Net profit	39,487	31,287	65,869	42,976	36,298
Average total assets	3,277,587	1,958,211	2,347,845	1,969,913	1,790,469
Return on average total assets (%)	2.7	2.8	2.8	2.3	1.9
Return on average total equity (%)	19.8	21.6	20.4	16.5	14.9

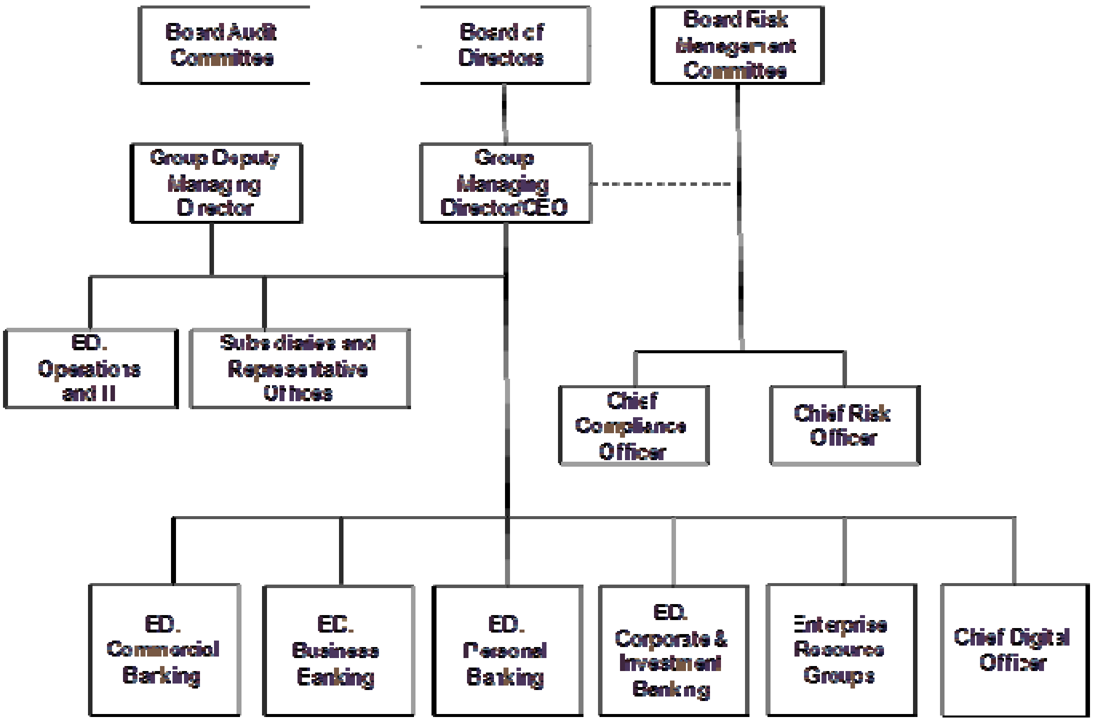
	For the six months ended 30 June		For the year ended 31 December		
	2016	2015	2015	2014	2013
	(₦ millions, except percentages)				
Average equity	398,209	290,027	322,606	260,946	242,883

DIRECTORS AND SENIOR MANAGEMENT

Overview of Nigerian Company Law

The Companies and Allied Matters Act ("**CAMA**") regulates the affairs of companies in Nigeria while the Banks and Other Financial Institutions Act ("**BOFIA**") regulates the conduct of banking operations and business. Under Nigerian law, a company acts directly through its shareholders or its board of directors or indirectly through officers or agents appointed by, or under the authority derived from, the shareholders or the board of directors. Every company is required to register a copy of its memorandum and articles of association with the Corporate Affairs Commission. Once registered, the memorandum and articles of association have the effect of a contract under seal between the company and its shareholders and officers and between the shareholders and officers themselves. The memorandum of association, amongst other things, states the nature of the business of the company and any restrictions on its powers. The respective powers of the shareholders and the board of directors are contained in the articles of association of the company. Except as otherwise contained in the articles, the business of a company is to be managed by the board of directors, who may in turn delegate its powers to board committees or the managing director. The articles of association prescribe the regulations of the company.

The Group's management structure is as follows:



The Board

The Board comprises 14 members, including the Chairman, the Group Managing Director/CEO, the Group Deputy Managing Director, five executive directors and six non-executive directors, which includes two independent non-executive directors. In line with best practice and corporate governance standards of the CBN and the Nigerian SEC, there is a separation of powers between the Chairman of the Board and the Group Managing Director.

Mr. Oritsedere Otubu retired from the Board as a non-executive director on 1 September 2016 following completion of his maximum 12-year tenure as allowed by the CBN's Code of Corporate Governance for banks in Nigeria. Prior to his retirement, Mr. Otubu served as chairman of both the Board Credit and Finance Committee and the Board Remuneration Committee. Additionally, Mr. Otubu served as a member of the Board Governance and Nomination Committee and the Board Audit Committee. The Bank has appointed a replacement for Mr. Otubu subject to the approval of the CBN. As at the date of this Prospectus, the CBN has not issued its approval in respect of the appointment of this new director.

Responsibilities of the Board

The Board is responsible for ensuring the creation and delivery of sustainable value to the Bank's stakeholders by providing strategic direction and oversight for the Bank's business. The Board is accountable to the shareholders and is responsible for the management of the Bank's relationship with its various stakeholders. The Board ensures that the activities of the Bank are at all times executed within the applicable and regulatory framework. The Bank's Board Charter, a set of principles adopted by the Board as a definitive statement of corporate governance, defines matters which have been reserved for the Board. The matters reserved for the Board include, but are not limited to, defining the Bank's business strategy and objectives, formulating risk policies and making decisions on the establishment of foreign subsidiaries. Executive management is accountable to the Board for the development and implementation of these strategies and policies.

Core Duties of Executive and Non-Executive Directors

Both executive and non-executive directors owe fiduciary duties and general duties of skill and care to the Group as a whole. Under the CBN's Code of Corporate Governance and the Access Bank Board Charter, the core duties of the directors include:

- exercising reasonable skill and care and observing proper standards of market conduct. Directors shall also act in good faith and honesty in carrying out their duties;
- avoiding a conflict of interest between their personal interests and their duties to the Group;
- at all times acting in the Group's best interests and not for any ulterior motive or to benefit themselves or others at the Group's expense;
- having due regard to the interests of the Group's employees;
- ensuring compliance by the Group with all laws and regulations guiding its operations;
- acting with integrity at all times and not engaging in any act that would jeopardise the reputation of the Group; and
- disclosing appropriately any information which requires notification to the statutory authorities.

Director Nomination Process

Section 248 of the CAMA outlines the process for appointing new directors to the Board whereby directors are nominated and then appointed at the Annual General Meeting.

The Board Governance and Nomination Committee is responsible for the succession planning for both executive and non-executive directors, and recommends new appointments to the Board, by taking into account the existing range of skills, experience, background and diversity of members currently sitting on the Board, as well as the strategic direction of the Group. Nominations are then subject to regulatory approval by the CBN and appointment to the Board is made by shareholders at the annual general meeting, upon the recommendation of the Board.

Director Profiles

Mrs. Mosun Belo-Olusoga - Chairman

Mrs. Belo-Olusoga was appointed to the Board in 2007. She graduated from the Department of Economics, University of Ibadan, in 1979. She qualified, top of her class, as a Chartered Accountant in 1983 and is a Fellow of the Institute of Chartered Accountants of Nigeria ("**ICAN**") and an Honorary Fellow of the Chartered Institute of Bankers of Nigeria.

Mrs. Belo-Olusoga served on the boards of the Asset and Resource Management Company and Magnum Trust Bank Limited (now Sterling Bank Plc). She was also the Chairperson of the Equipment and Leasing Association of Nigeria. Her banking career spans over three decades, beginning with Continental Merchant Bank. Mrs. Belo-Olusoga joined GT Bank in 1990 and retired in 2006 as Executive Director, South West Region. At various times, Mrs. Belo-Olusoga was responsible for risk management, corporate and commercial banking, transaction service and settlements. She also served as Acting Managing Director of Trust Bank of Africa Limited in 2003. Mrs. Belo-Olusoga sits on the board of Premium Pension Ltd, Actionaid Nigeria, MTN Nigeria Foundation and City of Knowledge Academy, amongst other organisations. She is the Principal Consultant and Programme Director of The KRC Limited.

Dr. Herbert Wigwe - Group Managing Director/CEO

Dr. Wigwe joined the Bank as the Group Deputy Managing Director in March 2002. Dr. Wigwe was appointed Group Managing Director/Chief Executive Officer Designate of the Bank by the Board on 25 April 2013. He assumed office as the Group Managing Director/Chief Executive Officer on 20 December 2013 following the retirement of Mr. Aigboje Aig-Imoukhuede.

Dr. Wigwe holds a Bachelor of Science degree (1987) in accountancy from the University of Nigeria, Nsukka and a master's degree (1991) in banking and international finance from the University College of North Wales (now University of Bangor, North Wales). He also obtained a master's degree in 1993 in financial economics from the University of London. He is an alumnus of the Harvard Business School Executive Management Programme, a Fellow of ICAN (FCA), a recipient of an honorary doctorate degree from the University of Port Harcourt, a Fellow of The Institute of Credit Administration and an Honorary Member of the Chartered Institute of Bankers of Nigeria.

Dr. Wigwe has approximately two decades of banking experience. He started his professional career with Coopers and Lybrand Associates, an international firm of chartered accountants. He spent over 10 years at GT Bank, where he managed several portfolios, including those of financial institutions, multinationals, local corporates and commercial banking. He left GT Bank as an executive director together with Mr. Aig-Imoukhuede. Since January 2014, Dr. Wigwe has been CEO and Group Managing Director of the Bank.

Dr. Wigwe has served as the Chairman of Access Bank (Ghana) Limited, Access Investment & Securities Limited, Central Securities and Clearing System (CSCS), and is currently the Chairman of the Access Bank (UK) Ltd. He is a Board Member of Nigerian Mortgage Refinance Company Plc and a member of the advisory Board for Friends of Africa.

Mr. Obinna Nwosu - Group Deputy Managing Director/COO

Mr. Nwosu joined the Bank in 2002 and was appointed Group Deputy Managing Director and Chief Operating Officer in December 2013. He brings to the Board over two decades of banking experience garnered from the Bank, as well as from GT Bank. His experience spans across transaction services, retail banking and commercial banking.

Mr. Nwosu holds a master's degree in public administration from Columbia University in New York City. He also holds an MBA and a second class upper degree in accounting from University of Nigeria, Nsukka. He has attended several executive and leadership development programmes at leading institutions across the globe.

Mr. Nwosu serves on the board of the six Access Bank subsidiaries in Africa, as well as The Access Bank (UK) Limited and Central Securities Clearing Systems Plc.

Dr. Ernest Ndukwe - Independent Non-Executive Director

Dr. Ndukwe was appointed to the Board in December 2012. He is an accomplished electrical/electronics engineer, with more than 38 years of experience in the telecommunications industry. A chartered electrical/electronics engineer, he was the Executive Vice Chairman of the Nigerian Communications Commission from 2000 to 2010.

Dr. Ndukwe's board-level experience dates back to 1988 when he was appointed Commercial Director at General Telecom Plc; he was later made Managing Director in 1989. He is a graduate of the University of Ife (now called Obafemi Awolowo University, Ile-Ife)and an alumnus of Lagos Business School. He also holds the fellowship awards of the Nigerian Society of Engineers, Nigerian Institute of Management and Nigerian Academy of Engineering. He is on the faculty of Lagos Business School, where he heads the Centre for Infrastructure Policy, Regulation and Advancement. His area of teaching interest includes strategic leadership, with special focus on the character traits of chief executive officers that lead to business failures.

Mrs. Anthonia Olufeyikemi (Kemi) Ogunmefun - Non-Executive Director

Mrs. Ogunmefun was appointed to the Board in 2011. She is an experienced banker and a legal practitioner with dual jurisdiction practice licences, having been admitted to the Nigerian and the Canadian Bar. She obtained her Bachelor of Laws degree from the University of Lagos in 1974 and was called to the Nigerian Bar in 1975 and to the Ontario Bar in 2004.

Mrs. Ogunmefun has more than two decades of banking experience at the senior management level in several Nigerian banks, including Continental Merchant Bank (formerly Chase Manhattan Bank). She served as the Chairperson of the Governance Committee for Kinark Child and Family Services, a major Canadian Childcare Trust. Mrs. Ogunmefun is the Managing Partner of Kemi Ogunmefun Law Office, a Canadian-based private legal practice. She has attended various courses at Harvard University, Columbia University and the European Institute of Business Administration ("**INSEAD**") that have prepared her for duties as a Director.

Mr. Paul Usoro - Non-Executive Director

Mr. Usoro was appointed to the Board in December 2013. He is a Senior Advocate of Nigeria, Fellow of the Chartered Institute of Arbitrators, and the Founder and Senior Partner of the law firm of Paul Usoro and Co. He is a highly experienced litigator, an expert in Nigerian communications law, and has advised a wide range of blue chip Nigerian and foreign companies in project finance and development, equity raising, infrastructure development and management buy-outs.

Mr. Usoro is currently a director of Airtel Network Limited (where he chairs the Audit Committee) and PZ Cussons Nigeria Plc (where he chairs the Governance and People Committee), as well as the Chairman of Marina Securities Limited. He holds a Bachelor of Law degree from the University of Ife (1981) and was called to the Nigerian Bar in 1982. Mr. Usoro previously represented Access Bank as a non-executive director on the Board of Intercontinental Bank Plc.

Mr. Emmanuel Chiejina - Non-Executive Director

Mr. Chiejina was appointed to the Board in June 2005. He is the Chairman and CEO of AshBard Energy Company Limited and a non-executive director of F & C Group Ltd. Mr. Chiejina spent 27 years with Total (exploration and production) and retired as Deputy Managing Director in 2007. He has a strong background in corporate planning and human resources.

Mr. Chiejina is a graduate of Law from the University of Lagos (1975) and was called to the Nigerian Bar in 1976. He has attended professional development programmes at Columbia University, the Cranfield Institute of Technology, INSEAD, the University of London and Harvard Business School.

Mr. Abba Mamman Tor Habib - Non-Executive Director

Mr. Habib was appointed to the board on 28 January 2016. Mr. Habib has 20 years of banking experience, 15 of which were spent with GT Bank, where he voluntarily resigned in 2008 as an executive director. His experience in GT Bank spanned commercial banking, corporate banking and risk management. Since 2008, Mr. Habib has served as the Managing Director of Gremcoh Services Limited, his family-owned agricultural and real estate enterprise. Mr. Habib holds a first-class bachelor of science degree in agricultural economics from University of Maiduguri and Master of Science degree in banking and finance from Bayero University Kano. Mr Habib has attended several executive development programmes at leading institutions, including the African Development Bank, Harvard University, the International Institute for Management Development ("**IMD**"), DC Gardner London and INSEAD.

Dr. (Mrs.) Ajoritsedere Josephine Awosika - Independent Non-Executive Director

Dr. Awosika was appointed to the Board in April 2013. She is an accomplished administrator with over three decades of experience in public sector governance. For the government of Nigeria, she has served as Permanent Secretary for the Federal Ministry of Internal Affairs, the Federal Ministry of Science and Technology and the Federal Ministry of Power.

Dr. Awosika is a distinguished fellow of several professional bodies, including the Pharmaceutical Society of Nigeria, where she served as the first female secretary, the West African Post Graduate College of Pharmacy and the National Institute of Directors. Dr. Awosika is a recipient of numerous awards, including the prestigious award of Member of the Federal Republic of Nigeria and the ECOWAS Community Service Gold Awards. She sits on the boards of Capital Express Assurance Ltd and Chams Plc.

Dr. Awosika holds a doctorate degree in pharmaceutical technology from University of Bradford, United Kingdom and graduated with a pharmacy degree from Ahmadu Bello University, Zaria. She is a member of the National Institute for Policy and Strategic Studies, Jos, Nigeria.

Mr. Victor Etuokwu - Executive Director (Personal Banking)

Victor Etuokwu is the Group Executive Director in charge of the Personal Banking SBU. He is responsible for the business operations, strategic development, stakeholder relations and business performance of the Group's Personal Banking SBU.

Mr. Etuokwu's banking career spans over 24 years, 11 of which were spent at Citibank Nigeria. His professional experience includes banking operations, cash management services, compliance, operational risk management, business development, credit and marketing, as well as mergers and acquisitions.

Mr. Etuokwu led the Bank's acquisition of Intercontinental Bank 2011, and this landmark transaction was awarded the Africa M&A Deal of the Year Award for 2012 by The Banker. Mr. Etuokwu later served as Managing Director and CEO of Intercontinental Bank from October 2011 to April 2012 and as Chairman of Intercontinental Bank, UK, from October 2011 to March 2013. He was first appointed Executive Director of Access Bank in January 2012 and currently oversees the Personal Banking SBU. Mr. Etuokwu is an Honorary Senior Member of the Chartered Institute of Bankers of Nigeria, as well as a director of E-Tranzact Plc and Unified Payments Systems Limited.

Mr. Etuokwu holds a bachelor's degree from the University of Ibadan and an MBA of the University of Benin. He has attended several professional and leadership programmes, both locally and internationally, and is an alumnus of INSEAD and Harvard Business School.

Mr. Roosevelt Michael Ogbonna - Executive Director (Commercial Banking)

Mr. Ogbonna was appointed Executive Director of Commercial Banking in October 2013. In this capacity, he oversees firm-wide banking operations and has formulated strategies to optimise the Bank's commercial business. Prior to his appointment, he served as the Divisional Head, Commercial Banking.

Mr. Ogbonna has 20 years of banking experience, working across the treasury, commercial and corporate banking functions at leading financial institutions. Before joining the Bank in 2002, he managed the Institutional Banking Group at GT Bank.

Mr. Ogbonna holds a BSc. in Banking & Finance (second class upper) from The University of Nigeria, Nsukka. He is a Fellow of the Institute of Chartered Accountants of Nigeria and also sits on the Board of Directors of Access Bank Zambia. He is an alumnus of the Senior Executives Fellows programme at Harvard University's Kennedy School of Government, and has attended various executive management development programmes at leading global institutions, including the Institute of Management Development (IMD), the Wharton School of Business, INSEAD and Harvard Business School.

Mrs. Ojinika Nkechinyelu Olaghere - Executive Director (Operations and IT)

Mrs. Olaghere was appointed Executive Director of Operations and IT in October 2013. She has over 24 years of banking experience, 16 of which were with the Ecobank Group. She joined the Bank in August 2007 as a General Manager in charge of Enterprise Business Support. She was appointed Executive Director of Operations and IT in Intercontinental Bank in October 2011 upon its acquisition by the Bank. Her banking experience spans across operations, business development, general administration and information technology.

Mrs. Olaghere holds a second class upper degree in French from The University of Nigeria, Nsukka and is a Fellow of ICAN. She has attended several executive management development programmes at leading institutions.

Mr. Elias Igbinakenzua - Executive Director (Corporate and Investment Banking)

Mr. Igbinakenzua was appointed Executive Director of Corporate and Investment Banking in October 2013. He is a seasoned banker with over 24 years of banking experience from Zenith Bank Plc. and four years of audit and investigation experience from PricewaterhouseCoopers. He joined Zenith Bank Plc in 1993 and served as Executive Director between March 2005 and July 2013. He is a Director of Access Bank Ghana Ltd.

Mr. Igbinakenzua qualified as a Chartered Accountant in 1992 and is a Fellow of ICAN, the Chartered Institute of Taxation of Nigeria ("**CITN**") and the Chartered Institute of Credit Administration of Nigeria. He holds a Bachelor of Science degree in Accounting from the University of Benin, an MBA from Enugu State University and an MSc in corporate finance from the University of Liverpool, UK. He has attended several executive management development programmes at leading training institutions across the globe.

Mrs. Titi Osuntok - Executive Director (Business Banking)

Mrs. Osuntoki was appointed Executive Director of Business Banking in October 2013. She is an accomplished banker with over two and a half decades of experience across many facets of banking, including commercial banking, investment banking, finance, strategy and risk management. She joined GT Bank in 1991 and was appointed Executive Director in 2008. She resigned from GT Bank in October 2011. Until her appointment, she was an Independent non-executive director on the Board of Wapic Insurance Plc. Mrs. Osuntoki represents the Bank on the Board of Financial Institutions Training Centre.

Mrs. Osuntoki holds a second class upper degree in civil engineering and an MBA from the University of Lagos. She is an alumnus of Cranfield University School of Management, UK, and has attended various executive management programmes at world-leading business schools.

Business Address of the Board of Directors

The business address of each of the members of the Board is the Bank's registered office.

Save as set out below, there are no potential conflicts of interest between any duties of a member of the Group's Board towards the Group and the director's private interests and/or other duties.

Dr. Wigwe is a shareholder of United Alliance Company of Nigeria, which holds interest in Marina Securities Limited, a provider of stock broking services to the Group. Marina Securities Limited holds a proprietary position in listed companies, including the Bank and its subsidiary, Wapic Insurance Plc.

Mr. Usoro is partner of Paul Usoro & Co., a provider of legal services to the Group. He is also the chairman of Marina Securities Limited, a provider of stock broking services to the Group. Additionally, Mr. Usoro is a director of Airtel Networks Ltd, a provider of mobile telephone services to the Group.

Mrs. Belo-Olusoga is a director and shareholder of The KRC Limited, which provides human resources and training services to the Group.

The potential conflicts of interest listed above mean that, from time to time, a director may have a conflict of interest between his or her duties towards the Group and his or her private interest and other duties as a director and/or shareholder in those companies with which the Group has a business relationship. The Group has put in place arrangements to ensure that transactions between the Group and a counterparty in which a director is interested are concluded on an arm's-length basis.

Board Committees

The oversight functions of the Board are performed through its various committees, namely: the Board Credit and Finance Committee, the Board Governance and Nomination Committee, the Board Audit Committee, the Board Risk Management Committee and the Board Remuneration Committee.

The Board committees meet at regular intervals and report to the full Board on a quarterly basis. These committees are constituted as follows:

Board Credit and Finance Committee

This committee considers and approves loan applications above certain limits (as defined by the Board from time to time) which have been approved by the MCC and acts as a catalyst for credit policy changes. The Committee also reviews the credit portfolio and collateral, monitors the implementation of credit risk management policies and approves the sector limits for the credit portfolio.

The Board Credit and Finance Committee meets monthly. Membership of the committee includes all of the non-executive directors (excluding the Chairman of the Board), the Group Managing Director, the Group Deputy Managing Director and four executive directors, as appointed.

Board Governance and Nomination Committee

The Board Governance and Nomination Committee advises the Board on its oversight responsibilities in relation to all matters on corporate governance, sustainability and nominations effecting the Bank, its directors and its employees. Specifically, the committee is responsible for determining and executing the processes for board appointments, nominations and removal of non-performing directors. The Committee also supervises Management's implementation of the Bank's sustainability agenda.

The committee objectives include ensuring that the Bank's human resources are maximised to support the long-term success of the institution and to protect the welfare of all employees. The committee meets quarterly. Membership of the committee includes six non-executive directors appointed by the Board and the Group Managing Director.

Board Audit Committee

The Board Audit Committee is responsible for ensuring compliance with the Group's accounting and reporting policies; legal and ethical practices; reviewing the scope and planning of audit requirements; making recommendations to the Board on the appointment, removal and remuneration of external auditors; and regularly reviewing the effectiveness of the Group's system of accounting and internal control. The committee assists the Board in fulfilling its oversight responsibility relating to the integrity of the Bank's financial statements and the financial reporting process; the independence and performance of the Bank's internal and external auditors; and the Bank's system of internal control and mechanism for receiving complaints regarding the Bank's accounting and operating procedures. The Bank's Chief Internal Auditor and Chief Compliance Officer have access to the committee and make quarterly presentations to the members of the committee. The committee comprises five non-executive directors appointed by the Board who have extensive knowledge of financial management. The committee is chaired by an independent non-executive director.

Board Risk Management Committee

The Board Risk Management Committee assists the Board in fulfilling its oversight responsibility relating to the establishment of policies, standards and guidelines for risk management, and compliance with legal and regulatory requirements in the Group. In addition, it oversees the establishment of a formal written policy on the overall risk management system. This committee also ensures compliance with established policies through periodic review of reports provided by management and ensures the appointment of qualified officers to manage the risk function. The committee evaluates the Bank's risk policies on a periodic basis to accommodate major changes in internal or external environment. The committee has eight members, including five non-executive directors, the Group Managing Director, the Group Deputy Managing Director and an executive director as appointed.

Board Remuneration Committee

The Board Remuneration Committee advises the Board on its oversight responsibilities in relation to the remuneration of the Bank's directors and employees. This committee is responsible for determining and executing the processes for recommending appropriate remuneration for the directors and employees of the Bank. In carrying out its function, this committee will benchmark the salary and benefit structure of its directors and employees against those at similar-sized banks. This committee also advises the Board on employee benefit plans such as pension, share ownership and other retirement plans and material amendments thereto. The committee is comprised of six non-executive directors appointed by the Board.

Standing Shareholders Audit Committee

In compliance with Section 359 of CAMA, the Group has a Standing Shareholders Audit Committee comprised of six members. The Standing Shareholders Audit Committee is made up of three non-executive directors representing the Board and three shareholders representing the shareholders as provided by CAMA.

Group Asset and Liability Committee (ALCO)

ALCO is a management committee responsible for market and liquidity risk management. It is responsible for the optimum management of the Group's balance sheet and making relevant decisions, as well as recommending to the Board prudent asset and liability management policies and procedures that would enable the Group to achieve its goals while operating in full compliance with all relevant laws and regulations. The members of the committee include the Group Managing Director, the Group Deputy Managing Director, all executive directors, all Group Heads, the Treasurer, the Chief Finance Officer, the Head of Risk Management and the Head of Market Risk Management.

Composition

The membership of the Board committees as at the date of this Prospectus is shown below:

Board Credit and Finance Committee:

Dr. (Mrs.) Ajoritsedere Josephine Awosika .... Chairman
Mr. Emmanuel Chiejina .... Member
Mrs. Anthonia Olufeyikemi (Kemi) Ogunmefun .... Member
Dr. Ernest Ndukwe .... Member
Mr. Paul Usoro .... Member
Mr. Abba Mamman Tor Habib .... Member
Dr. Herbert Wigwe .... Member
Mr. Obinna Nwosu .... Member
Mr. Victor Etuokwu .... Member
Mr. Roosevelt Michael Ogbonna .... Member
Mr. Elias Igbinakenzua .... Member
Mr. Titi Osuntoki .... Member

Board Governance and Nomination Committee:

Mr. Emmanuel Chiejina .... Chairman
Mrs. Anthonia Olufeyikemi (Kemi) Ogunmefun .... Member
Dr. Ernest Ndukwe .... Member
Dr. (Mrs.) Ajoritsedere Josephine Awosika Member
Mr. Paul Usoro Member
Dr. Herbert Wigwe .... Member

Board Audit Committee:

Dr. Ernest Ndukwe .... Chairman
Dr. (Mrs.) Ajoritsedere Josephine Awosika .... Member
Mr. Paul Usoro .... Member
Mr. Abba Mamman Tor Habib .... Member

Board Risk Management Committee:

Mr. Emmanuel Chiejina	Chairman
Mrs. Anthonia Olufeyikemi (Kemi) Ogunmefun	Member
Dr. Ernest Ndukwe	Member
Mr. Paul Usoro	Member
Mr. Abba Mamman Tor Habib	Member
Dr. Herbert Wigwe	Member
Mr. Obinna Nwosu	Member
Mrs. Ojinika Nkechinyelu Olaghere	Member

Board Remuneration Committee:

Mrs. Anthonia Olufeyikemi (Kemi) Ogunmefun	Chairman
Mr. Paul Usoro	Member
Dr. Ernest Ndukwe	Member
Dr. (Mrs.) Ajoritsedere Josephine Awosika	Member
Mr. Emmanuel Chiejina	Member

The Management Team

The senior management team, led by the Group Managing Director and the Deputy Managing Director, oversees the day-to-day activities of the Group and is responsible to the Board. As at 30 June 2016, the Group employed a total number of 7,046 staff, including 4,038 professional staff, of which 315 hold managerial positions. In addition to the executive directors of the Board, the following members of staff occupy key management positions:

General Managers

Mr. Adebanjo Adegbohungbe - General Manager, Group Head, Corporate Operations

Mr. Adegbohungbe has a Bachelor of Science degree in mechanical engineering (1992) from Obafemi Awolowo University, Ile-Ife and is currently studying for an MBA at IMD. He has over 23 years of experience with NIB (now known as Citibank Nigeria) and the Bank. His experience spans operational risk management, various aspects of banking operations, trade finance, business process improvement and technology. He commenced his career with NIB (later Citibank Nigeria) in 1993 and became an assistant general manager in 2005. He joined the Bank as a Deputy General Manager in 2007 and became a General Manager in 2011. He is a member of the Executive Management Committee and an Honorary Senior member of the Chartered Institute of Bankers of Nigeria.

Ms. Bolaji Agbede - General Manager, Head, Group Human Resources

Ms. Agbede holds a Bachelor of Science degree (1990) in mathematics and statistics from the University of Lagos and an MBA (2002) from Cranfield University School of Management, UK. She has over 22 years of experience in banking, primarily at Guarantee Trust Bank, where she was appointed to the position of a Manager before working as a consultant. She was the CEO of JKG Limited, a consultancy firm responsible for training middle and senior cadre bank managers before she moved to the Bank in 2003. Her banking experience spans commercial and retail banking and human capital development. She is a member of the Chartered Institute of Marketing, UK and has attended various executive programmes at Institute of Management Development in Lausanne, Switzerland and Harvard Business School.

Mr. Pattison Boleigha - Chief Conduct and Compliance Officer

Mr. Boleigha holds a Bachelor of Science degree (1986) in accounting from the University of Nigeria, Nsukka and an MBA (2001) from Rivers State University of Science and Technology (2002). He is a Fellow of ICAN. He is an Associate Member of CITN and an Honorary Member of the Chartered Institute of Bankers of Nigeria. He is also a member of the Information Systems Audit and Control Association, as well as a Certified Anti-money Laundering Specialist. Additionally, Mr. Boleigha is certified in the governance of enterprise information and in risk management assurance.

Mr. Boleigha is the President/Chairman of the Board of the Compliance Institute for Banks and other Financial Institutions in Nigeria and the Head of Chapter, Nigeria, for the Association of Certified Compliance Professionals of Africa. Mr. Boleigha is the Chairman of the Core Group of the Convention on Business Integrity. He is also a member of the ICAN Faculty of Consulting and Information Technology. Mr. Boleigha has won a number of awards, including the Association of Certified Compliance Professionals in Africa Anti-money Laundering Professional of the Year Award in both 2015 and 2016, as well as the Association of Certified Fraud Examiners 2015 Award for Excellence in Fraud Prevention.

Mr. Boleigha has over 24 years of experience in banking. He started his career at All-well Brown & Co. Chartered Accountants as an Audit Supervisor. He moved to Rivers State University of Science & Technology as an internal auditor and the National Provident Fund as a senior internal auditor. Mr. Boleigha began his banking career at NIB (now Citibank Nigeria) and was appointed as Manager before joining the Bank as Assistant General Manager. Mr. Boleigha's experience covers banking operations, financial control, internal control, internal audit and compliance.

He represents the Bank in the U.S. -based International Banking Security Association and the UN Global Compact on Anti-corruption Working Group (with Access Bank being the only African bank participating in both of these global bodies). Mr. Boleigha is also a member of the Nigerian Electronic Fraud Forum and the Nigeria Police Force Dedicated e-Payment and Card Crime Unit Implementation Committee.

Mr. Sunday Ekwochi - Assistant General Manager, Company Secretary

Mr. Ekwochi was appointed as the Company Secretary in 2010. He is a graduate of law (1996) from the University of Jos, and was called to the Nigerian Bar in 1998. He has 17 years of banking experience with African Express Bank, Fidelity Bank and the Bank. He is a member of the Institute of Chartered Secretaries and Administration, London and has attended several management development programmes at Euromoney, London Business School and IMD.

Mr. Gregory Jobome - Head, Enterprise Risk Management; Chief Risk Officer

Dr. Jobome holds a first-class degree in economics from the University of Maiduguri (1986), an MBA with Distinction from Obafemi Awolowo University (1990), a Master of Science (1994) and a doctorate in economics and finance (2004) from Loughborough University. He has over 22 years of experience obtained with GT Bank, University of Liverpool Management School and Manchester Business School. Prior to joining the Bank, he was a risk management consultant to GT Bank. Dr. Jobome is the Head of the Risk Management Division and Chief Risk Officer.

Mr. Abiye Koko - General Manager, Chief Information Officer

Mr. Koko is a fellow of the British Computer Society with professional information technology ("**IT**") experience that spans 25 years. He is currently the Head of IT Services and the Chief Information Officer for the Access Bank Group. In this capacity, he is responsible for providing the technology vision and leadership required to create and sustain the Group's competitive advantage and ensure regulatory compliance. Mr. Koko has a B.Sc. in Biochemistry from the University of Port Harcourt, and an MSc in Information Technology from University of London's Queen Mary Westfield College. He is also an Honorary Senior Member of the Chartered Institute of Bankers of Nigeria.

Mr. Oluseyi Kumapayi - General Manager, Chief Financial Officer

Mr. Kumapayi holds a master's degree in mechanical engineering from the University of Lagos and a bachelor's degree in agricultural engineering from the University of Ibadan, Nigeria. He is a Fellow of ICAN and a member of several professional associations, including the Global Association of Risk Professionals, CITN and the Charted Institution of Bankers of Nigeria. He is also an alumnus of Harvard Business School (2015). Kumapayi is a board member of both the Financial Reporting Council IFRS Academy and Access Finance B.V. He is a steering committee member of the Ministry of Finance Efficiency and Budgeting Committee. Mr. Kumapayi has 20 years of banking experience with GT Bank, First City Monument Bank and the Bank. His experience spans financial control, credit risk management, asset, liability management, strategy and has attended executive education programmes at several institutions, including INSEAD, London Business School and Harvard Business School.

Mr. Adedapo Olagunju - General Manager, Group Treasurer

Mr. Olagunju is a Fellow of ICAN and holds a Bachelor of Science degree (1998) in banking and finance from Ogun State University and an MBA (2006) from the Said Business School of the University of Oxford.

He has varied experience spanning treasury management, fixed income and currency trading and financial control. Prior to joining the Bank in 2003, Mr. Olagunju was the Chief Dealer at Stanbic IBTC Bank Plc. He was also a consultant to the Peacekeeping Financing Department at the United Nations in New York City.

Mr. Yinka Tiamiyu - General Manager, Group Head Internal Audit

Mr. Tiamiyu holds a Bachelor of Science degree (1986) in petroleum engineering, a Master of Science (1990) in industrial engineering from the University of Ibadan and an MBA from the University of Lagos. He is a Fellow of ICAN, an Associate of CITN and an Honorary Member of the Chartered Institute of Bankers of Nigeria. He has 30 years of work experience with Arthur Andersen, First Marina Trust Limited and the Bank. His banking experience spans internal control, financial control, risk management and internal audit. In addition, Mr. Tiamiyu has attended senior management development programmes at the Wharton Business School, IMD Senior Leadership, INSEAD France and Harvard Business School.

Business Address of Management Team

The business address of each of the members of the Group's management team is the Bank's registered office. There are no potential conflicts of interest between any duties of a member of the Group's management team towards the Group and the member's private interests and/or other duties.

Compliance with the Code of Corporate Governance

Management believes that the Group complies with high standards of corporate governance and best practices. The Group's business and operations are conducted in an open and transparent manner in line with international best practices and in accordance with the provisions of the relevant laws. The Revised Code of Corporate Governance issued by the CBN, the Nigerian SEC's Code of Corporate Governance and Access Bank's Board Charter collectively provide the basis for the Bank's corporate governance, policies and framework.

Management believes that the Group fully complies with the Nigerian SEC's code of corporate governance requirements. Below are some examples of the Group's compliance with the code:

- In line with the Group's vision to maintain the highest standards and to ensure the independence of the Internal Audit function, the Board approved a Charter on the Group's Internal Audit. This Charter isolates and insulates the Internal Audit Department from the control or influence of the Executive Management and also frees staff within the internal audit units from operational and management responsibilities that could impair their ability to make independent reviews of all aspects of the Group's operations, thereby making the department independent. Under the Charter, the Internal Auditors report directly to the Board.

- The number of non-executive directors exceeds that of executive directors.

- In compliance with Section 359 of CAMA, the Group has a standing Shareholders Audit Committee to protect the interest of the Group's shareholders.

- In accordance with the provisions of Section 259 of CAMA, one-third of the directors of the Group retire annually. The directors to retire every year shall be those who have served the longest term(s) of all directors in office since their last election.

- The responsibilities of the Chairman are clearly separated from that of the head of management (i.e. the Group Managing Director/CEO) such that no one individual/related party has unfettered powers of decision-making by occupying these two positions at the same time.

- A committee of non-executive directors determines the remuneration of executive directors.

SHARE CAPITAL AND SHARE OWNERSHIP

As at 30 June 2016, the Bank's issued and fully paid share capital was ₦14,463,986,815.50 (fourteen billion, four hundred and sixty-three million, nine hundred and eighty-six thousand, eight hundred and fifteen Naira, fifty Kobo), comprised of 28,927,971,631 ordinary shares with a nominal value of 50 kobo each. The Bank's authorised share capital as of 30 June 2016 was ₦20,000,000,000 (twenty billion) comprised of 38,000, 000,000 (thirty-eight billion) ordinary shares with a nominal value of 50 kobo each and 2,000,000,000 (two billion) preference shares with a nominal value of 50 kobo each.

As at 30 June 2016, the Bank had 820,964 shareholders with only two shareholders owning more than a 5.0 per cent. shareholding.

The following table lists the Bank's shareholders of record, as indicated on its share register, as at 30 June 2016, that held 5.0 per cent. or more of its outstanding ordinary shares. All holders of the Bank's ordinary shares have the same voting rights. The Bank is not aware of any arrangements that may result in a change of control.

Shareholders	Shareholding	%
Stanbic Nominees Nigeria Limited[(1)]	3,967,121,205	13.71
Blakeney GP	1,984,046,908	6.85

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

NIGERIA

*The information in this section has been extracted from documents and other publications released by various officials and other public and private sources, such as the CBN, the IMF, the DMO, the NBS, the Nigerian Federal Ministry of Finance ("**FMF**") and the Central Intelligence Agency ("**CIA**"), as indicated herein. There is not necessarily any uniformity of views amongst such sources as to such information provided. The Bank has not independently verified the information included in this section. The information in this section has been derived substantially from publicly available information, such as annual reports, official data published by the Nigerian government or regional agencies or other third-party sources as indicated in the text. The Bank has relied on the accuracy of this information without independent verification.*

Introduction

Nigeria is a sovereign nation and consists of thirty-six states and the Federal Capital Territory ("**FCT**"). Nigeria operates a federal system of government comprised of three tiers: the Federal Government, state governments and local governments. At both federal and state levels, there is a separation of power amongst the executive, legislative and judicial arms of the government.

Following a rebasing exercise by the government of Nigeria in 2014, Nigeria is the largest economy in Africa. According to the CIA's World Factbook of May 2016 (the "**CIA World Factbook**"), in 2014 Nigeria was the twelfth largest oil producing country and holds the ninth largest natural gas reserves in the world.

In 2015, Nigeria recorded a GDP of U.S.$493 billion, GDP per capita of U.S.$6,400 and a real GDP growth rate of 4 per cent. Nigeria is also a significant exporter of cocoa, rubber and cassava, in addition to other natural resources. In 2008, Nigeria met the U.S.$1,005 level of gross national income ("**GNI**") per capita, the World Bank's threshold to qualify as a middle-income country, and Nigeria was reclassified by the World Bank as a lower-middle-income country, from the previous classification of a low income country, and has been removed from the list of countries that enjoy the concessionary window of the International Development Agency. According to the World Bank, Nigeria had a GNI per capita of U.S.$2,820 in 2015.

Nigeria gained independence from the United Kingdom in 1960 and became a republic in 1963. Due in part to Nigeria's multi-ethnic and multi-religious population, the country has experienced numerous political changes since independence in 1960. In 1999, after 39 years of independence, 28 years of which was under military rule characterised by political instability, a peaceful transition to civilian government was completed and democracy was reinstated in the country with the election in February 1999 of retired General Olusegun Obasanjo as President. The current constitution of Nigeria (the "**Constitution**") was adopted in May 1999 and provides for a President, a National Assembly and a Judiciary. The National Assembly, with two chambers, comprises a Senate and a House of Representatives.

The PDP was the ruling party in Nigeria from 1999 until 2015. In March 2015, President Muhammadu Buhari of the All Progressives Congress was elected as President of the Federal Republic of Nigeria. Since 1999, there have been four consecutive democratic governments and five successful quadrennial democratic elections, reinforcing the renewed political stability within the country.

Area and population

Nigeria, situated in the West African sub-region, is bordered to the north by the Republics of Niger and Chad and to the west by the Republic of Benin. It shares its eastern borders with the Republic of Cameroon down to the shores of the Atlantic Ocean forming the southern limits of the Nigerian Territory. The capital, Abuja, is located in central Nigeria, but Lagos, which is situated in the south west, is the principal commercial centre and main port in the country. According to the CIA World Factbook's estimate, the Nigerian population was estimated at 181.6 million, making Nigeria the most populous country in Africa and the eighth most populous country in the world.

Key Demographic Information

Estimated Population (millions)	181.6
Estimated Population Growth Rate (%)	2.5
Urban Population (as a % of total)	47.8
Rate of Urbanisation (% per annum)	4.7
Age Structure (as a % of population)	
0-14 Years	43.0
15-24 Years	19.4
25-54 Years	30.6
55-64 Years	3.9
65 Years and Over	3.1

Source: CIA – The World Factbook, May 2016

The country covers an area of 923,768 square kilometres. Topography and vegetation varies considerably, and includes swamps and tropical rain forests in the south, and savannah and open woodland in the central part of the country. The northern part of the country borders the Sahara Desert.

The official language in Nigeria is English. There are three main indigenous languages spoken by the three predominant ethnic groups in the country. These ethnic groups are the Yorubas in the west, Hausa-Fulani in the north and the Igbos in the east. There is also a vernacular known as "broken/pidgin" English which is a Nigerian adaptation of the English language and is spoken and understood by almost all Nigerians. There are also over 250 other ethnic group languages, including Urhobo, Edo, Efik, Ijaw, and Kanuri and over 500 dialects within these ethnic group languages.

According to the CIA World Factbook, Nigeria ranks 23 out of 230 countries in terms of GDP on a purchasing power parity basis. The CIA World Factbook also estimates a labour force of 57.5 million, with an average life expectancy of 53 years.

Constitution, government and political landscape

Constitution

Nigeria is a federation made up of three tiers of government - federal, state and local governments. The Constitution was adopted in May 1999 with three amendments signed by the then President, Goodluck Jonathan, in 2011. The Constitution provides for a tripartite structure of government in which power is divided amongst the executive, legislative and judicial branches. It establishes and sets out the powers and functions of the President (executive), the National Assembly (legislative) and an independent judicial system (judicial) as well as persons and bodies which may validly exercise such powers.

Executive branch

Nigeria has adopted a presidential system of government with the executive powers of the Federal Government vested in the President. Such executive powers, subject to the provisions of the Constitution and of any law made by the National Assembly, may be exercised by the President directly or through the Vice-President and/or any officer(s) in the public service of the Federal Government. The President has the power to appoint ministers and such appointment shall be effective if confirmed by the Senate. In appointing ministers, the President shall appoint at least one member from each state. The executive is accountable to the bicameral National Assembly. The President is elected by popular vote for a four-year term and is eligible to be re-elected to a second (and final) term. In addition to being the head of government, the President is also the Head of State and the Commander-in-Chief of the armed forces of the country. The President's role includes overseeing the day-to-day running of the affairs of the nation assisted by the Vice President, ministers, special assistants, special advisers and other relevant government functionaries with supervisory roles over areas of government. The President may, in his discretion and in addition to any duties prescribed under the Constitution and other legislation, assign to the Vice President or any minister of the Federal Government, responsibility for any business of the Federal Government, including the administration of any department of government.

Legislative branch

The legislative powers of the Federal Government are vested in the National Assembly, which consists of a Senate and a House of Representatives. The National Assembly is empowered to legislate in respect of matters set out in the Exclusive Legislative List and the Concurrent Legislative List, as set out in the Second Schedule to the Constitution. The current House of Representatives, formed following elections held in March 2015, has 360 members who are elected in single-member constituencies. Members serve four-year terms. The number of seats per state is based on the population of each state. The speaker is the Head of the House of Representatives. The Senate is made up of members elected into the upper house for a four-year term. Each state elects three senators while the FCT elects one, making 109 seats in total. The Head of the Senate is referred to as the Senate President. The two chambers of the National Assembly work in collaboration with the executive arm in areas such as budgetary appropriation and the enactment of laws. A bill may originate from either of the chambers but it must be passed by both chambers in order for it to be signed into law by the President.

Judicial branch

In accordance with the Constitution, judicial authority is vested mainly in the following courts: the Supreme Court; the Court of Appeal; the Federal High Court; the High Court of the FCT; the National Industrial Court; the Sharia Court of Appeal and Customary Court of Appeal of the FCT; the High Court; Sharia Court of Appeal and Customary Court of Appeal of each state; and such other court as may be authorised by law to exercise jurisdiction over matters with respect to which the National Assembly (national legislature) may make laws at first instance or on appeal over matters with respect to which a House of Assembly (state legislature) may make laws. Nigerian courts are empowered to hear and determine disputes between private parties, disputes between a private party and any of the three tiers of government or their agencies or disputes between the three tiers of government or their agencies. Thus, the courts have the power to review statutes and executive actions to ensure that they conform to the Constitution and other laws in force in Nigeria. The courts with jurisdiction and power to deal with commercial, civil, criminal and constitutional matters, mentioned above, are described as follows:

Supreme Court of Nigeria - The Supreme Court is the highest court in Nigeria and is seated in the FCT. The Supreme Court consists of the Chief Justice of Nigeria (the "**CJN**") and such number of justices not exceeding 21 as may be prescribed by the National Assembly. The CJN and other justices of the Supreme Court are appointed by the President on the recommendation of the National Judicial Council ("**NJC**") subject to confirmation of such appointment by the Senate. The CJN heads the judiciary of Nigeria and presides over the Supreme Court. The Supreme Court exercises original jurisdiction in respect of disputes between: (i) the Federal Government and the states, (ii) the states of the federation, (iii) the National Assembly and the President, (iv) the National Assembly and a state, and (v) the National Assembly and a State House of Assembly. Decisions of the Court of Appeal can also be appealed to the Supreme Court. The Supreme Court is duly constituted by seven justices where it is exercising its original jurisdiction, or is sitting to consider an appeal requiring it to interpret any provision of the Constitution or whether the human rights of any individual have been violated. In all other cases, the court is duly constituted by not less than five justices.

Court of Appeal - The Court of Appeal, comprising the President of the Court of Appeal and such number of Justices of the Court of Appeal (not less than 49) ranks immediately below the Supreme Court. It exercises original jurisdiction in respect of the election to the office of the President or Vice President of Nigeria, whether the term of those offices has ceased, and in relation to the question as to whether those offices have become vacant. The Court of Appeal has the exclusive jurisdiction to hear appeals from the Federal High Court, the High Courts, the National Industrial Court, the Sharia Courts of Appeal, and the Customary Courts of Appeal of each state and the FCT, as well as decisions of any court martial or any other tribunal established pursuant to the Act of the National Assembly. The court is duly constituted by not less than three justices for the purpose of exercising any of its stated jurisdictions. For administrative convenience, the court is divided into judicial divisions which sit in various parts of the country namely, Abuja, Lagos, Enugu, Kaduna, Ibadan, Benin, Jos, Calabar, Ilorin, Sokoto, Owerri, Yola, Ekiti, Akure and Port Harcourt. The President of the Court of Appeal is appointed by the President on the recommendation of the NJC subject to confirmation by the Senate. Justices of the Court of Appeal are appointed by the President on the recommendation of the NJC.

Federal High Court - The Federal High Court comprising the Chief Judge of the Federal High Court and such number of judges of the Federal High Court as may be prescribed by an Act of the National Assembly is a specialised court, which hears and determines civil cases and matters arising from a number of areas including (but not limited to): the operation of the Companies and Allied Matters Act, Cap C20 LFN 2004; bankruptcy and insolvency; the taxation of companies (and other bodies established or carrying on business in Nigeria) and all other persons subject to federal taxation; banking and securities regulation; and foreign investments and foreign exchange. The chief judge of the Federal High Court is appointed by the President on the recommendation of the NJC subject to confirmation by the

Senate. Judges of the Federal High Court are appointed by the President on the recommendation of the NJC. The court is duly constituted by not less than one judge for the purpose of exercising any of its stated jurisdictions.

High Court - There is a High Court for each state and the FCT. Subject to the jurisdiction of the Federal High Court as stipulated in the Constitution, the High Court has jurisdiction to determine civil and criminal proceedings which originate in the High Court and those brought before the High Court in the exercise of its appellate and supervisory jurisdiction. The High Court exercises jurisdiction over matters pertaining to contract, tort and negligence amongst other things. The chief judge of a state is appointed by the Governor of the state on the recommendation of the NJC subject to the confirmation of the House of Assembly of a state. Judges of the State High Court are appointed by the Governor on the recommendation of the NJC.

The National Industrial Court - The National Industrial Court has exclusive jurisdiction in civil cases and matters relating to labour, employment, trade unions, industrial relations, terms of service, and matters arising in relation to the workplace. The Court also has exclusive jurisdiction on matters relating to or arising from the Factories Act, the Trade Disputes Act, the Trade Unions Act, the Workmen's Compensation Act or any other legislation in relation to labour, employment, industrial relations, or workplaces. There is a limited scope for appeal against NIC rulings on the basis of infringement of fundamental human rights. In May 2013, President Goodluck Jonathan approved the appointment of 12 new judges for the National Industrial Court, in addition to the nine sitting judges and the President of the Court.

The Constitution also establishes the election tribunals and authorises the National Assembly to constitute other tribunals as may be required. The more prominent of these special "courts" is the Investments and Securities Tribunal, which handles disputes in relation to capital market activities.

State and local government

Each state is governed by a Chief Executive (known as the Governor) who is elected to a four-year term of office and is eligible for a further four-year term. The Governor is empowered to appoint commissioners and advisers and to assign responsibilities to them.

The legislative powers of a state are vested in a unicameral legislative body called the House of Assembly. It is made up of representatives from all the local government areas within the state and exercises identical functions at the state level to those of the National Assembly at the federal level. A State House of Assembly shall consist of not less than twenty-four and not more than forty members. State governments are vested with the power to collect personal income tax of its residents, impose sales tax and to impose and collect certain forms of stamp duties, amongst others.

There are 774 local government councils in Nigeria. Each local government area is administered under a local government council consisting of a Chairman who is the chief executive of the local government area and other elected members who are referred to as councillors. The functions of local governments include the consideration and the making of recommendations to a state commission on economic, administrative and urban planning issues including the economic development of the state, collection of rates, radio and television licenses and establishment and maintenance of cemeteries, burial grounds and homes for the destitute or infirm, naming of roads and streets and numbering of houses and such other functions as may be conferred on a local government council by the State House of Assembly.

Political parties

According to the Independent National Electoral Commission ("**INEC**"), there are 30 political parties currently registered in Nigeria. In February 2013, the main opposition parties at the time – Action Congress of Nigeria, All Nigeria People's Party, Congress for Progressive Change and a faction of All Progressives Grand Alliance – announced a merger of the parties to form the All Progressives Congress ("**APC**"). INEC stated that it had no objection to the proposed merger *provided that* the relevant parties comply with the requirements of INEC. The parties held their respective national conventions to approve the proposed merger and the dissolution of their respective existing parties.

In addition to the ruling APC, which has been in power since 2015, the main political parties are the All Nigeria People's Party, the Action Congress of Nigeria, the Labour Party, the People's Democratic Party and the All Progressives Grand Alliance. The PDP, which won 174 seats in the 2015 National Assembly elections, was the ruling party at the time, having been in power from 1999 to 2015. The APC, the major opposition party at the time, won 285 out of 469 seats in the 2015 elections. Other parties combined to win the balance of 10 seats.

March/April 2015 elections

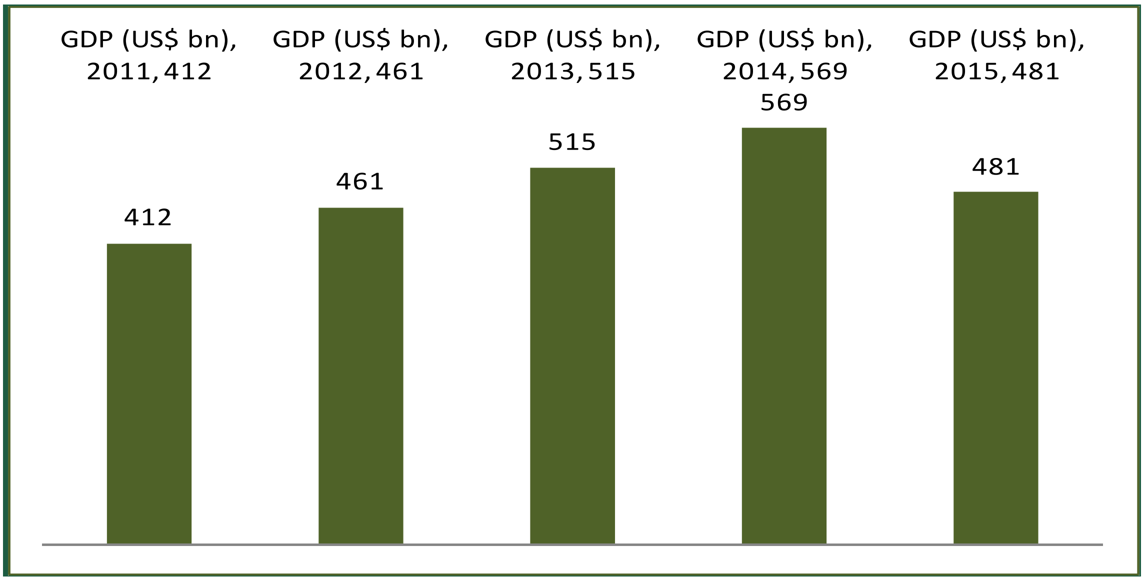
In January 2014 INEC announced that the Presidential and National Assembly elections in Nigeria would be held on 14 February 2015 and the governorship and state assemblies elections on 28 February 2015. The elections were subsequently postponed to commence on 28 March 2015 and 11 April 2015 respectively and were conducted successfully. Following the March and April 2015 polls, a former military head of state, Muhammadu Buhari, who had contested under the banner of the APC was declared the winner of the presidential election and was sworn in on 29 May 2015. The successfully conducted elections marked the first successful transition of power between opposing parties in Nigeria's democratic history and also marked the first time a sitting, democratically elected president in Nigeria lost a presidential re-election bid.

Economy

In April 2014, Nigeria rebased its nominal GDP from the 1990 base year to 2010. As a result of the rebasing, Nigeria became the largest economy in Africa (surpassing South Africa) and the 26th largest economy in the world, with a GDP of U.S.$481 billion in 2015. In addition, real GDP growth post-rebasing was 2.8 per cent. in 2015. The economy has enjoyed sustained economic growth for a decade, with annual real GDP growth averaging about 5.9 per cent. between 2005 and 2015. The non-oil sector was the major driver of growth. In 2015, services contributed some 52.0 per cent., while manufacturing and agriculture contributed about 9.0 per cent. and 2.0 per cent. respectively, to GDP.

Despite the decline in oil output as a result of oil theft and pipeline vandalism, Nigeria recorded steady growth in GDP in the last decade due to the strong performance of the non-oil sector; proof that the economy is diversifying and is becoming more services-oriented, in particular through retail and wholesale trade, real estate, information and communication. Nigeria is also a significant exporter of cocoa, rubber and cassava, in addition to other significant natural resources.

Nigeria GDP (U.S.$ billions)



Source: World Bank

Nigeria – key macroeconomic indicators

Economic Indicators	2011	2012	2013	2014	2015
GDP at market exchange rates (U.S.$ billions)	412	461	515	568	481

Economic Indicators	2011	2012	2013	2014	2015
Real GDP growth (%)...	5.3%	4.2%	5.5%	6.2%	2.8%
GDP per capita (U.S.$ market exchange rates).......	2,514	2,740	2,980	3,203	2,640
Average Consumer Price Index (CPI) (%).............	10.8%	12.2%	8.5%	8.1%	9.0%
Monetary policy rate (%)..	12%	12%	12%	13%	11%
Current account/GDP (%)	2.6%	3.8%	3.7%	0.2%	2.4%
Population (million)..	163.8	168.2	172.8	177.5	182.2
Total external debt Stocks (U.S.$ billions) *	17.4	18.8	21.6	26.9	10.7
Total external debt Stocks (% of GDP)..................	3.8%	3.7%	3.8%	5.6%	2.9%
Exchange rate U.S. dollar/N (average)....................	155.9	158.8	159.2	165.2	197.8

Source. IMF, World Bank, Debt Management Office

The 2016 first quarter real GDP report released by the National Bureau of Statistics indicates a 0.4 per cent. year-on-year contraction in output, which was as a result of a 0.8 per cent. slowdown in the non-oil sector following declines in manufacturing, financial institutions and real estate activities. Nigeria witnessed a decline in fiscal revenues in 2015 brought on by the low oil prices which in turn were due to the excess global supply of crude oil *vis-à-vis* the global demand for crude oil.

In response to the drop in oil prices and the subsequent pressure on the Naira, the CBN devalued the Naira twice within the space of four (4) months; 2.3 per cent. in November 2014 and 17.9 per cent. in February 2015, slightly impeding output growth in the process.

Real GDP growth slowed considerably to 2.8 per cent. and further to 2.1 per cent. in the third and fourth quarters of 2015 compared to 6.2 per cent. and 5.9 per cent. in the corresponding quarters of 2014. This was due largely to tempered activities in the manufacturing sector as the effect of the devaluation of the Naira kicked in with inflated operating costs resulting from expensive import. This took its toll on inflation. Difficulty in accessing foreign exchange also contributed to declining output in the sector, as the CBN barred many importers from accessing foreign exchange at the official rate making it difficult to obtain inputs/raw materials for production.

The CBN policy barring certain importers from accessing foreign exchange and classifying their goods as 'not valid for FX' was amongst certain currency control measures introduced by the Apex Bank particularly aimed at curbing "speculative activities".

Real GDP growth for the manufacturing sector declined for three consecutive quarters to -0.7 per cent., -3.8 per cent. and -1.8 per cent. year-on-year in the first, second and third quarters respectively from 15.4 per cent., 14.0 per cent. and 16.0 per cent. in the corresponding quarters of 2014. In the fourth quarter of 2015, real GDP growth of the manufacturing sector slowed by 13.1 per cent. to 0.4 per cent. (year-on-year) from 13.5 per cent. growth in the fourth quarter of 2014. A fallout of these activities were varying-market shaping events that included the JP Morgan phase out of Nigeria's sovereign bonds from its emerging market bond index, difficulty in accessing foreign exchange by investors who tracked its GBI-EM series and an equity market dip of about 17.4 per cent. through the year, as foreign portfolio investors stalled in returning to the Nigerian capital market even after the peaceful outcome of the May 2015 general elections, one of many reasons why they initially pulled out.

It is expected that the non-oil sector will remain the main driver of growth over the medium-term. Furthermore, in the light of the recent macroeconomic challenges, the Federal Government has adopted an adjustment strategy that hinges on tightening government spending and shoring-up non-oil revenues to compensate for dwindling oil revenues. In March 2016, the CBN's Monetary Policy Committee increased the benchmark interest rate, the MPR to 12.0 per cent. (from 11.0 per cent. since November 2015), and also increased the CRR to 22.5 per cent. from 20 per cent. In addition, in May 2016 the CBN's Monetary Policy Committee ("**MPC**") meeting retained the MPR at 12.0 per cent., the CRR at 22.5 per cent. and Liquidity Ratio at 30.0 per cent. At CBN's July 2016 MPC meeting, the MPC voted to increase the MPR by 200 basis points from 12 per cent. to 14 per cent. and retained the CRR at 22.5 per cent.

Dealing with the Boko Haram insurgency which has plagued Nigeria over the past four years is a major hurdle for the government. Although commendable steps have been taken, such as the movement of the military command centre into the heart of the crisis and the recapture of most of the towns earlier captured by the terrorists, the crisis remains unabated.

There is also the rising threat of secession with some groups in the South East of Nigeria clamouring for a breakout from the country to form their own nation called 'Biafra'. These groups are the Movement for the

Actualisation of Sovereign State of Biafra and the Indigenous People of Biafra. The recent clash between Nigeria's Army troops and Shiite Muslims in the Zaria area of Northern Kaduna also highlights some security risks.

Overcoming geographical and socio-economic barriers is central to achieving inclusive growth and sustainable development. Addressing rural-urban differences to ensure more balanced development through job creation and societal transformation will be critical for Nigeria's future. This will need to be done within all the six geopolitical zones, in addition to addressing inequalities across these zones. Although there have been several policy initiatives aimed at territorial development in Nigeria, limited success has been achieved in addressing the fundamental causes of unevenness. The problem often lies with a structure of governance that gives room for developmental policy implementation at the federal, state and local levels of governance but not at the regional level.

Fourth quarter GDP by sector contribution

According to the NBS, the services sector contributed the largest percentage to Nigeria's GDP in the fourth quarter of 2015. The contribution of Finance and Insurance to real GDP totalled 3.1 per cent., greater than the contribution recorded in the fourth quarter 2014 which stood at 2.9 per cent., but less than the contribution recorded in the third quarter of 2015 of the same year, which stood at 3.2 per cent. A breakdown of GDP contribution by sector is given below:

Sectoral Contributions to GDP

Fiscal deficit

Nigeria's fiscal deficit increased to ₦1,205 billion (1.8 per cent. of GDP) in 2014 from ₦1,153 billion in 2013 as a result of production shortfalls and increases in recurrent expenditure. The Federal government reported a fiscal deficit of ₦1.0 trillion (0.8 per cent. of GDP) in its 2015 annual budget as a result of declining oil prices and currency fluctuations. The fiscal deficit in respect of the 2016 annual budget is estimated at ₦2.2 trillion (approximately 2.2 per cent. of GDP).

Nigeria Fiscal Deficit

Public debt

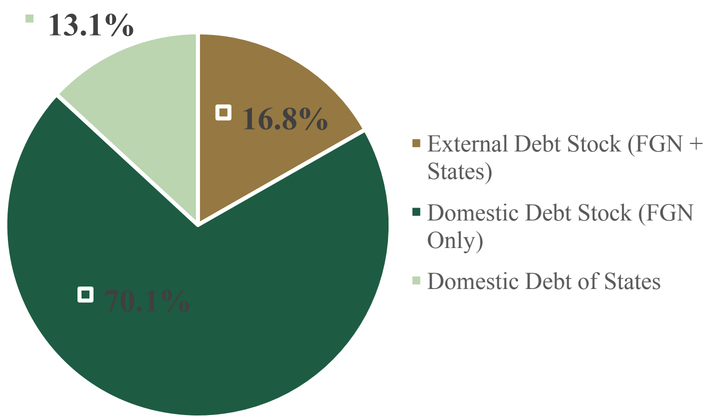
As at December 2015, Nigeria's total public debt was U.S.$65.4 billion (18.3 per cent. of GDP)[3]; and of this amount, the external debt was U.S.$10.7 billion, having decreased from U.S.$20.5 billion in 2005 following repayment of the Paris Club debts and the subsequent cancellation of the Paris Club debt. The domestic debt also stood at U.S.$54.7 billion (₦10.5 trillion), having increased from U.S.$11.8 billion (₦1.5 trillion) in 2005[3]. The increasing balance of the country's total public debt is attributable to the

3 Nigeria Debt Management Office, 2015.

domestic debt of State governments totalling U.S.$9.9 billion. The Federal Government estimated domestic borrowing at ₦984 billion in the 2016 budget.

Nigeria's domestic debt is mainly short-term, with treasury bills accounting for 31.4 per cent. The management of domestic public debt has been improved by lengthening maturities. This, in addition to other macro-economic management practices adopted by the CBN, has resulted in a stable growth outlook for the country. Nigeria's domestic debt reflects the significant increase in borrowings through Government bonds in the domestic market.

Public debt profile as at 31 December 2015



Capital markets

The Nigerian All Share Index ("**ASI**") closed at a 17.4 per cent. low for the full year 2015 on the back of weakened macroeconomic conditions and declining foreign and local investor confidence in the Nigerian stock market. As at 31 August 2016, the ASI stood at 27,599.03 points with a market capitalisation of ₦9.48 trillion. Furthermore, outstanding bonds stood at ₦6.62 trillion as at 31 August 2016.

Foreign reserves

As at December 2015, Nigeria's foreign reserves stood at U.S.$28.4 billion compared to U.S.$34.2 billion at the beginning of the year, representing a 17.1 per cent. decline in its foreign reserve. The reserves stood at U.S.$25.4 billion as at August 2016. The decline has been largely due to CBN's need to utilise the stock of foreign currency reserves in defending the Naira in the face of declining foreign currency earnings from oil sales.

Foreign exchange

At the interbank market, the U.S. dollar/₦ depreciated by 7.8 per cent. to 198.95 as at the end of 2015 from 183.5 in 2014, when the U.S. dollar/₦ depreciated by 12.6 per cent., driven by sustained CBN intervention in the FX market. In 2015, the U.S. dollar/₦ moved in the 178.76 – 205.45 range vs. 158.70 – 187.15 range in 2014. At the parallel market, the U.S. dollar/₦ depreciated by about approximately 40 per cent. to below 265.00, driven by speculative demand and the tight liquidity at this end of the FX market. FX reserves fell by 15.5 per cent. to U.S.$29.1 billion in 2015 from U.S.$34.5 billion in 2014. This represents about 6.2 months import cover relative to the 7.3 months import cover at the end of 2014. The depletion of reserves was driven by lower oil prices amid sustained FX sales by the CBN. Following strong recommendations by the IMF and the private sector to remove these currency control measures, in June 2016 the CBN stated that it would abandon its previous policy of pegging the Naira to the U.S. dollar and on 20 June 2016 the CBN reintroduced market-driven currency trading under a flexible exchange rate system whereby the CBN will only intervene for a select number of items deemed critical by the Nigerian government. On the day of the CBN's announcement, the Naira fell approximately 30 per cent. in value to ₦280 to the U.S. dollar and as at 16 September 2016 was valued at ₦316 to the U.S. dollar.

Inflation

The consumer price index rose by 13.7 per cent. year-on-year in April 2016, 0.9 percentage points higher than rates recorded in March (12.8 per cent.). Notably, inflation has risen consistently for the past three months, reflecting the impact of the prolonged shortage of petroleum products and persistent illiquidity in the FX market.

The core inflation index rose sharply for the fourth time in a row to 16.2 per cent in June 2016 from 15.1 per cent in May 2016, 13.4 per cent. in April 2016, 12.2 per cent in March 2016, 11.0 per cent in February 2016 and 8.8 per cent in January 2016, having stayed at 8.7 per cent for three consecutive months through December 2015.

The food inflation index also rose to 15.3 per cent. in June 2016 from 14.9 per cent. in May 2016, 13.2 per cent. in April 2016, 12.7 per cent in March 2016, 11.4 per cent. in February 2016, 10.6 per cent. in January 2016 and 10.6 per cent in December 2015. The rising inflationary pressure was largely a reflection of structural factors, including high cost of electricity, high transport cost, high cost of inputs, low industrial activities as well as higher prices of both domestic and imported food products.

For 2015, Nigeria's inflation averaged 9.1 per cent. compared to 8.1 per cent. in 2014. IMF's forecast also suggests that inflation will maintain an uptick in 2016 and average 9.7 per cent. by the end of the year. However, in the communiqué released by the MPC after its May 2016 meeting, the MPC noted that there was an increase in year-on-year headline inflation of 12.8 per cent. and 13.7 per cent. in March and April 2016, respectively from 11.4 per cent. in February 2016. The MPC, after its July 2016 meeting, noted a further rise in year-on-year headline inflation to 16.5 per cent. in June 2016, from 15.6 per cent in May 2016.

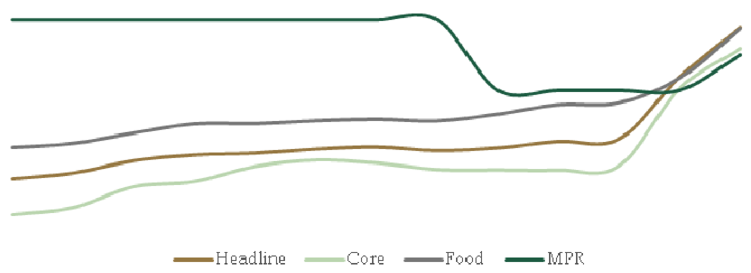


Figure 1: Inflation Trend

Interest rates

The CBN's monetary policy stance has been tight for the major part of 2016 and broadly growth-restrictive. At the MPC meeting held on 23 March 2016, the committee announced a tightening of the monetary policy stance by increasing the MPR by 100 basis points from 11 per cent. to 12 per cent. The Cash Reserve Ratio was also increased by 250 basis points from 20 per cent. to 22.5 per cent. while retaining a liquidity ratio of 30 per cent. The asymmetric corridor was narrowed from +200 and -700 basis points to +200 and -500 basis points. The committee expressed concern that the excess liquidity in the banking system was contributing to the current pressure in the foreign exchange market. At the most recent meeting of the MPC held in July 2016, the MPC increased the MPR by 200 basis points at 12 per cent. to 14 per cent. retained, the CRR at 22.5 per cent. and the liquidity ratio at 30 per cent. The asymmetric corridor was retained at +200 and -500 basis points around the MPR.

Reforms

Nigeria is in the process of adopting and implementing a number of reforms with the objective of Nigeria being one of the 20 largest economies in the world by 2020. The reforms are aimed at a number of key areas, primarily diversifying the economy away from dependence on oil, reducing import dependency and lowering the cost of doing business. The Government expects to achieve this by addressing infrastructure and related deficiencies thereby creating a more favourable environment for continued growth of the non-oil sectors of the economy. A summary of some of these key reform agendas include:

Vision 20:2020

Vision 20:2020 is the Government's long-term plan to become one of the world's 20 largest economies by 2020, and the Government has adopted the First NIP as its medium-term plan to implement the first stage of Vision 20:2020. The First NIP focuses on the following six main areas:

- Physical infrastructure – power, transport and housing;
- Productive sector – the key sources of economic growth such as agriculture, oil & gas, and manufacturing;
- Human capital and social development – the social sectors of the economy including education, health, labour, employment and productivity;
- Building a knowledge-based economy – building a knowledgeable workforce and ensuring widespread access to information, internet and communication technology;
- Governance and general administration – election reform and combating corruption; and
- Regional geopolitical zone development – fostering accelerated, sustainable social and economic development in a competitive and friendly manner.

It is unclear whether a Second National Implementation Plan ("**Second NIP**") was ever adopted or implemented. However, following the failed re-election bid by President Goodluck Jonathan and the handover to President Muhammed Buhari on 29 May 2015, it is unlikely that the current administration would continue the implementation of Vision 20:2020.

Power sector

Nigeria suffers from a shortage of stable power supply. Although the country has an installed electricity power generation capacity of approximately 8,664 MW, optimal generation capacity has not been achieved due to inadequate investment in gas infrastructure, disruptions of gas supplies to thermal plants, low water levels at the hydro power stations and mismanagement. Under-investment in transmission and distribution infrastructure has also contributed to the worsening power supply, resulting in significant load shedding across the country. The Government estimates that in order to meet the target of 40,000 MW of generating capacity by 2020, an annual investment in the power sector of U.S.$10 billion will be required through 2020, most of which it aims to achieve by incentivising the private sector investment community.

In 2013, as part of the privatisation process, the Nigerian Bureau of Public Enterprises sold a maximum of 60 per cent. equity stake in each of the six generation and 11 distribution companies. The privatisation of the Egbin, Omotosho I and Olorunsogo I gas plants was also concluded simultaneously, along with the privatisation process. The Azura-Edo Independent Power Plant, a 450MW open-cycle gas turbine power station which is the first phase of a 2,000MW facility being developed in Edo state, has already received financing and construction of the facility has commenced. However, the privatisation of the 10 generation assets of the NIPP remains ongoing due to the huge losses being recorded by the privatised power plants.

Other significant milestones include the reforms to the Multi-Year Tariff Option ("**MYTO**") and the establishment of a bulk electricity purchaser, Nigerian Bulk Electricity Trading Plc. The MYTO provides for periodic review of the cost parameters through the minor (annual) and major (five-yearly) review windows. The annual review of the framework takes into consideration changes in gas price, inflation and exchange rates while the major review considers holistic changes in major parameters. There are a number of challenges with respect to reforming electricity tariffs. In addition to disagreement between electricity suppliers and consumers with respect to price, in July 2016, the Federal High Court annulled an incremental adjustment in the electricity tariff previously announced by the Nigerian Electricity Regulatory Commission for failure to comply with the necessary procedure.

Oil & gas sector

The Petroleum Industry Bill ("**PIB**"), originally introduced in December 2008 sought to transform the petroleum industry through the Petroleum Industry Bill. The PIB is a major legislative proposal with structural initiatives that would represent the most comprehensive overhaul of the oil & gas industry in

Nigeria since commercial oil production began in the 1960s. It has been widely reported that the current Administration of President Buhari seeks to replace the PIB with a new Bill titled "Petroleum Industry Governance and Institutional Framework Bill 2015" which aims to create "commercially oriented and profit driven petroleum entities" and close loopholes that bred corruption.

Statistical data

The following tables set out certain selected economic information about Nigeria.

	For the year ended 31 December				
	2011	2012	2013	2014	2015
Domestic Economy					
Nominal GDP (Naira billions)	63,713	72,599	81,009	90,136	94,100
Real GDP (Naira billions)	58,180	60,670	63,942	67,977	69,000
Real GDP (growth rate) (%)	5.31	4.21	5.49	6.22	2.79

	For the year ended 31 December				
	2011	2012	2013	2014	2015
Balance of Payments (Naira billions)					
Exports of Goods	19,440.4	22,446.3	14,245.3	16,304.0	9,728.8
Imports of Goods	(9,892.6)	(5,624.9)	(7,015.8)	(7,374.4)	(6,698.0)
Trade Balance	9,547.8	16,821.4	7,229.5	8,929.6	3,030.8
Current Account	1,931.4	3,191.5	3,072.0	211.9	(3,064.6)

	For the year ended 31 December			
	2012	2013	2014	2015
Public Finance (Naira billions)				
Total Gross Federally Collected Revenue	11,158.4	10,690.5	10,191.68	6,959.57
Federal Government Retained Revenue	3,092.8	3,403.0	3,727.5	3,428.8
Total Expenditure	4,083.1	4,482.2	4,624.8	4,464.1
Overall Deficit	(990.3)	(1,079.2)	(897.5)	(1035.2)

	For the year ended 31 December			
	2012	2013	2014	2015
Public Debt (U.S.$ millions)				
External Debt	6,527.07	8,821.90	9,711.45	10,718.43
Domestic Debt	41,969.16	45,722.41	47,047.77	44,857.85
Gross Public Debt as % of real GDP	4.681	5.102	5.978	6.05

Sources: NBS, CBN, BMI Research, Office of the Accountant General and DMO.

THE NIGERIAN BANKING SECTOR

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According to the CBN Economic Report for January 2016 ("**CBN Economic Report**"), total Nigerian banking sector assets and contingents amounted to ₦28.1 trillion as at 31 January 2016, a decline of 0.1 per cent. relative to the preceding month, 31 December 2015. As at 31 December 2015, total specified liquid assets of commercial banks stood at ₦7,184.9 billion, representing 41.6 per cent. of their total current liabilities. At that level, the liquidity ratio was 0.03 percentage point below the level at the end of December 2015 but 11.6 percentage points above the stipulated minimum ratio of 30.0 per cent. The loans-to-deposit ratio, at 69.6 per cent., was 0.03 percentage point below the level at the end of December 2015 and 10.45 percentage points below the maximum ratio of 80.0 per cent. Subsequent to AMCON's acquisition of NPLs in 2010, the ratio of non-performing loans to total loans steadily decreased from 16.0 per cent. in 2010 to 5.0 per cent. in 2011, 3.5 per cent. in 2012, 3.4 per cent. in 2013 and 2.9 per cent. in 2014. The improvement in the sector's asset quality was also due to enhanced credit risk management of some DMBs. However, on the back of the unfavourable global and domestic macro-economic environment, coupled with the slump in oil prices, NPLs of DMBs rose to 4.9 per cent. in 2015.

There are 21 banks currently in operation in Nigeria today, compared with 24 banks in operation in 2013. In 2014, Mainstreet Bank Limited was acquired by Skye Bank Plc, while in 2015, CBN issued regional banking licences to SunTrust Bank Nigeria Limited and to Providus Bank plc. Furthermore, in 2015 Heritage Banking Company Limited and Skye Bank Plc merged with Enterprise Bank and with Mainstreet Bank Limited, respectively. According to the CBN Economic Report, aggregate bank lending/credit within the domestic economy as at January 2016 stood at ₦18,301.1 billion, representing an increase of 1.2 per cent. from the level at the end of December 2015.

Trade finance, cash management for large corporates and electronic banking are key areas for growth for the banking sector generally. Nigeria's underdeveloped retail market is considered to be a long-term market opportunity and many industry players have shifted their focus to establishing consumer risk assets with higher yields.

Recent liquidity-tightening policies and emerging trends in the Nigerian banking sector have resulted in an earnings shrink and increased aggression in the competition for cheaper deposits amongst banks.

Supervision and regulation of banks in Nigeria

The major regulators of Nigeria's financial sector are the CBN and NDIC. Since January 1999, the CBN has acted autonomously from the FMF (which formerly supervised the CBN) and now has the power to formulate and implement monetary and exchange rate policies.

The principal governing body of the CBN is its board of directors which consists of the Governor of the CBN, who acts as Chairman, four Deputy Governors, the Accountant General of the Federation, and five Directors. Each Deputy Governor overlooks one of the four directorates of the CBN namely: Operations, Corporate Services, Financial System Stability and Economic Policy.

There are four departments under the remit of the Financial System Stability Directorate: banking supervision, financial policy and regulation, other financial institutions supervision and consumer protection. The functions of the Financial System Stability Directorate includes supervision of banks, and this involves amongst other, on-site examination of banks, especially in relation to their financial condition, internal control systems, reliability of information provided and compliance with corporate governance codes. The CBN also monitors trends in the banking sector, and generates industry reports on a monthly and quarterly basis, evaluates the development of the finance sector and monitors other financial institutions. Activities such as changes of auditors, announcements of audited financial statements, opening of branches, and changes in control and appointments of directors by banks are subject to the prior approval of the CBN.

The CBN's monetary policy mandate encompasses issuing currency (Naira and kobo), the maintenance of Nigeria's external reserves, promoting and maintaining monetary stability, and a sound and efficient financial system, and acting as both banker and financial adviser to the Federal Government and the banker and lender of last resort to commercial banks.

The CBN is also the agency of the government which maintains general surveillance over the Nigerian foreign exchange system. It licenses authorised dealers who are licensed banks which may deal in foreign exchange. By virtue of Section 1(2) of the Foreign Exchange (Monitoring and Miscellaneous Provisions) Act, the CBN may also make regulations from time to time pertaining to foreign exchange.

The NDIC, established pursuant to the Nigeria Deposit Insurance Corporation Act Cap N102 Laws of the Federation of Nigeria 2014 in 1988, insures all deposit liabilities of licensed banks and other financial institutions operating in Nigeria. The NDIC guarantees payments to depositors in case of imminent or actual suspension of payments by insured banks or financial institutions up to the maximum amount of ₦200,000.00 per depositor for primary mortgage institutions and micro finance banks, and ₦500,000.00 per depositor for DMBs. The NDIC is also mandated to assist monetary authorities in the formulation and implementation of banking policy in Nigeria so as to ensure sound banking practices and promote fair competition amongst banks in Nigeria. It also plays a major role in coordinating with the CBN in the liquidation of banks in Nigeria. The powers and functions of the NDIC are stated in the Nigeria Deposit Insurance Corporation Act Cap. N102 LFN 2004 No. 16 of 2006 which repealed the Nigeria Deposit Insurance Corporation Decree of 1988.

As the regulator of the Nigerian banking sector, the CBN intends to introduce a more robust and risk sensitive supervisory framework in line with global best practice, including greater collaboration amongst the financial sector regulators and supervisory agencies. The aim is to facilitate the evaluation of the banking industry as a whole through stress-testing and other methods and to bring to the attention of regulators the risks which the operations of each entity within the industry could bring to the sector as a whole to allow regulators to take proactive remedial actions.

In addition to the CBN, the FRCN released a revised draft National Code of Corporate Governance in January 2016. The National Code of Corporate Governance is aimed at providing a minimum national standard for the not-for-profit, private and public sectors. It would also apply alongside any sector-specific code that the sector regulator may issue. It is expected that the finalised version of the National Code of Corporate Governance will come into operation and become mandatory during the third quarter of 2016. It is uncertain whether there would be tangible enforcement of the proposed National Code of Corporate Governance when, or if, it is enacted. There are also unresolved controversies relating to the extent of the powers of the FRCN. In October 2015, the FRCN purportedly removed certain directors of Stanbic IBTC Bank Plc ("**Stanbic**") in connection with perceived irregularities in Stanbic IBTC Bank Plc's financial statements, and requested the CBN to take disciplinary actions against Stanbic. However, in a letter to the FRCN, the CBN declined to take any disciplinary actions against Stanbic, and contradicted the findings of FRCN in respect of Stanbic IBTC Bank Plc's financial statements and noted that the FRCN did not have the power to impose such sanctions on Stanbic.

Banking sector reform – 2004-2009

Pursuant to its 13-point agenda aimed at reforming the banking industry ("**13-point agenda**"), the CBN introduced a number of reforms in July 2004, including a requirement that all banks raise their minimum capital base from ₦2.0 billion to ₦25.0 billion by 31 December 2005. Banks that failed to meet these capitalisation requirements by 31 December 2005 had their licences revoked. This led to numerous capital raisings and mergers and acquisitions, and reduced the number of banks operating in Nigeria from 89 to 25. In 2007, the first post-CBN mandated consolidation was completed, with Stanbic Bank Nigeria (wholly owned by The Standard Bank of South Africa) merging with IBTC Chartered Bank, thereby reducing the number of banks in Nigeria to 24. The result was a leaner and more highly capitalised banking sector consisting of 24 DMBs with enhanced capacity for rapid asset growth and branch expansion.

The 2005 consolidation exercise led to an unprecedented growth in the years between 2005 and 2008. Banking sector assets and liabilities grew by 35.8 per cent. between December 2007 and November 2008 alone, to ₦14.9 trillion. Banks aggressively increased their loan books across the board, particularly to private sector borrowers, which increased 17.9 per cent. in the first quarter of 2008, and a further 13.6 per cent. in the second quarter 2008, according to data from the CBN.

However, March 2008 marked a turning point for the economy, when the first signs of the effect of the global economic downturn on Nigeria became visible. Oil prices fell from their high of U.S.$144 per barrel and equity prices began a steady decline, as foreign investors reduced their exposures. The effect on the Nigerian banking sector was especially significant due to its considerable exposure to international investors through the capital markets as well as the oil & gas industry. Exposure to the capital markets in the form of margin loans to operators and individuals stood at approximately ₦900 billion as at 31 December 2008, representing approximately 12 per cent. of aggregate credit (39 per cent. of shareholders' funds of the Nigerian banking sector). As at the same date, the banking sector's total exposure to the oil & gas industry was in excess of ₦754 billion, representing over 10 per cent. of aggregate credit (27 per cent. of shareholders' funds). The economic downturn, combined with underdeveloped credit and risk management procedures as well as lax regulatory controls, led to significant impairment in asset quality, severe capital erosion, reduced liquidity, and a decline in earnings due to elevated credit impairment charges and the slowdown in credit disbursements. The global financial crisis and the resulting decline in the Nigerian equities market in 2009 also resulted in significant provisions and high NPLs at a number of Nigerian banks.

The asset quality and liquidity problems created concerns about solvency. The CBN, under Governor Chukwuma Soludo, embarked on a number of initiatives to reduce counterparty risk concerns and improve liquidity in the sector. These initiatives included:

- reducing the MPR to 8 per cent.;
- reducing the liquidity ratio requirement from 40 per cent. to 25 per cent.;
- expansion of CBN's discount window (the "**Extended Discount Window**") in October 2008 to provide banks with access to funds for longer terms and to accommodate money market instruments such as Bankers Acceptances and Commercial Paper (at its peak, the banks' total outstanding commitments under the Extended Discount Window was ₦482 billion); and
- reducing the cash reserve requirement from 4 per cent. to 1 per cent..

Other key initiatives pioneered by the then CBN Governor include deepening of micro credit via introduction of microfinance and community banks, replacing the Retail Dutch Auction System with the WDAS for Nigerian foreign exchange market regulation, introducing the universal banking model and building the initial framework for the establishment of AMCON.

Towards the end of Soludo's term in June 2009, a cloud of uncertainty dominated the banking sector. Despite a general lack of transparency, the troubling symptoms in the banking sector began to spread to other areas of the Nigerian economy, thus weakening macroeconomic conditions through rising interest and exchange rates, four-year low bank valuations, reduced lending to the real sector and loss of investor confidence.

Banking sector reform – 2009 to present

Prior to the appointment of Mr. Godwin Emefiele (CON) on 3 June 2014, His Eminence, Sanusi Lamido Sanusi was CBN Governor from June 2009 till 2014. The CBN's first action under the leadership of Sanusi was to close the Extended Discount Window in July 2009 and instead provide guarantees for all interbank placements. Notably, 90 per cent. of the total disbursements under the Extended Discount Window between its opening and close were to five banks: Afribank, Finbank, Intercontinental Bank, Oceanic Bank and Union Bank, who were also the main net takers under Soludo's Extended Discount Window arrangement. This prompted the CBN and the NDIC to carry out a Special Examination of the 24 deposit money banks regarding their liquidity, capital adequacy and corporate governance issues. The Special Examination was carried out in two phases, and phase one found the five above mentioned banks to be in a 'grave situation' as defined in the BOFIA Cap. B3 Laws of the Federation of Nigeria 2004 – under capitalised with insufficient liquidity and poor corporate governance, characterised by the following:

- Non-performing loans representing 40 per cent. of their total loan portfolio;
- Failure to meet the minimum liquidity requirement and capital adequacy ratios of 25 per cent. and 10 per cent. respectively;

- Weak corporate governance and risk management; and
- Huge concentration in capital market and oil & gas portfolio exposure.

In order to prevent further deterioration in these five banks, the CBN replaced the executive management in each bank and injected a total of ₦420 billion (approximately U.S.$2.7 billion) into the five banks.

At the conclusion of the second phase of the examination in September 2009, an additional five banks were found to be in varying degrees of distress, prompting the CBN to offer an additional ₦200 billion liquidity support in the form of Tier II capital. Of those five banks, four were found to be in a grave situation, namely ETB, Bank PHB Plc ("**Bank PHB**"), Spring Bank Plc ("**Spring Bank**") and Wema Bank. As with the initial five banks, the executive management of ETB, Bank PHB and Spring Bank were removed. Wema Bank changed its management in June 2009 prior to the Special Examination by the CBN, following which the new management was given until June 2010 to recapitalise the bank. Unity Bank was judged to have sufficient liquidity but fell short of the statutorily required capital adequacy amount. Accordingly, the CBN ordered Unity Bank to recapitalise before June 2010. The CBN subsequently extended the grace period for compliance for both banks to October 2010. Both Wema Bank and Unity Bank successfully recapitalised by the October 2010 deadline. In the process leading to recapitalisation, Wema Bank raised ₦7.5 billion through a special placement offer and in addition, recovered ₦4 billion from debtors, while Unity Bank raised ₦17.3 billion through a rights issue to shareholders. To further ensure stability in the banking sector and increase lending capacity, the CBN announced in March 2011 that it would offer additional liquidity support to the banking sector through the provision of term loans, totalling ₦200 billion (approximately U.S.$1.3 billion), for refinancing and restructuring loans issued by banks to the Nigerian manufacturing sector.

The CBN subsequently revoked the licences of three of the Intervened Banks, Afribank, Bank PHB and Spring Bank, leaving 21 operating banks in Nigeria, for failure to show the necessary capacity and ability to recapitalise before the September 2011 deadline. Consequently, the NDIC, in the interest of depositors and to prevent possible liquidations, transferred the assets and certain liabilities of these three banks were transferred to Bridge Banks; the assets and liabilities of Afribank, Bank PHB and Spring Bank were transferred to Mainstreet Bank Limited, Keystone Bank Limited and Enterprise Bank Limited, respectively. Subsequently, AMCON acquired a majority share in the Bridge Banks by virtue of a share subscription agreement with the banks, which also resulted in the termination of the Bridge Bank status of said banks. AMCON sold its equity interest in Keystone Bank Limited and Enterprise Bank Limited.

Overall, the CBN's rationale for intervening was to resolve the immediate liquidity challenges in the country's banking system and to restore stability and confidence to the banking sector. In total, the CBN injected ₦620 billion (approximately U.S.$4.0 billion) of Tier II capital into the eight Intervened Banks as well as Wema Bank and Unity Bank, whilst stimulating liquidity across the sector by reducing statutory limits and guaranteeing interbank placements. To increase transparency, in September 2009 the CBN ordered all banks to report their results for the nine-month period ended 30 September 2009 under a prescribed *pro forma*, which aimed to ensure adequate and consistent levels of disclosures. To date, there has been no run on the Intervened Banks and interbank rates have dropped significantly.

To manage the effects of its intervention, the CBN is facilitating the recovery of NPLs of the affected banks. Furthermore, in October 2010 the CBN repealed the Universal Banking Guidelines which had been in operation since 2000 and issued new rules and guidelines for the banking licenses regime titled "Regulation on the Scope of Banking Activities & Ancillary Matters", No. 3, 2010. The new rules, according to the CBN, are aimed at streamlining banking operations in Nigeria as well as reducing the exposure of the banks to higher operational risks. Henceforth, only commercial banks, merchant banks, and specialised banks, which include non-interest banks, microfinance banks, development banks and mortgage banks, will be permitted to carry out banking businesses in Nigeria.

The new regulation, which was issued by the then CBN Governor, His Eminence, Sanusi Lamido Sanusi, also stated that no bank shall establish, maintain or permit to exist, any related enterprise except pursuant to Sections 21(1) and 22(1) of BOFIA and that such related enterprise is a banking institution incorporated outside Nigeria with the permission of the CBN and such related enterprise is a company jointly established by two or more banks with the approval of the CBN for the purpose of promoting the development of the money market or improving the delivery of banking services in Nigeria.

This rule effectively required banks to divest from all non-banking business or to adopt a non-operating holding company structure in compliance with the regime by 30 September 2012 (although this deadline was extended to 31 December 2012 for some banks, and the CBN has granted an extension to certain banks on a case-by-case basis). Under the new regime, banks were required to make a business case to their stakeholders towards deciding which structure to adopt going forward (namely, the non-operating holding company or complete divestment structures). In addition, all existing universal banks were required to submit their plans on compliance with the new banking regime to the CBN not later than 90 days from 15 November 2010 or, in the case of Intervened Banks, following the agreement of acquisition terms with any strategic investors (which all Intervened Banks had been asked to seek).

While four banks resolved to operate holding company structures, which allow them to keep non-core banking subsidiaries, a number of banks are in the process of divesting from non-core banking activities. Under the new rules banks are also required to maintain a minimum paid up share capital of ₦10 billion for institutions granted a regional banking license, ₦25 billion for institutions granted a national banking license and ₦50 billion for institutions granted an international banking licence.

Weaknesses in the Nigerian financial system and banking sector prompted the CBN, in 2010, to implement additional initiatives to reform the Nigerian financial system and, in particular, the banking sector, through the "Project Alpha Initiative", predicated on a four-pillar policy framework of: enhancing the quality of banks, establishing financial stability, allowing for a healthy financial sector evolution and ensuring that the financial sector contributes to the real economy. Key interventions under the fourth pillar have been the ₦200 billion Commercial and Agricultural Credit Scheme and the ₦300 billion Power and Aviation Intervention Fund administered through the BOI, a development financing institution in Nigeria, to stimulate the economy. The CBN also established the SMECGS for promoting access to credit by SMEs in Nigeria. Other sector-specific initiatives were also introduced, including in agriculture where the CBN introduced several financing schemes such as the ₦200 billion Commercial Agriculture Credit Scheme, as well as in power and aviation. The new regulation is also intended to produce greater transparency and disclosure.

Following the banking sector reforms, the CBN has implemented or is in the process of implementing a number of changes to banking regulations, including:

- a requirement for banks to prepare annual IFRS financial statements, beginning from 1 January 2012;

- a revised guideline for deposit money banks on BASEL II implementation covering Pillar 1 (minimum capital requirement), Pillar 2 (ICAAP) and Pillar 3 (disclosure requirements) with accompanying reporting template, was introduced on 24 June 2015;

- the termination in 2009 of the CBN's policy limiting aggregate foreign investment in any Nigerian bank to 10 per cent. of the bank's total capital;

- limits on the tenures of a bank's chief executive officer to ten years, of two terms of five years each, effective as of January 2010;

- a requirement for banks to rotate their external auditors every ten years and not re-appoint them until after a period of ten years has passed;

- reversal of the universal banking regime and a requirement for Nigerian banks to divest non-banking businesses or restructure their banking groups under a holding company structure. This has resulted in the Group restructuring its banking groups under a holding company structure which was completed in 2012. See "*The Nigerian Banking Sector—Banking Sector Reform—2009 to present* ";

- the signing by the CBN of multilateral agreements with cross border regulators, in order to enhance the regulation of Nigerian banks that have an international presence;

- a mandatory requirement for all deposit-taking banks to perform annual appraisals of their board members to ensure that the Board is informed of the latest trends and information in the banking industry so as to make effective decisions on behalf of the shareholders;

- the "cashless policy" was introduced by the CBN in 2012 and became effective nationwide on 1 July 2014. Pursuant to the cashless policy, daily cash withdrawals and deposit of individual and corporate customers are pegged at ₦500,000 and ₦3 million respectively, with penalties for carrying out cash transactions beyond the set limits. Cash-in-transit lodgement services rendered by Nigerian banks to merchant customers were also discontinued. However, on 1 July 2015, the CBN directed that the application of the policy in the remaining states of Nigeria be put on hold until further directives are received from the CBN, and directed banks in the remaining states which had applied the policy to its customers' accounts to reverse the charges immediately;

- the reduction by the CBN of the foreign exchange net open position ("**NOP**") limit from 3 per cent. to 1 per cent. in July 2012 in a bid to stabilise the Naira which had been pressured by the fall in crude oil prices;

- the further reduction by the CBN of the NOP limit to zero, and a subsequent increase to 0.5 per cent.;

- the additional "know your customer" requirements by the CBN that banks ensure their customers who are "designated non-financial institutions" (which include dealers in jewellery, cars and luxury goods, supermarkets, hotels and casinos) are registered with the Special Control Unit on Money Laundering of the Federal Ministry of Trade and Investments prior to establishing a business relationship with them; and

- commencement of the implementation of the treasury single account across federal ministries, departments and agencies to consolidate and manage the Government’s cash resources and curb corruption in public institutions.

The current Governor of the CBN, Mr. Godwin Emefiele, was appointed on 3 June 2014, following the suspension of Sanusi Lamido Sanusi by the then President Goodluck Jonathan. Mr. Emefiele's vision for the Apex bank was to create a Central Bank that would be professional, apolitical and people focused. Stress tests were conducted at the end of December 2014 using the implied cash flow analysis and rollover risk to assess the resilience of individual banks and the banking industry to liquidity and funding shocks. Overall, the banking industry stress test suggested that the banking industry was generally resilient to the most severe shocks. Amongst his 10-point agenda for the Central Bank are the two initiatives of achieving a reduced interest rate and deposit charges. The Central Bank also continues to focus on maintaining exchange rate stability and preserving the value of the domestic currency. During his tenor, Nigeria has been faced with a foreign exchange crisis and dwindling oil prices. Amongst a range of stringent measures to protect the Naira and shore up Nigeria's foreign reserves, the CBN discontinued its sales of foreign exchange to Bureau de Change Operators. With effect from January 2016, the Apex Bank also phased out CoT. According to the CBN Governor, the zero charge on deposits would encourage investment attitudes amongst savers, while a reduction in the lending rates would make credit cheaper for potential investors.

In the continuing effort to sustain the stability of the foreign exchange market and ensure the efficient utilisation of foreign exchange and the derivation of optimum benefit from goods and services imported into the country, the CBN in June 2015, excluded importers of some goods and services from accessing foreign exchange at the Nigerian foreign exchange markets, in order to encourage local production of these items. These items were thus classified as 'not valid for FX', with the implication that they can only be purchased with 'own funds' obtained outside all segments of the Nigerian official foreign exchange markets. The CBN further implemented the reduction in the NOP limit from 1 per cent. to zero, before increasing this to 0.5 per cent. Other policies instituted by the CBN in a bid to stabilise the foreign exchange market include:

- Restrictions on foreign currency loans granted to firms earning local currency revenue;

- Closure of the Retail Dutch Auction Systems and WDAS foreign exchange windows; and

- Restrictions on FX Forward Transactions.

The implementation of the above policies was expected to conserve foreign reserves as well as facilitate the resuscitation of domestic industries and improve employment generation. However, on 15 June 2016, the CBN, issued revised guidelines for the operation of the Nigerian Interbank Foreign Exchange Market.

The revised guidelines were aimed at enhancing efficiency and facilitating a liquid and transparent foreign exchange market towards the liberalisation of the market. The revised guidelines were also aimed at operating a single market structure through the autonomous/interbank market with the CBN participating in the foreign exchange market through interventions directly in the interbank market or through dynamic Secondary Market Intervention Mechanisms.

In 2014, the CBN introduced a bank verification number scheme into the banking system. The scheme aims to revolutionise the country's banking and payment systems and to address issues including: ensuring the safety of depositors' funds, avoiding losses through the compromise of personal identification numbers, preventing identity theft, checking fraud, and including illiterate persons in the banking system.

Furthermore, in November 2013, the CBN issued a draft paper where it designated certain Nigerian banks, including the Bank, as SIBs and thus requiring them to hold more liquid assets and maintain higher liquidity and capital adequacy ratios. The banks indicated as SIBs are First Bank of Nigeria Limited, Guaranty Trust Bank Plc, Zenith Bank Plc, United Bank for Africa Plc, Access Bank Plc, Skye Bank Plc, Ecobank Nigeria and Diamond Bank Plc. In 2014, the CBN commenced the implementation of the Framework for the Regulation and Supervision of Domestic Systemically Important Banks ("**D-SIBs**"). The CBN adopted the indicator-based measurement approach as recommended by the Basel Committee on Banking Supervision and utilised the following indices in identifying banks which were systemically important to the Nigeria Financial system:

- Total assets (size measure);
- Net interbank placements (interconnectedness measure);
- Total credits and total deposits (substitutability measure); and
- Total number of branches and foreign subsidiaries (complexity measure).

By the end of 2015, the CBN had fully implemented the D-SIB Framework. Eight DMBs were designated D-SIBs. At end-December 2015, DSIBs accounted for 68.9 per cent. (₦18.2 trillion) of the industry total asset of ₦26.4 trillion. Similarly, the D-SIBs accounted for 71.3 per cent. (₦11.9 trillion) of total industry deposit of ₦16.7 trillion. The D-SIBs also accounted for a significant portion of the loans and advances to the economy as at December 2015 with ₦9.5 trillion (71.5 per cent.) of the total ₦13.4 trillion from the industry[4].

Asset Management Corporation of Nigeria

The Asset Management Corporation of Nigeria ("**AMCON**" or the "**Corporation**") was established on 19 July 2010, pursuant to the Asset Management Corporation of Nigeria Act No. 4, 2010. The Corporation was established, in response to the 2009 Nigerian banking sector crisis, as a resolution and recapitalisation vehicle to acquire bank EBAs and provide Financial Accommodation towards recapitalisation of the Intervened Banks.

By acquiring NPLs from DMBs, and recapitalising banks with negative Net Asset Value, AMCON provided liquidity and capital to the system, strengthened banks' balance sheets, facilitated M&A transactions, stimulated lending and confidence and created an avenue for loan restructuring for borrowers.

Since inception, AMCON has purchased EBAs worth ₦4.02 trillion at a price of ₦1.8 trillion, provided capital of ₦765 billion to three Intervened Banks for 100 per cent. shareholding in each of the banks and provided financial accommodation of ₦1.5 trillion to five Intervened Banks for equity shareholding in the banks.

In November 2010, in accordance with the AMCON Act, which granted AMCON the power to issue debt securities with maturities up to seven years, or any other tenor as may be prescribed by the CBN, AMCON announced plans to issue up to ₦3 trillion (approximately U.S.$20 billion) of three year, zero coupon bonds (the "**AMCON Bonds**"), to finance the purchase of the NPLs from the 21 Eligible Financial Institutions that chose to participate in the AMCON scheme in the first round. The AMCON

4 Central Bank of Nigeria's Financial Stability Report, December 2015.

Bonds are guaranteed by the Government of Nigeria as set out in the AMCON Act. The proceeds from the sale of the AMCON Bonds were to be used to purchase approximately ₦2.48 trillion aggregate principal amount of NPLs at a discounted purchase price of just under ₦854 billion, which was intended to reflect the valuation assigned to those NPLs after making certain adjustments depending on the nature of the collateral backing of the relevant NPLs. In addition, pursuant to the guidelines issued by AMCON in November 2010, AMCON has a period of 12 months (from the date of purchase of the relevant NPLs) to undertake an independent review of the valuation assigned to the relevant collateral backing the NPLs that AMCON purchased. If a lower value is assigned to those NPLs (as a result of the relevant collateral being assigned a lower value) following AMCON'S review than originally assigned at the time AMCON purchased the relevant NPLs, or if AMCON is not able to assume ownership of such collateral free and clear of encumbrances or liens with priority over the security interest, AMCON could ask the relevant bank to make up the difference to AMCON or to repurchase the relevant NPLs.

At completion of the first stage of this process, on 31 December 2010, AMCON issued ₦1.04 trillion principal amount of Initial Consideration Bonds ("**ICB**"), with net proceeds of ₦854 billion, to 21 Nigerian banks, (Citibank Nigeria, ETB and Standard Chartered Nigeria elected not to participate) in consideration for margin loans of all these 21 banks and non-performing, non-margin loans of Intervened Banks. AMCON executed loan purchase and service agreements with the 21 banks to acquire NPLs with a face value of ₦2.5 trillion for just under ₦854 billion representing an estimated 80.0 per cent. of the banking industry NPLs, and to purchase margin loans from each of the 21 banks. 92.5 per cent. of the purchased NPLs were from the eight Intervened Banks with the remaining balance of 7.5 per cent. from the other Nigerian banks.

On 6 April 2011, in completion of its Series I bond issuance, AMCON issued an aggregate of 1.7 trillion additional AMCON Bonds (which are tradeable and listed on the NSE) in three tranches with face values of approximately ₦1.15 trillion, ₦17.6 billion and ₦516.9 billion respectively. The first tranche of bonds (Tranche I) were issued to be swapped with and replace the ICBs issued on 31 December 2010. Unlike the ICBs which were not tradeable and therefore not liquid, the Tranche I bonds are registered and tradeable. Tranche II of the bonds was issued for price discovery purposes, in an attempt to determine the market price and yield for future issuances (including the Tranche III bonds). Tranche III was issued for the purpose of acquiring additional NPLs from the 22 participating Nigerian banks (Citibank Nigeria and Standard Chartered Nigeria elected not to participate). In addition, AMCON has also issued Series II, III, IV and V, all of which were redeemed in 2014.

AMCON, in anticipation of providing further financial accommodation to Intervened Banks, held an extraordinary general meeting of its bondholders on 20 September 2011, at which an increase in the shelf value of its bond issuance programme from ₦3 trillion to ₦4.5 trillion was approved. The increase was intended to create sufficient head room to accommodate the issuances of AMCON Bonds to Intervened Banks for the purposes of providing additional financial accommodation bonds to them. In consideration for issuing such bonds, AMCON received a certain proportion of shares in the capital of the relevant Intervened Banks.

On 21 April 2011, AMCON listed its Series I bonds on the NSE for active trading. The bonds can be purchased by all Nigerian banks, qualified institutional investors such as pension fund administrators and high net worth individuals. The bonds are registered and tradeable OTC and on the Nigerian Stock Exchange.

Also, in July 2010 the CBN agreed with the then existing 24 DMBs in Nigeria to establish a sinking fund, the Banking Sector Resolution Cost Sinking Fund, to cover any net deficits incurred by AMCON. Each such DMB agreed to contribute, for each of the next ten years, 0.3 per cent. of its total assets as at the date of its audited financial statements for the immediately preceding financial year to the sinking fund. The Bank made its first payment of approximately ₦2.2 billion on 12 July 2012 in response to a CBN request made 23 May 2012, and was based on the Bank's audited total assets as at 31 December 2011. The CBN will contribute 50 billion per year to the sinking fund. AMCON intends to use the sinking fund, plus recoveries earned on the NPLs purchased from the banks, proceeds from the sale of its holding in the Intervened Banks, as well as the acquired Bridge Banks, and foreclosures of collaterals of debtors who cannot redeem their debt, to repay the AMCON Bonds at maturity. The memorandum of understanding between the CBN and the relevant DMBs for the "Banking Sector Resolution Cost Sinking Fund", which set out the above arrangements, was signed in January 2011. The sinking fund is managed by a board of trustees independent from AMCON and the fund constitutes up to 65 per cent. of AMCON's cash flows.

To give the sinking fund legislative backing, the Asset Management Corporation of Nigeria (Amendment) Act, 2015 was enacted on 26 May 2015. By virtue of the provisions of this legislation, every licensed bank, including the Bank, is required to contribute an amount equal to 0.50 per cent. of its total assets as of the date of its audited financial statements, and which shall be payable on or before 30 April in each calendar year commencing in the 2014 calendar year, and for every calendar year during the tenor. The obligation of the Bank to contribute to the sinking fund will have the effect of reducing the net earnings of the Group.

The Government estimates the total net cost to recapitalise the banks and recover the bad debts and NPLs will be between ₦1.0 trillion to ₦1.5 trillion, most of which the Government expects to recover from the Banking Sector Resolution Cost Sinking Fund, recoveries from the bad debts and NPLs, and dividends paid on any equity capital injected into banks participating in the AMCON scheme.

In May 2013, AMCON announced a plan for repaying or refinancing its ₦5.6 trillion zero coupon Bonds maturing in 2013 and 2014. Accordingly, in December 2013, AMCON issued ₦3.8 trillion 6 per cent. Fixed Rate Redeemable Notes to the CBN in a bilateral transaction. Proceeds of the notes issuance were used to refinance part of the Corporation's outstanding bonds. Series I bonds (with face value of ₦1.7 trillion) were redeemed at maturity in December 2013, while an early redemption of Series II – IV bonds (with total face value of ₦3.0 trillion) was undertaken also in December 2013. Currently, the CBN holds all of AMCON's outstanding liabilities of ₦3.8 trillion bonds due in 2023 and ₦500 billion debentures due in 2022.

AMCON's initial capital was provided by the CBN and the Federal Ministry of Finance. In addition, the Corporation has so far financed its operations utilising the proceeds from the issuance of Federal Government guaranteed debt securities as well as income from the management of EBAs and realisation of collateral. In 2015, an Act to amend the AMCON Act was enacted by the National Assembly.

Non-interest banking

In 2011, the CBN issued the Guidelines for the Regulation and Supervision of Institutions Offering Non-Interest Financial Services in Nigeria. These guidelines provide the framework for the provision of non-interest banking (particularly Islamic banking) services in Nigeria and the licensing of such institutions. In February 2015, the CBN released the Guidelines on the Governance of Financial Regulation Advisory Council of Experts for Non-Interest (Islamic) Financial Institutions in Nigeria. The guidelines focus on non-interest financial institutions ("**NIFIs**") operating under the principles of Islamic jurisprudence. Non-interest banking has been the subject of debate in Nigeria, on whether its religious connotations align with the constitutional secularity of the country. The guidelines provide for the establishment of an advisory body at the level of the CBN to provide assurance that the strategic direction and conduct of financial transactions of NIFIs are in compliance with the rules and principles underpinning their operations. The advisory body is called the Financial Regulation Advisory Council of Experts ("**FRACE**"). The guidelines also seek to define the working relationship between the FRACE and the individual Advisory committee of Experts ("**ACE**") of NIFI, amongst other functions.

Credit bureaux in Nigeria

Rising levels of NPLs in the banking sector and the need for a central database from which credit information on prospective borrowers could be obtained led to the establishment of the CRMS by the CBN. The CRMS aims to gather information on a borrower's credit history from various sources, and analyse the merged information to form a comprehensive credit history for the borrower, which helps in ascertaining the credit worthiness of the borrower.

Previously, financial institutions in Nigeria had little information regarding the credit history of borrowers and principally relied on their own internal data, or shared data with other financial institutions as a business courtesy.

The CBN Act No. 7 of 2007 empowers the CBN to collect credit information on customers of banks and other financial institutions from any person or credit bureau, and to disclose such information collected as deemed appropriate. The Act also requires banks to obtain credit information from the CBN before granting a loan, advance or credit facility to any customer over one million or such other sums as may be set from time to time by the CBN. However, the Guidelines for the Licensing, Operations and Regulation of Credit Bureaux and Credit Bureaux Related Transactions in Nigeria issued by the CBN require banks to obtain credit reports from at least two credit bureaus before granting any facility to their customers.

Currently, the CRMS is web-enabled thus allowing banks and other stakeholders to directly access the CRMS database for the purpose of rendering the statutory returns or conducting status enquiry on borrowers.

In addition, the CBN has also licensed some private credit bureaux, including Credit Registry and XDS Credit Bureau, to provide credit information to banks and other entities that are registered with the bureau. By a letter dated 14 March 2013 the CBN informed all credit bureaux in Nigeria of its revision of the existing guidelines for licensing, Operations and Regulation of Credit Bureau and related transactions in Nigeria and released the exposure draft of the guidelines. Some of the proposed changes in the exposure draft include a requirement that a data provider give notice to all its customers of its duty to report positive and negative information to a licensed bureau. In addition, the draft provides that the consent of the customer who is the subject of the data will not be required where the credit report that is prepared is required by law. Furthermore, the draft guidelines seek to mandate banks to obtain credit reports for quarterly credit review from at least two credit bureaux.

National Collateral Registry

In June 2016, the CBN directed that with effect from 4 July 2016 all banks and other financial institutions in Nigeria must begin to register their security interests in movable assets with the National Collateral Registry. The National Collateral Registry was established in 2015 as a notice-based/online registry of encumbrances.

This new directive, according to the CBN, will provide a regulatory framework for:

- assessing credit secured with movable property;
- creating and perfecting security interests in favour of the banks;
- stimulating responsible lending to micro, small and medium enterprises, and
- banks realising security interests in movables in the event of a default by borrowers.

Monetary policy

In an effort to attain bank soundness and manage liquidity effectively, the CBN introduced in 2006 a new framework for monetary policy implementation in the marketplace using the short-term interest rate as its benchmark rate. The benchmark rate, the MPR, serves as an indicative rate for transactions in the interbank money market as well as money market rates. The ultimate goal of the new framework is to achieve a stable value of the Naira through stability in short-term interest rates around the MPR which will be determined and operated by the CBN. The MPR replaced the then-existing Minimum Rediscount Rate ("**MRR**"), and was set at 10.0 per cent. using the then-current rate of inflation and the expected inflation rate outcome of 9.0 per cent. for the 2007 financial year as a guide to ensure that interest rates remain positive in real terms.

The main operating principle guiding the new policy was to control the supply of settlement balances of banks and motivate the banking system to target zero balances at the CBN, through an active interbank trading or transfer of balances at the CBN. The aim of this was to engender symmetric treatment of deficits and surpluses in the settlement accounts, so that for any bank, the cost of an overdraft at the CBN would be equal to the opportunity cost of holding a surplus balance with the CBN. Although the new regime of MPR has been in operation for some time, it was only in February 2008 that the CBN formally announced the removal of the MRR-based framework, intended to confirm to banks that the previous policy restriction in bank lending rates has come to an end.

In 2009, the CBN reviewed the MPR downwards twice, from 9.75 per cent. to 8.00 per cent. in April 2009 and to 6.00 per cent. in July 2009. The MPR remained constant for most of 2010, at 6.0 per cent., rising to 6.25 per cent. on 21 September 2010 and remaining there for the rest of the year. In 2011, the Nigerian MPC raised the MPR consecutively, by 25 basis points in January 2011, by 100 basis points in March 2011, by 50 basis points in May 2011, by 75 basis points in July 2011, by 50 basis points in September 2011 and by 275 basis points in October 2011, signalling a tightening of monetary policy further in response to increasing inflationary pressures and to support the Naira. As at January 2014, the MPR stood at 12.0 per cent.

The average NIBOR dropped across all tenors for the eight months ended 31 August 2016 compared with the averages across all tenors for the year ended 31 December 2015. This drop in rates was due in part to the release of statutory allocations, other intervention funds and huge government maturities which came into the market in the course of 2016. As at 31 August 2016, the overnight, one month, three months and six months tenors were 8.99 per cent., 10.83 per cent., 12.55 per cent., and 14.20 per cent., respectively.

The CBN has continued to pursue a tight monetary stance by ensuring price and exchange rate stability. This has been evidenced by the prevailing single-digit inflation. In April 2013, the CBN began its steady removal of the following bank charges: (i) CoT (from ₦5 per mille to ₦3 per mille in 2013, ₦2 per mille in 2014, ₦1 per mille in 2015 and zero in 2016); (ii) the ₦100 fee on third party ATM withdrawals; and (iii) the ₦100 monthly ATM card maintenance fee. ATM withdrawal fee was subsequently disallowed, but was reintroduced at ₦65 per withdrawal after the third withdrawal from a third party machine. The CBN introduced an account maintenance fee of ₦1 per mille in January 2016, following the complete removal of the commission on turnover. While the Revised Guide to Bank Charges issued on 1 April 2013 is still in force, on 11 March 2016, the CBN issued a draft of the Guide to Charges for Banks and Other Financial Institutions in Nigeria, which if implemented by the CBN would replace the Revised Guide to Bank Charges. The 11 March 2016 draft indicates that the new Guide to Charges for Banks and Other Financial Institutions in Nigeria, if implemented, would retain a minimum interest rate at 30 per cent. per annum.

In July 2013, the CBN MPC raised the CRR on public sector deposits to 50 per cent. from 12 per cent. The CRR mandates banks to keep 50 per cent. of public sector funds, which comprise deposits of all tiers of government as well as ministries, departments and agencies, with the CBN. The initiative is meant to check "the perverse incentive structure" under which DMBs source huge amounts of public sector deposits and lend same to the government, and curb the liquidity surplus in the banking industry and the associated threat to the Naira value. The implementation of this policy led to the withdrawal of ₦1 trillion from the Nigerian banking system and an implied loss of ₦45 billion (approximately U.S.$281 million) of lost interest income for Nigeria's banking industry, according to analysts.

The immediate effect of this was witnessed as the cost of funds rose sharply. NIBOR, which had inched upwards since the policy announcement, peaked at 44 per cent. in September 2013 according to data made available by the Financial Market Dealers Association. Over the subsequent seven trading days following the announcement, there was a 907 bps hike in NIBOR, after which the rates normalised.

Again, in January 2014, the MPC raised banks' CRR on public sector deposits to 75 per cent. from 50 per cent. previously, effective 4 February 2014. This is in line with the CBN's efforts geared towards engendering real intermediation that banks are supposed to do through even allocation of resources to all sectors of the economy. The increase in CRR led to about ₦750 billion being withdrawn from the Nigerian banking system and thus caused a spike in Nigerian interbank lending rate to 18.0 per cent. as witnessed on 6 February 2014, compared to a rate of 10.3 per cent. the previous day. The CRR on the private sector was raised to 15.0 per cent., from 12.0 per cent. in March 2014, and further to 20.0 per cent. in November 2014 so as to curb the pressure on the exchange rate. The CBN also devalued the Naira and adjusted the midpoint of the official exchange rate to ₦168/U.S. dollar from ₦155/U.S. dollar.

In February 2015, the CBN adopted a *de facto* devaluation of the Naira by selling at the interbank market at a higher rate of ₦198.5 vs. ₦168 previously. This was aimed at contracting the premium between the official and parallel market rates. In May 2015, the CBN harmonised the CRR at 31.0 per cent. and cut it further to 25.0 per cent. in September, in a bid to build system liquidity to support increased lending. By November 2015, the CBN shifted to an accommodative monetary policy stance and cut the MPR by 2.0 per cent. to 11.0 per cent. while the corridor around the MPR was adjusted to +2.0 per cent./-7.0 per cent. from +2.0 per cent./-2.0 per cent. previously. The CRR was also cut to 20.0 per cent. from 25.0 per cent. previously, but was conditioned on lending to the real sector.

In March 2016, the CBN readopted a tight stance as the MPR was increased by 1.0 per cent. to 12.0 per cent. in order to curb inflationary pressures, and further to 14.0 per cent. in July 2016, post the hike in the inflation rate to 11.4 per cent. (3-year high) in February 2016 from 9.6 per cent. in January 2016. The corridor around the MPR was adjusted to +2.0 per cent./-5.0 per cent. while the CRR was raised to 22.5 per cent. Sustained inflationary pressures suggest that the MPR may further tighten the monetary policy stance in 2016. The CRR was retained at 22.5 per cent while the MPR was increased to 14.0 per cent. in July 2016.

The following table sets out changes in the MPR and the CBN's standing lending rate and standing deposit rates:[5]

Effective from	Monetary Policy Rate	Standing Lending Rate (%)	Standing Deposit Rate
1-Apr-08	10.00	10.00	0.00
2-Jun-08	10.25	10.25	0.00
18-Sep-08	9.75	9.75	0.00
8-Apr-09	8.00	8.00	0.00
7-Jul-09	6.00	8.00	4.00
3-Nov-09	6.00	8.00	2.00
2-Mar-10	6.00	8.00	1.00
21-Sep-10	6.25	8.25	3.25
23-Nov-10	6.25	8.25	4.25
25-Jan-11	6.50	8.50	4.50
22-Mar-11	7.50	9.50	5.50
24-May-11	8.00	10.00	6.00
26-Jul-11	8.75	10.75	6.75
19-Sep-11	9.25	11.25	7.25
6-Dec-11	12.00	14.00	10.00
31-Jan-12	12.00	14.00	10.00
22-May-12	12.00	14.00	10.00
20-Nov-12	12.00	14.00	10.00
24-Sep-13	12.00	14.00	10.00
21-Jan-14	12.00	14.00	10.00
25-Mar-14	12.00	14.00	10.00
20-May-14	12.00	14.00	10.00
22-Jul-14	12.00	14.00	10.00
19-Sep-14	12.00	14.00	10.00
25-Nov-14	13.00	15.00	11.00
20-Jan-15	13.00	15.00	11.00
24-Mar-15	13.00	15.00	11.00
19-May-15	13.00	15.00	11.00
24-Jul-15	13.00	15.00	11.00
22-Sep-15	13.00	15.00	11.00
24-Nov-15	11.00	13.00	4.00
26-Jan-16	11.00	13.00	4.00
22-Mar-16	11.00	14.00	7.00

Finally, the Central Bank, during the year 2013, designated eight financial institutions as SIBs, and thus is requiring them to hold more liquid assets and maintain higher Liquidity and Capital Adequacy Ratios. The banks are First Bank of Nigeria Limited, Guaranty Trust Bank Plc, Zenith Bank Plc, United Bank for Africa Plc, Access Bank Plc, Skye Bank Plc, Ecobank Nigeria and Diamond Bank Plc.

Other policy and regulatory considerations

The CBN, under its 13-point agenda, adopted a "Framework for Risk Based Supervision of Banks in Nigeria", aimed at encouraging individual banks to develop and continuously update their internal risk management systems to ensure that such systems are commensurate with the scope and complexity of the relevant bank's operations and also, to assist Nigerian banks with the implementation of the Basel II Capital Accord. As a result, Nigerian banks have been directed to institute effective risk management systems to enable them to identify, measure, monitor and control risks in their institutions.

Prudential guidelines

As part of its initiative of enhancing the quality of banks in Nigeria and with a view to adhering to international best practices, the CBN issued revised prudential guidelines which came into effect on 1 July 2010. The CBN Prudential Guidelines revised the previous guidelines issued in November 1990 and aimed to address various key aspects of banks' operations such as risk management, corporate governance, know-your-customer, anti-money laundering, financing of terrorism and loan loss provisioning. The CBN Prudential Guidelines are required to be regarded as minimum requirements and licensed banks are required to implement more stringent policies and practices to enhance mitigation of

[5] Central Bank of Nigeria

risks. In addition to the CBN Prudential Guidelines, the CBN also prescribes certain mandatory ratios that must be maintained by Nigerian banks.

Mandatory Ratios	CBN Maximum/Minimum Mandatory Ratio Requirements
Cash reserve ratio/requirement	22.5 per cent. of public sector deposits to be held at the CBN
Specified liquidity ratio	30.0 per cent. of deposits
Specified capital adequacy ratio	10.0 per cent. of risk-weighted assets
Guaranteed BAS/CPS to shareholders funds	150.0 per cent. of shareholder's funds
Statutory minimum capital base	Minimum capital base (inclusive of reserves) of ₦25.0 billion
Long term equity investments	25.0 per cent. of paid up capital and statutory reserves
Single exposure limit	20.0 per cent. of shareholders' funds unimpaired by losses
Statutory limit to a single obligor	33 1/3 per cent. of a bank's off-balance sheet engagement
Large exposure limit	Total of all large exposures cannot exceed eight times shareholders' funds unimpaired by losses
Total outstanding exposure to all tiers of government and their agencies	10.0 per cent. of total credit portfolio

The CBN Prudential Guidelines stipulate requirements that must be met by Nigerian banks with regard to classification of assets, disclosure, provisioning and interest accruals. They also set forth the minimum standards that Nigerian banks must meet in this regard, while encouraging banks to implement even more stringent requirements.

The CBN Prudential Guidelines also require licensed banks to review their credit portfolios at least once every quarter, and to provide in their audited financial statements an analysis of whether their credit facilities are performing or non-performing. Under the CBN Prudential Guidelines, a credit facility is deemed to be performing if payments of both the principal amount and interest sums are up-to-date in accordance with the agreed terms. A credit facility is considered to be non-performing if: (i) interest or principal is due and unpaid for 90 days or more; or (ii) interest payments equal to 90 days interest or more have been capitalised, rescheduled or rolled over into a new loan. A non-performing credit facility is reclassified as performing only when the borrower pays the outstanding unpaid interest within 90 days. They also provide for a classification of non-performing credit facilities into sub-standard, doubtful and lost, depending on the number of days for which the principal amount and/or interest sums have remained outstanding. Assessment parameters in this regard include repayment performance and net value of collateral that can be realised.

The CBN Prudential Guidelines further specify that off-balance sheet engagements such as letters of credit, bonds and guarantees, indemnities and protracted litigation must also be properly appraised to determine the extent of any likely loss arising from them. The factors to be taken into consideration in recognising losses on off-balance sheet engagements include the date the liability was incurred, expiration date, security pledge, performance of other facilities provided to the customer and perceived risk.

The CBN Prudential Guidelines prescribe a maximum tenure of ten years for the CEO of every bank. Under the CBN Prudential Guidelines, the CEO shall not qualify for appointment in his former bank or subsidiaries in any capacity until after three years following the expiration of his tenure as CEO. Non-executive directors may serve a maximum of twelve years on the board of directors of a bank under the CBN Prudential Guidelines.

Additionally, the CBN Prudential Guidelines require banks to rotate their firm of external auditors after the expiration of ten years following the auditors' appointment. The auditors shall not be reappointed until an additional ten year period has passed The Bank will be required to change its auditors, Pricewaterhouse, by 2023 in compliance with this directive.

The Small and Medium Industries Equity Investment Scheme

Several challenges face SMEs in developing countries, the most significant of which is funding, as banks which constantly seek to minimise their risk profile are not very eager to fund SMEs. With a view to addressing this issue, the Bankers' Committee, a body comprised of chief executives from the CBN and other Nigerian banks, intervened in 2001 with the introduction of the Small and Medium Industries Equity Investment Scheme (the "**SMIEIS**").

The SMIEIS commenced in June 2001 as a government initiative for the promotion of SMEs as a vehicle for rapid industrialisation, sustainable economic development, poverty alleviation and employment generation. The SMIEIS sets forth a mandatory requirement that all banks licensed in Nigeria set aside 10.0 per cent. of their annual profit after tax for equity investment in SMEs. In July 2007, however, the CBN announced that participation in the SMIEIS programme would be optional going forward. The participants in the SMIEIS programme are the Nigerian government, the CBN, the Bankers' Committee and individual banks.

The SMIEIS aims to assist with the establishment of new small and medium scale projects in certain sectors of the economy including agriculture and allied industries, information technology and telecommunication, manufacturing, educational establishments, services, tourism and leisure, solid minerals, construction, and other sectors as determined by the Bankers' Committee.

The SMIEIS was cancelled in 2007 and in March 2010, the CBN established the SMECGS with the objectives of, amongst others: (i) promoting access to credit by SMEs and manufacturers; and (ii) fast-tracking the development of the manufacturing SME sector of the Nigerian economy and setting the pace for industrialisation of the Nigerian economy. The CBN acts as the managing agent of the SMECGS and all deposit banks and development finance institutions are eligible to act as participating banks under the SMECGS. The maximum loan amount under the SMECGS is ₦100 million which can be in the form of working capital, overdrafts, term loans for refurbishments or equipment. The CBN provides 80 per cent. guarantee cover of the loan advanced by participating banks to each SME.

Legal and regulatory developments

The Government is in the process of implementing reforms in the oil & gas, power and shipping sectors, which may also have an impact on the Nigerian banking sector. Legislative initiatives behind these reforms include the Nigerian Content Act, the proposed PIB and the Cabotage Act. The Nigerian Content Act was enacted in April 2010. Prior to the enactment of the Nigerian Content Act, local content promotion and development in the Nigerian oil & gas industry was loosely regulated. The Nigerian Content Act provides that all operators, contractors and other entities engaged in any operation, business or transaction in the Nigerian oil & gas industry requiring financial services shall retain only the services of Nigerian financial institutions or organisations, except where this is impracticable. The Nigerian Content Act also requires all operators, contractors and sub-contractors to maintain a minimum of 10 per cent. of the total revenue accruing from their Nigerian operations in bank accounts domiciled in Nigeria. The Nigerian Content Act also contains provisions which seek to prioritise the use of Nigerian goods and services in sectors such as insurance and legal services as a first resort. The Cabotage Act contains local content provisions in connection with domestic coastal carriage of cargo and passengers, which are expected to also increase Nigerian entities' requirements for finance and financial services from Nigerian banks.

BOOK ENTRY CLEARANCE SYSTEMS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the "**Clearing Systems**") currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Bank, the Arrangers, the Dealers, the Trustee nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Book entry systems

DTC

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a "banking organisation" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants ("**Participants**") deposit with DTC. Participants may hold their interest directly through DTC if they are account holders ("**Direct Participants**") or indirectly ("**Indirect Participants**") through organisations which are account holders therein. DTC also facilitates the settlement amongst Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book entry changes in the Participants' accounts, thereby eliminating the need for the physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly on behalf of Indirect Participants.

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "**Rules**"), DTC makes book entry transfers of Registered Notes amongst Direct Participants on whose behalf it acts with respect to Notes accepted into DTC's book entry settlement system ("**DTC Notes**") as described below, and receives and transmits distributions of principal and interest on DTC Notes. The Rules are on file with the U.S. Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes ("**Owners**") have accounts with respect to the DTC Notes similarly are required to make book entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial

Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements amongst them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to DTC. DTC's practice is to credit the Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of the Direct and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Note, will be legended as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*".

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Book entry ownership of and payments in respect of DTC Notes

The Issuer may apply to DTC in order to have any Tranche of Notes represented by a Registered Global Note accepted in its book entry settlement system. Upon the issue of any such Registered Global Note, DTC or its custodian will credit, on its internal book entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant

Dealer. Ownership of beneficial interests in such a Registered Global Note will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Note, the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Registered Global Note accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Registered Global Note accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Note in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Principal Paying Agent, the Registrar or the Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

Transfers of Notes represented by Registered Global Notes

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Registered Global Note accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Registered Global Note accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a direct or indirect participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "*Subscription and Sale and Transfer and Selling Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream, Luxembourg account holders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Transfer Agent and any custodian ("**Custodian**") with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between account holders in Euroclear and Clearstream, Luxembourg and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between account holders in Euroclear or Clearstream, Luxembourg and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear and Clearstream, Luxembourg, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Transfer Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg account holders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Euroclear and Clearstream, Luxembourg have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes amongst participants and account holders of DTC, Euroclear and Clearstream, Luxembourg. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Bank, the Trustee, the Agents or any Dealer will be responsible for any performance by DTC, Euroclear or Clearstream, Luxembourg or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

TAXATION

Nigeria

General

The following is a general summary of Nigerian tax consequences as of the date hereof. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to a holder or prospective holder of Notes. In view of its general nature, it should be treated with corresponding caution. It is not exhaustive and purchasers are urged to consult their professional advisers as to the tax consequences to them of holding or transferring Notes. Except as otherwise indicated, this summary only addresses Nigerian tax legislation, as in effect and in force at the date hereof, as interpreted and applied by the courts or tax authorities in Nigeria, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect.

Taxation of Noteholders

Under Nigerian law, income accruing in, derived from, brought into, or received in Nigeria in respect of dividends, interest, royalties, discounts, charges or annuities is subject to tax. Interest shall be deemed to be derived from Nigeria if: (a) there is a liability to payment of the interest by a Nigerian company or a company in Nigeria regardless of where or in what form the payment is made; or (b) the interest accrues to a foreign company or person from a Nigerian company or a company in Nigeria regardless of whichever way the interest may have accrued. Consequently, interest payments on the Notes derived from Nigeria and accruing to both Nigerian Holders and non-Nigerian Holders would ordinarily be subject to withholding tax in Nigeria at the applicable note and the Issuer would be required to withhold tax on such payments and remit to the Nigerian Federal Inland Revenue Service.

However, the Government has approved a waiver of capital gains tax and income tax on all forms of debt instruments and the legislative and administrative processes required to give legal effect to the waivers save for the waiver on capital gains tax have been implemented. In this regard the Government has issued the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order 2011(the "**Order**"), which exempts bonds issued by corporate bodies from tax imposed under the Companies' Income Tax Act for a period of ten years from the date of the Order being 2 January 2012. Therefore, interest payments made by the Issuer to the Noteholders will not be subject to withholding tax under Nigerian law where the tenor of the Notes does not exceed the duration of the Order (2 January 2022). The exemption would be applicable to both Nigerian Holders and Non-Nigerian Holders of the Notes (corporate entities) as the Order is in relation to bonds issued by corporate bodies, including the Bank. Upon termination of the exemption period on 2 January 2022, where the Notes remain outstanding, the interest accruing to both Nigerian Holders and Non-Nigerian Holders would be subject to withholding tax.

The Personal Income Tax Act 2004 Cap P8 LFN 2004 ("**PITA**"), as amended by the Personal Income Tax (Amendment) Act No. 20 of 2011 also exempts from taxation any income earned by an individual from bonds issued by corporate bodies such as the Bank. However, there is no limitation period for the exemption granted in the Personal Income Tax Amendment Act 2011. Thus, except as otherwise provided by any subsequent amendments to the PITA, interest payments by the Issuer to individual Noteholders will not be subject to withholding tax.

The proceeds from the disposal of corporate bonds issued by Nigerian corporate entities would ordinarily be subject to VAT in Nigeria. However, such proceeds are also exempt from VAT in accordance with the Value Added Tax (Exemption of Proceeds of the Disposal of Government and Corporate Securities) Order 2011. This exemption applies for a period of ten years from the date of the Order, (i.e. the exemption expires on 2 January 2022 (where the same is not extended)). Thus, VAT will not be payable upon a disposal of the Notes during the subsistence of the Order. However, upon termination of the exemption period on 2 January 2022, where the Notes remain outstanding, the proceeds of the disposal of the Notes by Nigerian Holders would be subject to VAT.

In relation to capital gains tax, whilst there is no capital gains tax payable upon disposal of any Nigerian government securities, stocks or shares in Nigeria under the provisions of the Capital Gains Tax Act, Cap C1 LFN 2004 ("**CGT Act**"), there is currently capital gains tax on disposal of corporate bonds or other debt instruments that are not issued by the Government of Nigeria. The CGT Act provides that any gain paid, used or enjoyed in or in any manner or form transmitted or brought to Nigeria shall be treated as being derived from Nigeria for the purposes of the CGT Act. In the case of an individual who is in Nigeria for a temporary purpose only and does not have any view or intent to establish his residence in Nigeria, such gain will be subject to tax if the period or sum of the periods for which he is present in Nigeria in that year of assessment exceeds 182 days. Although the Government has approved a waiver of capital gains tax on gains accruing further to the sale of bonds issued by Nigerian companies, the necessary legislative and administrative processes have not been completed.

Stamp duties

The Programme Agreement, the Trust Deed, the Agency Agreement and the documents for the issue of any series of Notes are intended to be executed and held outside of Nigeria and are therefore not required to be stamped in Nigeria. However, if it becomes necessary to bring any such documentation into Nigeria for the purpose of admission in evidence before a Nigerian court and enforcement by such courts, the documents will be required to be stamped and will be subject to the payment of the relevant rate of stamp duty, assessed by the Nigerian Commissioner for Stamp Duties, as prescribed by the Stamp Duties Act. Arrangements will need to be made for the payment of stamp duty within 30 days from when the documents are "brought into" Nigeria. The term "brought into" is derived from the provision of the Stamp Duties Act which stipulates that instruments chargeable with ad valorem duty, such as bonds, would be required to be stamped before the expiration of 30 days after it is first executed, or after it has been first received in Nigeria, if it was first executed at any place outside Nigeria. Consequently, in the case of the Notes, the term "brought into" refers to the first receipt of the Notes in Nigeria.

Stamp duty is payable in Nigeria either on a flat rate or an *ad valorem* basis. Each of the documents, other than the Trust Deed, would be subject to a nominal amount of stamp duty assessed on a flat rate. Based on the schedule to the Stamp Duties Act, the maximum rate of stamp duty payable in Nigeria in respect of security documents securing payment or repayment of money (where the security is not a marketable security transferable by delivery), is 0.375 per cent., levied on an *ad valorem* basis on the value of the underlying transaction. Based on current practice in Nigeria, it is unclear whether stamp duty will be assessed on the Trust Deed at a flat rate or on an *ad valorem* basis.

Pursuant to the Stamp Duties Act and only in the case the Notes are first received in Nigeria, the stamp duty payable on the issuance of the Notes transferable by delivery is 2.25 per cent. However, with respect to marketable securities that are not transferable by delivery, and again only in the case the Notes are brought into Nigeria, the applicable rate of stamp duties is 0.375 per cent.

Other taxes and duties

Save as set out above, no registration fees, or any other similar documentary tax, charge or duty will be payable in Nigeria by Noteholders in respect of, or in connection with the issue of the Notes or with respect to the payment of interest or principal by the Issuer under the Notes.

United States

The following summary discusses certain U.S. federal income tax consequences to U.S. Holders (as defined below) of the acquisition, ownership and disposition of the Notes. Except as specifically noted below, this discussion applies only to:

- Registered Notes;
- with a maturity of 30 years or less;
- purchased by U.S. Holders (as defined below);
- purchased on original issuance at their published offer price; and
- that are held as capital assets (generally, property held for investment).

This discussion does not describe all of the tax consequences that may be relevant in light of a U.S. Holder's particular circumstances or to U.S. Holders subject to special rules, such as:

- financial institutions;

- insurance companies;
- dealers in securities or foreign currencies;
- persons holding Notes as part of a hedging transaction, straddle, conversion transaction or other integrated transaction;
- U.S. Holders whose functional currency is not the U.S. dollar;
- partnerships or other entities classified as partnerships for U.S. federal income tax purposes; or
- former citizens and residents of the United States.

This summary is based on the Internal Revenue Code of 1986, as amended to the date hereof (the "**Code**"), administrative pronouncements, judicial decisions and final, temporary and proposed U.S. Treasury Regulations all as of the date of this Prospectus and any of which may at any time be repealed, revised or subject to differing interpretation, possibly retroactively so as to result in U.S. federal income tax consequences different from those described below. No rulings have been requested from the U.S. Internal Revenue Service (the "**IRS**") and there can be no guarantee that the IRS would not challenge, possibly successfully, the treatment described below. This discussion does not address any other U.S. federal tax laws rules (such as the alternative minimum tax or the Medicare contribution tax on net investment income) nor does it address any non-U.S. tax rules. Moreover, this summary does not describe the U.S. federal income tax considerations relating to the purchase, ownership or disposition of a Note treated as a "contingent payment debt instrument" (under applicable U.S. Treasury Regulations) or certain "variable rate debt instruments" (under applicable U.S. Treasury Regulations). The U.S. federal income tax consequences of such Notes will be addressed in a supplement to this Base Prospectus or in a Drawdown Prospectus. Persons considering the purchase of the Notes should consult their tax advisers with regard to the application of the U.S. federal income tax laws to their particular situations as well as any tax consequences arising under any other U.S. federal laws or the laws of any state, local or non-U.S. taxing jurisdiction.

As used herein, the term "**U.S. Holder**" means a beneficial owner of a Note that is for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation created or organised in or under the laws of the United States or of any state thereof or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds Notes, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and upon the activities of the partnership. Partners of partnerships holding Notes should consult with their tax advisers regarding the U.S. federal tax consequences of an investment in the Notes.

Characterisation and Treatment of the Notes

Whether a debt instrument is treated as debt (and not equity or some other instrument or interest) for U.S. federal income tax purposes is an inherently factual question and no single factor is determinative. The discussion below assumes that the Notes are treated as indebtedness for U.S. federal income tax purposes unless provided otherwise in the Pricing Supplement, although no assurances can be given, with respect to such treatment. If the Notes were not treated as indebtedness, it may affect the timing, amount and character of income inclusion to a U.S. Holder. In addition, the discussion below assumes that certain features of the Notes do not cause them to be "contingent payment debt instruments" for U.S. federal income tax purposes. The following discussion assumes that such treatment will be respected.

There are no regulations, published rulings or judicial decisions addressing the characterisation for U.S. federal income tax purposes of securities issued under the same circumstances and with substantially the same terms as the Subordinated Notes. Although the discussion below assumes that the Subordinated

Notes constitute debt for U.S. federal income tax purposes, there can be no assurance that the IRS or the courts would agree with the characterisation of the Notes described below. If the Subordinated Notes were treated as equity interests of the Issuer, U.S. Holders may be treated as owning interests in a "passive foreign investment company" (a "**PFIC**") and U.S. Holders could be subject to a materially greater tax liability on gain from the sale or exchange of the Subordinated Notes and on certain "excess distributions". No determination has been made regarding whether the Company will be classified as a PFIC for its taxable year ending December 31, 2016 or in the future. Prospective investors should consult their tax advisers regarding the characterisation of the Subordinated Notes and the consequences of owning an equity interest in a PFIC.

Payments of interest

Interest paid on a Note will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes, *provided that* the interest is "qualified stated interest" (as defined below). Interest income earned by a U.S. Holder with respect to a Note will constitute foreign source income for U.S. federal income tax purposes, which may be relevant in calculating the U.S. Holder's foreign tax credit limitation. The rules regarding foreign tax credits are complex and prospective investors should consult their tax advisers about the application of such rules to them in their particular circumstances. Special rules governing the treatment of interest paid with respect to original issue discount notes and foreign currency notes are described under "*—Original Issue Discount*", and "*—Foreign Currency Notes*".

Original issue discount

A Note that has an "issue price" that is less than its "stated redemption price at maturity" will be considered to have been issued with original issue discount for U.S. federal income tax purposes (and will be referred to as an "original issue discount Note") unless the Note satisfies a *de minimis* threshold (as described below) or is a short-term Note (as defined below). The "issue price" of a Note generally will be the first price at which a substantial amount of the Notes is sold to the public (which does not include sales to bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers). The "stated redemption price at maturity" of a Note generally will equal the sum of all payments required to be made under the Note other than payments of "qualified stated interest". "Qualified stated interest" is stated interest unconditionally payable (other than in debt instruments of the Issuer) at least annually during the entire term of the Note at a single fixed rate of interest, at a single qualified floating rate of interest or at a rate that is determined at a single fixed formula that is based on objective financial or economic information. A rate is a qualified floating rate if variations in the rate can reasonably be expected to measure contemporaneous fluctuations in the cost of newly borrowed funds in the currency in which the Note is denominated.

If the difference between a Note's stated redemption price at maturity and its issue price is less than a *de minimis* amount, i.e., ¼ of 1 per cent. of the stated redemption price at maturity multiplied by the number of complete years to maturity (or weighted average maturity if any amount included in the stated redemption price at maturity is payable before maturity), the Note will not be considered to have original issue discount. U.S. Holders of the Notes with a *de minimis* amount of original issue discount will include this original issue discount in income, as capital gain, on a pro rata basis as principal payments are made on the Note.

U.S. Holders of original issue discount Notes that mature more than one year from their date of issuance will be required to include original issue discount in income for U.S. federal income tax purposes as it accrues in accordance with a constant yield method based on a compounding of interest, regardless of whether cash attributable to this income is received. Under these rules, U.S. Holders generally will have to include in taxable income, increasingly greater amounts of original issue discount in successive accrual periods.

A U.S. Holder may make an election to include in gross income all interest that accrues on any particular Note (including stated interest, acquisition discount, original issue discount, *de minimis* original issue discount, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortisable bond premium or acquisition premium) in accordance with a constant yield method based on the compounding of interest, and generally may revoke such election only with the permission of the IRS (a "**constant yield election**"). If a U.S. Holder makes a constant yield election with respect to a Note with market discount (discussed below), the U.S. Holder will be treated as having made an election to include market discount in income currently over the life of all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which such election applies. U.S. Holders should consult their tax advisers about making this election in light of their particular circumstances.

A Note that matures one year or less from its date of issuance (a "**short-term Note**") will be treated as being issued at a discount and none of the interest paid on the Note will be treated as qualified stated interest regardless of issue price. In general, a cash method U.S. Holder of a short-term Note is not required to accrue the discount for U.S. federal income tax purposes unless it elects to do so. Cash method U.S. Holders who do not elect to accrue the discount should include stated interest payments on short-term Notes as ordinary income upon receipt. Cash method U.S. Holders who do elect to accrue the discount and certain other U.S. Holders, including those who report income on the accrual method of accounting for U.S. federal income tax purposes, are required to include the discount in income as it accrues on a straight-line basis, unless another election is made to accrue the discount according to a constant yield method based on daily compounding. In the case of a U.S. Holder who is not required and who does not elect to include the discount in income currently, any gain realised on the sale, exchange, or retirement of the short-term Note will be ordinary income to the extent of the discount accrued on a straight-line basis (or, if elected, according to a constant yield method based on daily compounding) through the date of sale, exchange or retirement. In addition, those U.S. Holders will be required to defer deductions for any interest paid on indebtedness incurred to purchase or carry short-term Notes in an amount not exceeding the accrued discount until the accrued discount is included in income.

The Issuer may have an unconditional option to redeem, or U.S. Holders may have an unconditional option to require the Issuer to redeem, a Note prior to its stated maturity date. Under applicable regulations, if the Issuer has an unconditional option to redeem a Note prior to its stated maturity date, this option will be presumed to be exercised if, by utilising any date on which the Note may be redeemed as the maturity date and the amount payable on that date in accordance with the terms of the Note as the stated redemption price at maturity, the yield on the Note would be lower than its yield to maturity. If the U.S. Holders have an unconditional option to require the Issuer to redeem a Note prior to its stated maturity date, this option will be presumed to be exercised if making the same assumptions as those set forth in the previous sentence, the yield on the Note would be higher than its yield to maturity. If it was presumed that an option would be exercised but it is not in fact exercised, the Note would be treated solely for purposes of calculating original issue discount as if it were redeemed, and a new Note were issued, on the presumed exercise date for an amount equal to the Note's adjusted issue price on that date. The adjusted issue price of an original issue discount Note is defined as the sum of the issue price of the Note and the aggregate amount of previously accrued original issue discount, less any prior payments other than payments of qualified stated interest.

Market discount

If a U.S. Holder purchases a Note (other than a short-term Note) for an amount that is less than its stated redemption price at maturity or, in the case of an original issue discount Note, its revised issue price, the amount of the difference will be treated as market discount for U.S. federal income tax purposes, unless this difference is less than a specified *de minimis* amount.

A U.S. Holder will be required to treat any principal payment (or, in the case of an original issue discount Note, any payment that does not constitute qualified stated interest) on, or any gain on the sale, exchange, retirement or other disposition of a Note, including disposition in certain nonrecognition transactions, as ordinary income to the extent of the market discount accrued on the Note at the time of the payment or disposition unless this market discount has been previously included in income by the U.S. Holder pursuant to an election by the U.S. Holder to include market discount in income as it accrues. An election to include market discount in income as it accrues applies to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which such election applies and may not be revoked without the consent of the IRS. In addition, a U.S. Holder that does not elect to include market discount in income currently may be required to defer, until the maturity of the Note or its earlier disposition (including certain non-taxable transactions), the deduction of all or a portion of the interest expense on any indebtedness incurred or maintained to purchase or carry such Note.

Market discount will accrue on a straight-line basis unless a U.S. Holder makes an election with respect to a particular note to accrue on a constant yield basis (as described under "*—Original issue discount*").

Such election will result in a deemed election for all market discount bonds acquired by the U.S. Holder on or after the first day of the first taxable year to which such election applies.

Acquisition premium and amortisable bond premium

A U.S. Holder who purchases a Note for an amount that is greater than the Note's adjusted issue price but less than or equal to sum of all amounts payable on the Note after the purchase date other than payments of qualified stated interest will be considered to have purchased the Note at an acquisition premium. Under the acquisition premium rules, the amount of original issue discount that the U.S. Holder must include in its gross income with respect to the Note for any taxable year will be reduced by the portion of acquisition premium properly allocable to that year.

If a U.S. Holder purchases a Note for an amount that is greater than the stated redemption price at maturity, the U.S. Holder will be considered to have purchased the Note with amortisable bond premium equal in amount to the excess of the purchase price over the amount payable at maturity. The U.S. Holder may elect to amortise this premium, using a constant yield method, over the remaining term of the Note. A U.S. Holder who elects to amortise bond premium must reduce its tax basis in the Note by the amount of the premium amortised in any year. An election to amortise bond premium applies to all taxable debt obligations then owned and thereafter acquired by the U.S. Holder and may be revoked only with the consent of the IRS. Bond premium on a Note held by a U.S. Holder that does not make such an election will decrease the gain or increase the loss otherwise recognised on disposition of the Note. Special rules limit the amortisation of bond premium in the case of Notes subject to certain options, including callable Notes. U.S. Holders should consult their tax advisers about these rules if applicable.

If a U.S. Holder makes a constant yield election (as described under "*—Original issue discount*") for a Note with amortisable bond premium, such election will result in a deemed election to amortise bond premium for all of the U.S. Holder's debt instruments with amortisable bond premium.

Sale, exchange or retirement of the notes

Upon the sale, exchange or retirement of a Note, a U.S. Holder will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement and the U.S. Holder's adjusted tax basis in the Note. A U.S. Holder's adjusted tax basis in a Note generally will equal the acquisition cost of the Note increased by the amount of original issue discount and market discount included in the Holder's gross income and decreased by any bond premium or acquisition premium previously amortised and by the amount of any payment received from the Issuer other than a payment of qualified stated interest. Gain or loss, if any, will generally be U.S. source income for purposes of computing a U.S. Holder's foreign tax credit limitation. For these purposes, the amount realised does not include any amount attributable to accrued but unpaid qualified stated interest on the Note. Amounts attributable to accrued but unpaid qualified stated interest are treated as payments of interest as described under "*—Payments of interest*".

Gain or loss realised on the sale, exchange or retirement of a Note will generally be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange or retirement the U.S. Holder has held the Note for more than one year. Exceptions to this general rule apply to the extent of any accrued market discount or, in the case of a short-term Note, to the extent of any accrued discount not previously included in the U.S. Holder's taxable income. See "*—Original issue discount*" and "*—Market discount*". In addition, other exceptions to this general rule apply in the case of foreign currency Notes. See "*—Foreign currency notes*". The deductibility of capital losses is subject to limitations.

Foreign currency notes

The following discussion summarises the principal U.S. federal income tax consequences to a U.S. Holder of the ownership and disposition of the Notes that are denominated in a specified currency other than the U.S. dollar or the payments of interest or principal on which are determined by reference to a currency other than the U.S. dollar ("**foreign currency Notes**").

The rules applicable to foreign currency Notes could require some or all gain or loss on the sale, exchange or other disposition of a foreign currency Note to be recharacterised as ordinary income or loss. The rules applicable to foreign currency Notes are complex and may depend on the U.S. Holder's particular U.S. federal income tax situation. For example, various elections are available under these rules, and whether a

U.S. Holder should make any of these elections may depend on the U.S. Holder's particular U.S. federal income tax situation. U.S. Holders are urged to consult their tax advisers regarding the U.S. federal income tax consequences of the ownership and disposition of foreign currency Notes.

A U.S. Holder who uses the cash method of accounting and who receives a payment of qualified stated interest in a foreign currency with respect to a foreign currency Note will be required to include in income the U.S. dollar value of the foreign currency payment (determined on the date the payment is received) regardless of whether the payment is in fact converted to U.S. dollars at the time, and this U.S. dollar value will be the U.S. Holder's tax basis in the foreign currency.

An accrual method U.S. Holder (or cash method U.S. Holder with respect to original issue discount) will be required to include in income the U.S. dollar value of the amount of interest income, including original issue discount, that has accrued and is otherwise required to be taken into account with respect to a foreign currency Note during an accrual period. The U.S. dollar value of the accrued income will be determined by translating the income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the taxable year.

Alternatively, the U.S. Holder described in the preceding paragraph may elect to translate interest income, including original issue discount, into U.S. dollars at the spot rate on the last day in the interest accrual period (or, in the case of a partial accrual period, the spot rate on the last day of the partial accrual period in the taxable year) or, if the date of receipt is within five business days of the last day of the interest accrual period, the spot rate on the date of receipt. A U.S. Holder that makes this election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the IRS.

A U.S. Holder that has accrued interest income as described in either of the two preceding paragraphs will recognise ordinary income or loss with respect to accrued income on the date the corresponding payment is actually received. The amount of ordinary income or loss recognised will equal the difference between the U.S. dollar value of the foreign currency payment determined on the date the payment is received, and the U.S. dollar value that was accrued with respect to the accrual period.

Original issue discount, market discount, acquisition premium and amortisable bond premium on a foreign currency Note are to be determined in the relevant foreign currency. Where the taxpayer elects to include market discount in income currently, the amount of market discount will be determined for any accrual period in the relevant foreign currency and then translated into U.S. dollars on the basis of the average rate in effect during the accrual period. Exchange gain or loss realised with respect to such accrued market discount shall be determined in accordance with the rules relating to accrued interest described above. Accrued market discount (other than market discount currently included in income) taken into account upon the receipt of any partial principal payment or upon the sale, retirement or other disposition of a Note is translated into U.S. dollars at the spot rate on such payment or disposition date.

If an election to amortise bond premium is made, amortisable bond premium taken into account on a current basis shall reduce interest income in units of the relevant foreign currency. Exchange gain or loss is realised on amortised bond premium with respect to any period by treating the bond premium amortised in the period in the same manner as payments on the sale, exchange or retirement of the foreign currency Note, as described below. Any exchange gain or loss will be ordinary income or loss as described below. If the election is not made, any loss realised on the sale, exchange or retirement of a foreign currency Note with amortisable bond premium by a U.S. Holder who has not elected to amortise the premium will be a capital loss to the extent of the bond premium.

Gain or loss realised upon the sale, exchange or retirement of a foreign currency Note that is attributable to fluctuation in currency exchange rates will be ordinary income or loss that will not be treated as interest income or expense. Gain or loss attributable to fluctuations in exchange rates will equal the difference between: (i) the U.S. dollar value of the foreign currency principal amount of the Note, determined on the date the payment is received or the Note is disposed of; and (ii) the U.S. dollar value of the foreign currency principal amount of the Note, determined on the date the U.S. Holder acquired the Note. Payments received attributable to accrued interest will be treated in accordance with the rules applicable to payments of interest on foreign currency Notes described above. The foreign currency gain or loss will be recognised only to the extent of the total gain or loss realised by the U.S. Holder on the sale, exchange or retirement of the foreign currency Note. The source of the foreign currency gain or loss will be determined by reference to the residence of the U.S. Holder on whose books the Note is properly reflected. Any gain or loss realised by these U.S. Holders in excess of the foreign currency gain or loss will be capital gain or loss except to the extent of any accrued market discount or, in the case of short-term Note, to the extent of any discount not previously included in the U.S. Holder's income. U.S. Holders should consult their tax advisers with respect to the tax consequences of receiving payments in a currency different from the currency in which payments with respect to such Note accrue and how to account for the U.S. dollar value of payments made or received upon the acquisition or disposition of Notes.

Substitution of Issuer

The terms of the Notes provide that, in certain circumstances, the obligations of the Issuer under the Notes may be assumed by another entity. Any such assumption might be treated for U.S. federal income tax purposes as a deemed disposition of the Notes by a U.S. holder in exchange for new notes issued by the new obligor. As a result of this deemed disposition, a U.S. Holder could be required to recognise capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the issue price of the new notes (as determined for U.S. federal income tax purposes) and the U.S. Holder's tax basis in the Notes. U.S. Holders should consult with their tax advisers concerning the U.S. federal income tax consequences to them of a change in obligor with respect to the Notes.

Information reporting and backup withholding

A U.S. Holder may be subject to information reporting on amounts received by such U.S. Holder from a payment on, or disposition of, the Notes, unless such U.S. Holder establishes that it is exempt from these rules. If a U.S. Holder does not establish that it is exempt from these rules, it may be subject to backup withholding on the amounts received unless it provides a taxpayer identification number and otherwise complies with the requirements of the backup withholding rules. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, *provided that* the required information is timely furnished to the IRS.

U.S. Holders should consult their tax advisers about any additional reporting obligations that may apply as a result of the acquisition, holding or disposition of the Notes. Failure to comply with certain reporting obligations could result in the imposition of substantial penalties.

THE U.S. FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON A U.S. HOLDER'S PARTICULAR SITUATION. U.S. HOLDERS SHOULD CONSULT THEIR TAX ADVISERS WITH RESPECT TO THE TAX CONSEQUENCES TO THEM OF THE OWNERSHIP AND DISPOSITION OF THE NOTES, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN U.S. FEDERAL OR OTHER TAX LAWS.

Certain ERISA considerations

The U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") imposes certain requirements on "employee benefit plans" (as defined in ERISA) subject to Title I of ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, "**ERISA Plans**") and on those persons who are fiduciaries with respect to ERISA Plans.

Section 406 of ERISA and Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), prohibit certain transactions involving the assets of an ERISA Plan (Section 4975 of the Code also imposes prohibitions for certain plans that are not subject to Title I of ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, "**Plans**")) and certain persons (referred to as "parties in interest" or "disqualified persons") having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and Section 4975 of the Code. Accordingly, each original or subsequent purchaser or transferee of a Note that is or may become a Plan is responsible for determining that its purchase and holding of such Note will not constitute a prohibited transaction under ERISA or Section 4975 of the Code.

THE PRECEDING DISCUSSION IS ONLY A SUMMARY OF CERTAIN ERISA IMPLICATIONS OF AN INVESTMENT IN THE NOTES AND DOES NOT PURPORT TO BE COMPLETE. PROSPECTIVE INVESTORS SHOULD CONSULT WITH THEIR OWN LEGAL, TAX, FINANCIAL AND OTHER ADVISERS PRIOR TO INVESTING IN THE NOTES TO REVIEW THESE IMPLICATIONS IN LIGHT OF SUCH INVESTOR'S PARTICULAR CIRCUMSTANCES.

The Proposed Financial Transaction Tax

On 14 February 2013, the European Commission published a proposal for a Directive for a common Financial Transaction Tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are exempt.

Under current proposals, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including: (a) by transacting with a person established in a participating Member State; or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealers have, in an amended and restated programme agreement dated 23 September 2016 (the "**Programme Agreement**"), agreed with the Bank a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

The Arrangers and Dealers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Arrangers and Dealers or their respective affiliates may have performed investment banking and advisory services for the Group from time to time for which they may have received customary fees and expenses. The Arrangers and Dealers or their respective affiliates may, from time to time, engage in transactions with and perform advisory and other services for the Group in the ordinary course of their business. In the ordinary course of their various business activities, the Arrangers and Dealers and their respective affiliates may make or hold a broad array of loans or other investments and actively trade debt securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Group. In addition, the former Managing Director of Access Bank, Mr. Aigboje Aig-Imoukhuede, is a shareholder of Coronation Merchant Bank Limited, one of the Financial Advisers.

In order to facilitate the offering of any Tranche of the Notes, one or more relevant Dealers named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) participating in the offering of the Tranche may engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the Tranche. Specifically, such persons may over allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilise or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilising or other transactions. Such transactions, if commenced, may be discontinued at any time. Under applicable laws and regulations, stabilising activities may only be carried on by the Stabilising Manager and only for a limited period following the Issue Date of the relevant Tranche of Notes.

Transfer restrictions

As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.

Each purchaser of Registered Notes (other than a person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note) or person wishing to transfer an interest from one Registered Global Note to another or from global to definitive form or vice versa, will be required to acknowledge, represent and agree as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

(i) that either: (a) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A; (b) it is an Institutional Accredited Investor which has delivered an IAI Investment Letter; or (c) it is outside the United States and is not a U.S. person;

(ii) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(iii) that, unless it holds an interest in a Regulation S Global Note and is a non-U.S. person located outside the United States, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so only: (A) to the Issuer or any affiliate thereof; (B) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A; (C) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act; (D) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available); or (E) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. State securities laws;

(iv) it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in sub-paragraph (iii) above, if then applicable;

(v) that Notes initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Notes, that Notes offered to Institutional Accredited Investors will be in the form of Definitive IAI Registered Notes and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Notes;

(vi) that either: (i) it is not acquiring the Note (or a beneficial interest therein) with the assets of an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to the provisions of Title I of ERISA, any "plan" as defined in and subject to Section 4975 of the Code, any entity whose underlying assets include "plan assets" of any of the foregoing or a U.S. governmental plan, church plan or non-U.S. plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to Section 406 of ERISA or Section 4975 of the Code ("**Similar Law**"); or (ii) the acquisition, holding and disposition of such Note (or a beneficial interest therein) will not give rise to a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or a violation of Similar Law;

(vii) that the Notes, other than the Regulation S Global Notes, will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT (1) IT IS A "**QUALIFIED INSTITUTIONAL BUYER**" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE NOTES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS OR (2) IT IS AN INSTITUTIONAL "**ACCREDITED INVESTOR**" (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) (AN "**INSTITUTIONAL ACCREDITED INVESTOR**"); (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS NOTE (OR A BENEFICIAL INTEREST HEREIN), EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE

SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THIS NOTE.

EACH PURCHASER AND TRANSFEREE OF THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) WILL BE DEEMED TO REPRESENT AND WARRANT THAT EITHER: (a) IT IS NOT ACQUIRING THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) WITH THE ASSETS OF AN "**EMPLOYEE BENEFIT PLAN**" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, ANY "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" OF ANY OF THE FOREGOING OR A U.S. GOVERNMENTAL PLAN, CHURCH PLAN OR NON-US PLAN THAT IS SUBJECT TO ANY LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), OR (b) THE ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) WILL NOT GIVE RISE TO A NON-EXEMPT PROHIBITED TRANSACTION UNDER ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF SIMILAR LAW.

THIS NOTE AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF THE NOTES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS NOTE OR TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS NOTE SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THE NOTES AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON)";

(viii) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Notes prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering and the closing date with respect to the original issuance of the Notes), it will do so only: (i) outside the United States in compliance with Rule 903 or 904 under the Securities Act; or (ii) to a QIB in compliance with Rule 144A, in each case in accordance with all applicable U.S. state securities laws; and it acknowledges that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART.

EACH PURCHASER AND TRANSFEREE OF THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) WILL BE DEEMED TO REPRESENT AND WARRANT THAT EITHER: (a) IT IS

NOT ACQUIRING THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) WITH THE ASSETS OF AN "**EMPLOYEE BENEFIT PLAN**" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, ANY "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" OF ANY OF THE FOREGOING OR A U.S. GOVERNMENTAL PLAN, CHURCH PLAN OR NON-US PLAN THAT IS SUBJECT TO ANY LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), OR (b) THE ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) WILL NOT GIVE RISE TO A NON-EXEMPT PROHIBITED TRANSACTION UNDER ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF SIMILAR LAW"; and

(ix) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Institutional Accredited Investors who purchase Registered Notes in definitive form offered and sold in the United States in reliance upon the exemption from registration provided by Section 4(a)(2) or Regulation D of the Securities Act are required to execute and deliver to the Registrar an IAI Investment Letter. Upon execution and delivery of an IAI Investment Letter by an Institutional Accredited Investor, Notes will be issued in definitive registered form. See "*Form of the Notes*".

The IAI Investment Letter will state, amongst other things, the following:

(i) that the Institutional Accredited Investor has received a copy of the Base Prospectus and such other information as it deems necessary in order to make its investment decision;

(ii) that the Institutional Accredited Investor understands that any subsequent transfer of the Notes is subject to certain restrictions and conditions set forth in the Base Prospectus and the Notes (including those set out in the section "*Transfer restrictions*" under "*Subscription and Sale and Transfer and Selling Restrictions*" in the Base Prospectus) and that it agrees to be bound by, and not to resell, pledge or otherwise transfer the Notes except in compliance with such restrictions and conditions, the Securities Act or any other applicable U.S. state securities laws, and the applicable securities laws of any other jurisdiction;

(iii) that, in the normal course of its business, the Institutional Accredited Investor invests in or purchases securities similar to the Notes;

(iv) that the Institutional Accredited Investor is an Institutional Accredited Investor within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Notes, and it and any accounts for which it is acting are each able to bear the economic risk of its or any such accounts' investment for an indefinite period of time;

(v) that the Institutional Accredited Investor is acquiring the Notes purchased by it for its own account or for one or more accounts (each of which is an Institutional Accredited Investor) as to each of which it exercises sole investment discretion and not with a view to any distribution of the Notes, subject, nevertheless, to the understanding that the disposition of its property shall at all times be and remain within its control; and

(vi) that, in the event that the Institutional Accredited Investor purchases Notes, it will acquire Notes having a minimum purchase price of at least U.S.$500,000 (or the approximate equivalent in another Specified Currency).

No sale of Legended Notes in the United States to any one purchaser will be for less than €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) principal amount or, in the case of sales to Institutional Accredited Investors, U.S.$500,000 (or the approximate equivalent in another Specified Currency) principal amount and no Legended Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) or, in the case of sales to Institutional Accredited Investors, U.S.$500,000 (or the approximate equivalent in another Specified Currency) principal amount of Registered Notes.

Selling restrictions

United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury Regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and the U.S. Treasury Regulations thereunder.

In connection with any Notes which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided by Regulation S ("**Regulation S Notes**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver such Regulation S Notes (i) as part of their distribution at any time; or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager(s), of all Notes of the Tranche of which such Regulation S Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Regulation S Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Regulation S Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of any Tranche of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Dealers may arrange for the resale of Registered Notes to QIBs pursuant to Rule 144A and each such purchaser of Registered Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Registered Notes which may be purchased by a QIB pursuant to Rule 144A is U.S.$100,000 (or the approximate equivalent thereof in any other currency). To the extent that the Issuer is not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the Issuer has agreed to furnish to holders of Notes and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

United Kingdom

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

(i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Nigeria

This Base Prospectus and the Notes have not been and will not be registered with the Nigerian Securities and Exchange Commission (the "**Nigerian SEC**"), or under the Nigerian ISA. Further, neither this Base Prospectus nor any other offering material related to the Notes may be utilised in connection with any offering to the public within Nigeria, and the Notes may not be offered or sold within Nigeria to, or for the account or benefit of, persons resident in Nigeria, except to the extent that the Notes have been registered with the Nigerian SEC and its written approval obtained in accordance with the provisions of the Nigerian ISA and other Nigerian securities law and regulations. Accordingly, this Base Prospectus is not directed to, and the Notes are not available for subscription by, any persons within Nigeria.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree that, subject to the provisions of the Nigerian ISA and regulations made thereunder, it will not offer, sell or deliver the Notes within Nigeria as part of their distribution at any time.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Bank, the Trustee nor any of the other Dealers shall have any responsibility therefor.

None of the Bank, the Trustee or the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the relevant Drawdown Prospectus or in a supplement to this Base Prospectus.

GENERAL INFORMATION

Authorisation

The update of the Programme was duly authorised by a resolution of the Board of Directors of the Bank dated 19 September 2016. All necessary corporate and regulatory approvals will be obtained by the Bank prior to each issuance of Notes under the Programme.

Listing of Notes

It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the Irish Stock Exchange's regulated market will be admitted separately as and when issued, subject only to the issue of a Global Note or Notes initially representing the Notes of such Tranche. Application has been made to the Irish Stock Exchange for Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to its Official List and to trading on the Main Securities Market.

Documents available

For the period of 12 months following the date of this Base Prospectus, electronic copies of the following documents will, when published, be available for inspection at the registered office of the Bank and from the specified offices of the Paying Agents for the time being in London:

(i) the constitutional documents of the Bank;

(ii) the consolidated audited annual financial statements of the Bank in respect of the financial years ended 31 December 2015, 2014 and 2013, together with the audit reports prepared in connection therewith;

(iii) the most recently published audited financial statements of the Bank, together with the audit reports prepared in connection therewith;

(iv) the most recently published interim financial statements of the Bank;

(v) the Trust Deed, the Agency Agreement and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;

(vi) this Base Prospectus; and

(vii) any future Base Prospectus, Drawdown Prospectuses, information memoranda and supplements including Final Terms to this Base Prospectus and any other documents incorporated herein or therein by reference.

Clearing systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms or the applicable Drawdown Prospectus. In addition, the Issuer may make an application for any Notes in registered form to be accepted for trading in book entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of such Registered Notes, together with the relevant ISIN and (if applicable) common code, will be specified in the applicable Final Terms or the applicable Drawdown Prospectus. If the Notes are to clear through an additional or alternative clearing system, the appropriate information will be specified in the applicable Final Terms or the applicable Drawdown Prospectus.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B 1210 Brussels, Belgium. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, New York, New York 10041, USA.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or material change

There has been no significant change in the financial or trading position of the Bank or the Group since 30 June 2016 and there has been no material adverse change in the prospects of the Bank or the Group since 30 June 2016.

Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Bank is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Bank or the Group.

Independent Auditors

The auditors of the Bank are PricewaterhouseCoopers, Nigeria, a member of the Institute of Chartered Accountants of Nigeria, who have audited the Bank's consolidated financial statements in accordance with International Standards on Auditing as of and for the financial year ended 31 December 2015, 2014 and 2013.

The auditors do not have any material interest in the Bank.

Listing Agent

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Bank in relation to the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on the Main Securities Market of the Irish Stock Exchange.

Dealers transacting with the Bank

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Bank and the Bank's affiliates in the ordinary course of business.

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INDEX TO FINANCIAL STATEMENTS

Access Bank Plc

Consolidated and separate financial statements for the period ended 30 June 2016

ACCESS BANK PLC
Index to the consolidated financial statements
For the period ended 30 June 2016

pwc

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

Report on the financial statements

We have audited the accompanying financial statements of Access Bank ("the bank") and its subsidiaries (together, "the group"). These financial statements comprise the statement of financial position as at 30 June 2016 and the statements of comprehensive income, changes in equity and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with IAS 34 "Interim Financial Reporting" and with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act and for such internal control, as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

pwc

Opinion

In our opinion the accompanying consolidated and separate financial statements give a true and fair view of the state of the financial affairs of the bank and group at 30 June 2016 and of the financial performance and cash flows of the group for the period then ended in accordance with IAS 34 "Interim Financial Reporting" and the requirements of the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act.

Report on other legal requirements

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

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

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

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

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

v) to the best of our information, there are no penalties for contraventions of relevant circulars issued by the Central Bank of Nigeria.

Anthony Oputa

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

Engagement Partner: Anthony Oputa
FRC/2013/ICAN/00000000980

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
3G/ICAN
0017496

19 August 2016

Consolidated statement of comprehensive income

In thousands of Naira	*Notes*	Group June 2016	Group June 2015	Bank June 2016	Bank June 2015
Interest income	8	112,292,554	98,861,986	97,594,915	88,317,800
Interest expense	8	(43,841,887)	(50,699,097)	(38,152,388)	(46,759,484)
Net interest income		68,450,667	48,162,889	59,442,527	41,558,316
Net impairment charge	9	(10,212,305)	(8,886,639)	(8,557,077)	(9,105,371)
Net interest income after impairment charges		58,238,362	39,276,250	50,885,450	32,452,945
Fee and commission income	10	35,632,172	17,151,635	31,930,080	13,251,894
Fee and commission expense		(57,448)	(302,016)	-	-
Net fee and commission income		35,574,724	16,849,619	31,930,080	13,251,894
Net gains on investment securities	11a,b	33,089,164	39,199,767	33,072,183	39,176,866
Net foreign exchange income/(loss)	12	(11,108,100)	7,929,774	(12,949,785)	5,848,840
Other operating income	13	4,163,527	5,498,790	3,861,815	4,568,833
Personnel expenses	14	(22,068,132)	(19,689,221)	(18,521,260)	(16,488,535)
Prepaid rent expenses		(990,251)	(867,805)	(818,856)	(745,468)
Depreciation	28	(4,184,521)	(4,072,324)	(3,663,050)	(3,706,772)
Amortization	29	(930,809)	(665,496)	(817,351)	(609,207)
Other operating expenses	15	(41,761,035)	(44,346,010)	(38,343,016)	(39,251,590)
Profit before tax		50,022,929	39,113,344	44,636,210	34,497,806
Income tax	16	(10,536,217)	(7,826,247)	(9,380,476)	(6,072,231)
Profit for the period		**39,486,712**	**31,287,097**	**35,255,734**	**28,425,575**
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					
- Unrealised (losses)/gains during the period		17,266,423	(420,193)	-	-
- Realised gains during the period		-	-	-	-
Net changes in fair value of AFS financial instruments					
-Fair value changes during the period		13,413,968	3,206,943	13,514,011	3,241,100
Other comprehensive gain, net of related tax effects:		30,680,391	2,786,750	13,514,011	3,241,100
Total comprehensive income for the period		**70,167,103**	**34,073,847**	**48,769,745**	**31,666,675**
Profit attributable to:					
Owners of the bank		39,235,574	31,027,064	35,255,734	28,425,575
Non-controlling interest		251,138	260,033	-	-
Profit for the period		**39,486,712**	**31,287,097**	**35,255,734**	**28,425,575**
Total comprehensive income attributable to:					
Owners of the bank		68,369,271	33,891,793	48,769,745	31,666,675
Non-controlling interest		1,797,832	182,054	-	-
Total comprehensive income for the period		**70,167,103**	**34,073,847**	**48,769,745**	**31,666,675**
Total comprehensive income for the period attributable to parent:		70,167,103	34,073,847	48,769,745	31,666,675
		70,167,103	**34,073,847**	**48,769,745**	**31,666,675**
Earnings per share attributable to ordinary shareholders					
Basic (kobo)	17	161	136	142	124
Diluted (kobo)		159	135	142	124

Consolidated statement of financial position
As at 30 June 2016

In thousands of Naira	*Notes*	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Assets					
Cash and balances with banks	18	612,253,609	478,409,336	412,162,161	405,998,636
Investment under management	19	11,403,713	10,403,608	11,403,713	10,403,608
Non pledged trading assets	20	23,778,607	52,298,422	23,778,607	52,298,422
Derivative financial assets	21	155,550,018	77,905,020	155,306,292	77,852,349
Loans and advances to banks	22	69,059,407	42,733,910	100,992,370	60,414,721
Loans and advances to customers	23	1,746,863,344	1,365,830,831	1,569,741,806	1,243,215,309
Pledged assets	24	269,177,523	203,715,397	264,035,594	200,464,624
Investment securities	25	206,196,592	186,223,126	157,705,218	155,994,798
Other assets	26	91,048,323	83,014,503	82,245,216	78,623,381
Investment in subsidiaries	27b	-	-	46,624,570	45,439,246
Property and equipment	28	80,101,766	73,329,927	68,944,999	65,900,384
Intangible assets	29	7,026,886	6,440,616	4,960,944	4,977,908
Deferred tax assets	30	4,986,776	10,845,612	3,781,057	10,180,832
		3,277,446,564	2,591,150,308	2,901,682,547	2,411,764,218
Asset classified as held for sale	31	140,727	179,843	140,727	179,843
Total assets		**3,277,587,291**	**2,591,330,151**	**2,901,823,274**	**2,411,944,061**
Liabilities					
Deposits from financial institutions	32	208,982,658	72,914,421	117,460,746	63,343,785
Deposits from customers	33	1,970,423,706	1,683,244,320	1,726,027,453	1,528,213,883
Derivative financial liabilities	21	48,090,028	3,077,927	46,500,234	2,416,378
Current tax liabilities	16	6,317,489	7,780,824	5,328,917	6,442,311
Other liabilities	34	91,961,420	69,355,947	82,158,521	64,094,358
Deferred tax liabilities	30	476,062	266,644	-	-
Debt securities issued	35	212,484,633	149,853,640	111,510,594	78,516,655
Interest-bearing borrowings	36	304,070,191	231,467,161	405,630,228	302,919,987
Retirement benefit Obligation	37	6,164,500	5,567,800	6,157,427	5,567,800
Total liabilities		**2,848,970,687**	**2,223,528,684**	**2,500,774,120**	**2,051,515,157**
Equity					
Share capital and share premium	38	212,438,802	212,438,802	212,438,802	212,438,802
Retained earnings		70,691,647	51,730,369	70,748,085	49,459,102
Other components of equity		139,788,357	99,732,330	117,862,267	98,531,000
Total equity attributable to owners of the Bank		**422,918,806**	**363,901,501**	**401,049,154**	**360,428,904**
Non controlling interest	38	5,697,798	3,899,966	-	-
Total equity		**428,616,604**	**367,801,467**	**401,049,154**	**360,428,904**
Total liabilities and equity		**3,277,587,291**	**2,591,330,151**	**2,901,823,274**	**2,411,944,061**

Signed on behalf of the Board of Directors on 28 July 2016 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 2016	**14,463,986**	**197,974,816**	**39,625,042**	**50,097,911**	**554,898**	**(1,732,711)**	**3,489,080**	**13,268,889**	**(5,570,719)**	**51,730,369**	**363,901,561**	**3,899,966**	**367,801,527**
Total comprehensive income for the period:													
Profit for the period										39,235,574	39,235,574	251,138	39,486,712
											-		
Other comprehensive income, net of tax											-		
Unrealised foreign currency translation difference	-	-	-	-	-	-	-	-	15,719,687	-	15,719,687	1,546,736	17,266,423
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	-	13,414,010	-	-	13,414,010	(42)	13,413,968
Total other comprehensive (loss)/income	**-**	**-**	**-**	**-**		**-**	**-**	**13,414,010**	**15,719,687**	**-**	29,133,697	1,546,694	**30,680,391**
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**13,414,010**	**15,719,687**	**39,235,574**	68,369,271	1,797,832	**70,167,103**
Transactions with equity holders, recorded directly in equity:													
Transfers during the period	-	-	3,104,584	8,491,321	-	-	-	-	-	(11,595,905)	-	-	-
Additional shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Scheme shares	-	-	-	-	501,329	-	-	-	-	-	501,329	-	501,329
Vested Shares	-	-	-	-	-	(1,174,964)	-	-	-	-	(1,174,964)	-	(1,174,964)
Dividend paid to equity holders	-	-	-	-	-	-	-	-	-	(8,678,391)	(8,678,391)	-	(8,678,391)
Total contributions by and distributions to equity holders	**-**	**-**	**3,104,584**	**8,491,321**	**501,329**	**(1,174,964)**	**-**	**-**	**-**	**(20,274,296)**	**(9,352,026)**	**-**	**(9,352,026)**
Balance at 30 June 2016	**14,463,986**	**197,974,816**	**42,729,626**	**58,589,232**	**1,056,227**	**(2,907,675)**	**3,489,080**	**26,682,899**	**10,148,968**	**70,691,647**	**422,918,806**	**5,697,798**	**428,616,604**

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 2015	**11,441,460**	**161,036,211**	**21,205,031**	**37,078,604**	**295,419**	**(976,127)**	**3,489,080**	**9,881,402**	**(3,710,648)**	**34,139,453**	**273,879,885**	**3,530,843**	**277,410,728**
Total comprehensive income for the period:													
Profit for the period										31,027,065	31,027,065	260,033	31,287,098
Other comprehensive income, net of tax													
Unrealised foreign currency translation difference	-	-	-	-	-	-	-	-	(342,214)	-	(342,214)	(77,979)	(420,193)
Fair value changes on AFS financial instruments from associates	-	-	-	-	-	-	-	3,206,943	-	-	3,206,943	-	3,206,943
Total other comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,206,943**	**(342,214)**	**-**	2,864,729	(77,979)	**2,786,750**
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,206,943**	**(342,214)**	**31,027,065**	33,891,794	182,054	**34,073,848**
Transactions with equity holders, recorded directly in equity:													
Transfers during the period	-	-	(5,086,736)	6,334,078	-	-	-	-	-	(1,247,342)	-	-	-
Scheme shares	-	-	-	-	186,728	(1,007,903)	-	-	-	-	(821,175)	-	(821,175)
Dividend paid to equity holders	-	-	-	-	-	-	-	-	-	(7,979,691)	(7,979,691)	(39,690)	(8,019,381)
Total contributions by and distributions to equity holders	**-**	**-**	**(5,086,736)**	**6,334,078**	**186,728**	**(1,007,903)**	**-**	**-**	**-**	**(9,227,033)**	**(8,800,866)**	**(39,690)**	**(8,840,556)**
Balance at 30 June 2015	**11,441,460**	**161,036,211**	**16,118,295**	**43,412,682**	**482,147**	**(1,984,030)**	**3,489,080**	**13,088,345**	**(4,052,862)**	**55,939,485**	**298,970,813**	**3,673,208**	**302,644,020**

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	-	-	-	-	-	-	-	35,255,734	**35,255,734**
Other comprehensive income, net of tax									
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	13,514,011	-	**13,514,011**
Total other comprehensive (loss)	**-**	**-**	**-**	**-**	**-**	**-**	**13,514,011**	**-**	**13,514,011**
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**13,514,011**	**35,255,734**	**48,769,745**
Transactions with equity holders, recorded directly in equity:									
Transfers for the period	-	-	-	5,288,360	-	-	-	(5,288,360)	-
Dividend paid to equity holders	-	-	-	-	-	-	-	(8,678,391)	**(8,678,391)**
Scheme shares	-	-	-	-	528,896	-	-	-	**528,896**
Total contributions by and distributions to equity holders	**-**	**-**	**-**	**5,288,360**	**528,896**	**-**	**-**	**(13,966,751)**	**(8,149,495)**
Balance at 30 June 2016	**14,463,986**	**197,974,816**	**37,826,382**	**48,685,512**	**1,056,227**	**3,489,081**	**26,805,065**	**70,748,085**	**401,049,154**

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, 2015	**11,441,460**	**161,036,211**	**17,001,981**	**34,558,437**	**295,419**	**3,489,081**	**9,833,418**	**36,499,779**	**274,155,786**
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	-	-	28,425,575	**28,425,575**
Other comprehensive income, net of tax									
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	3,241,100	-	**3,241,100**
Total other comprehensive (loss)	**-**	**-**	**-**	**-**	**-**	**-**	**3,241,100**	**-**	**3,241,100**
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**3,241,100**	**28,425,575**	**31,666,675**
Transactions with equity holders, recorded directly in equity:									
Transfers for the period	-	-	(4,095,666)	4,263,836	-	-	-	(168,170)	-
Dividend paid to equity holders	-	-	-	-	-	-	-	(8,009,022)	**(8,009,022)**
Scheme shares	-	-	-	-	152,702	-	-	-	**152,702**
Total contributions by and distributions to equity holders	**-**	**-**	**(4,095,666)**	**4,263,836**	**152,702**	**-**	**-**	**(8,177,192)**	**(7,856,320)**
Balance at 30 June 2015	**11,441,460**	**161,036,211**	**12,906,315**	**38,822,273**	**448,121**	**3,489,081**	**13,074,518**	**56,748,162**	**297,966,141**

Consolidated statement of cash flows

In thousands of Naira	Group June 2016	Group June 2015	Bank June 2016	Bank June 2015
Cash flows from operating activities				
Profit before income tax and discontinued operations	50,022,929	39,113,345	44,636,210	34,497,806
Adjustments for:				
Depreciation of property and equipment	4,184,521	4,072,324	3,663,050	3,706,776
Amortization of intangible assets	930,809	665,496	817,351	609,207
Gain on disposal of property and equipment	(25,751)	(70,262)	(17,614)	(67,970)
Loss/(Gain) on disposal of investment securities	15,042,222	(518,650)	15,050,287	(510,896)
Impairment on financial assets	10,212,305	8,886,639	8,557,077	9,105,371
Additional gratuity provision	596,700	382,246	589,627	382,246
Equity share-based payment expense	528,896	186,728	528,897	152,703
Property and equipment written off	65,042	52,429	64,925	52,429
Net interest income	(70,914,236)	(48,162,889)	(59,338,295)	(41,558,316)
Unrealised foreign exchange loss on revaluation	15,219,791	8,233,981	15,360,145	8,324,469
Dividend income	(2,313,389)	(3,602,567)	(2,313,389)	(4,058,999)
	23,549,839	9,238,819	27,598,271	10,634,826
Changes in operating assets				
Change in non-pledged trading assets	28,519,815	(20,184,403)	28,519,815	(20,184,403)
Change in derivative financial instruments	(32,363,762)	(37,130,570)	(33,370,087)	(37,107,669)
Change in pledged assets	(65,462,126)	(114,787,097)	(63,570,970)	(113,715,305)
Change in restricted deposits	(78,574,627)	(35,902,767)	(77,630,094)	(21,137,214)
Change in loans and advances to banks and customers	(324,821,721)	(160,744,107)	(302,386,289)	(67,412,854)
Change in other assets	(10,034,087)	(22,233,641)	(5,135,426)	(26,918,277)
Change in deposits from banks	137,216,216	33,579,003	55,264,940	33,994,609
Change in deposits from customers	285,234,361	182,286,801	196,848,801	161,013,144
Change in other liabilities	22,605,473	35,297,043	18,064,161	36,316,395
Payment to gratuity benefit holders		-		-
Interest paid on deposits to banks and customers	(34,018,234)	(40,455,482)	(29,165,563)	(36,073,482)
Interest received on loans and advances	84,956,596	74,783,209	76,621,505	67,162,701
	36,807,743	(96,253,192)	(108,340,936)	(13,427,530)
Income tax paid	(5,931,298)	(2,304,446)	(4,094,095)	(860,415)
Net cash generated/(used) in operating activities	30,876,445	(98,557,638)	(112,435,031)	(14,287,945)
Cash flows from investing activities				
Acquisition of investment securities	(194,241,825)	(265,177,250)	(180,169,803)	(256,118,418)
Interest received on investment securities	20,891,382	19,225,541	35,576,603	16,696,029
Dividend received	805,081	3,602,567	805,081	4,058,999
Acquisition of property and equipment	(9,667,920)	(8,063,574)	(6,794,568)	(6,322,498)
Proceeds from the sale of property and equipment	697,126	1,011,090	39,594	940,828
Acquisition of intangible assets	(948,493)	(809,269)	(800,387)	(662,968)
Proceeds from matured investment securities	53,841,709	136,953,547	46,420,238	119,085,181
Proceeds from sale of associates	606,656	-	606,656	-
Additional investment in subsidiary of subsidiaries	-	-	(1,185,324)	-
Proceeds from sale of investment securities	119,377,573	211,887,780	113,081,739	200,309,303
Proceed on disposal of Asset Held for Sale	39,116	-	39,116	-
Net cash (used)/ generated from investing activities	**(8,599,595)**	**98,630,432**	**7,618,945**	**77,986,455**
Cash flows from financing activities				
Interest paid on borrowings and debt securities issued	(8,280,522)	(10,193,119)	(8,205,380)	(10,535,240)
Proceeds from interest bearing borrowings	63,887,158	7,682,047	62,966,264	6,435,000
Repayment of interest bearing borrowings	(12,151,794)	(7,444,124)	(12,151,794)	(7,444,124)
Purchase of own shares	(1,202,471)	(1,007,903)	-	-
Dividends paid to owners	(8,678,391)	(8,019,381)	(8,678,391)	(8,009,022)
Net cash provided by/(used in) financing activities	**33,573,980**	**(18,982,479)**	**33,930,699**	**(19,553,385)**
Net increase/(decrease) in cash and cash equivalents	55,850,830	(18,909,686)	(70,885,387)	44,145,125
Cash and cash equivalents at end of year	289,888,733	133,279,374	92,514,158	144,194,730
Cash and cash equivalents at beginning of year	234,044,111	152,748,398	163,405,749	100,897,058
Effect of exchange rate fluctuations on cash held	(6,208)	(559,339)	(6,205)	(847,452)
Net increase/ (decrease) in cash and cash equivalents	55,850,830	(18,909,685)	(70,885,386)	44,145,124

1.0 General information

Access Bank Plc ("the Bank") is a company domiciled in Nigeria. The address of the Bank's registered office is Plot 999c, Danmole Street, off Adeola Odeku/Idejo Street, Victoria Island, Lagos (formerly Plot 1665, Oyin Jolayemi, Victoria Island, Lagos). The consolidated financial statements of the Bank for the period ended 30 June 2016 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 28 July 2016. 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.
- investment property is 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 2015 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 (FRC).

(i) Amendments to IFRS 8, 'Operating segments' effective for annual periods after 01 July 2014

The standard is amended to require disclosure of the judgments made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported. Entities would have to disclose the factors they have considered in identifying reportable segments, including the basis of their organization in the financial statement.

(ii)Amendments to IFRS 13, 'Fair value measurement', effective for annual periods after 01 July 2014

The amendment clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9. Entities are required to apply this amendment prospectively from the beginning of the first annual period in which IFRS 13 is applied.

(iii)Amendments to IFRS 2, 'Share-based payment' effective for annual periods after 01 July 2014

The amendment clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'. Previously, IFRS did not separately define these concepts. The amendment is effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

There is no material impact of these amendments to the group

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

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

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

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.

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.
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.
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.

Management has not assessed the impact of the amendments on the group. 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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Changes in the fair value of monetary securities denominated in foreign currency classified as 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
- 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
			Investment under management
			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		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 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 year 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
Doubtful	50%	Interest and/or principal overdue by
Lost	100%	Interest and/or principal overdue by

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.

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

Had there been a 20% reduction in expected cashflows from all the significant impaired loans, there would have been an additional impairment of N3.06bn in the financial statements relating to this. In addition, if the LGDs were increased by 2%, there would have been an additional impairment charge of N409m and if the PDs and LGDs decreased by 2%, there would have been a write back of impairment of N934mn.

	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
	Loans and advances to individuals		Loans and advances to corporates	
Impact on Profit before tax				
20% reduction in expected cashflow and tigger on customer rated 5	4,301,632	3,288,201	3,914,869	2,421,278
Increase in LGD and PD by 2%	22,470,933	18,590,841	21,929,332	17,761,796
Decrease in LGDs and PD by 2%	(12,105,557)	(17,571,970)	(20,585,195)	(16,775,437)
Increase in LGDs and PD by 10%	24,760,241	20,746,946	24,176,162	19,852,878
Decrease in LGDs and PD by 10%	(18,913,803)	(15,662,340)	(18,435,920)	(14,930,831)

Statement of prudential adjustments

Provisions under prudential guidelines are determined using the time based provisioning regime prescribed by the Revised Central Bank of Nigeria (CBN) Prudential Guidelines. This is at variance with the incurred loss model required by IFRS under IAS 39. As a result of the differences in the methodology/provision regime, there will be variances in the impairments allowances required under the two methodologies.

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

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

- Prudential Provisions is greater than IFRS provisions; the excess provision resulting should be transferred from the general reserve account to a "regulatory risk reserve".
- Prudential Provisions is less than IFRS provisions; IFRS determined provision is charged to the statement of comprehensive income. The cumulative balance in the regulatory risk reserve is thereafter reversed to the general reserve account

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

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

Statement of prudential adjustments *In thousands of Naira*		**June 2016**	**December 2015**
Bank	Note		
Loans & advances:			
Specific impairment allowances on loans to customers			
- Loans to Individuals	23(b)	287,373	250,624
- Loans to Corporate	23(b)	12,754,854	8,922,599
Specific impairment allowances on loans to banks	22		
Collective impairment allowances on loans to customers			
- Loans to Individuals	23(b)	934,555	861,632
- Loans to Corporates	23(b)	20,579,445	16,871,228
Collective impairment allowances on loans to banks	22	5,718	9,086
Total impairment allowances on loans per IFRS		**34,561,945**	**26,915,169**
Total regulatory impairment based on prudential gudielines		**72,388,327**	**64,741,551**
Balance, beginning of the year		37,826,382	17,001,981
Additional transfers to regulatory risk reserve		-	20,824,401
Balance, end of the period		**37,826,382**	**37,826,382**

During the course of the year, the central bank of Nigeria (CBN) via cicrular BSD/DIR/GEN/LAB/08/052 dated 11 November 2015, directed banks in Nigeria to increase the general provision on performing loans from 1 percent to 2 percent for prudential review of credit portfolios in order to ensure adequate buffer against unexpected loan losses.

4.1 *Valuation of financial instruments*

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

4.1.1 Recurring fair value measurements

In thousands of Naira
Group
June 2016

	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Investment under management	4,898,122	6,239,068	-	11,137,190
Non pledged trading assets				
Treasury bills	16,958,525	337,557	-	17,296,082
Bonds	6,407,725	10,821	-	6,418,546
Equity	63,979	-	-	63,979
Derivative financial instrument	-	155,550,018	-	155,550,018
Pledged assets				
Treasury bills	148,816,100	151,747	-	148,967,847
Bonds	19,967,230	-	-	19,967,230
Investment securities				
Available for sale				
Treasury bills	52,946,566	-	-	52,946,566
Bonds	9,002,186	12,428,405	-	21,430,591
Equity	-	13,186,481	47,608,216	60,794,697
Assets held for sale	-	-	140,727	140,727
	259,060,433	187,904,097	47,748,943	494,713,473
Liabilities				
Derivative financial instrument		48,090,028	-	48,090,028
	-	48,090,028	-	48,090,028

Group
December 2015

	Level 1	Level 2	Level 3	Total
Assets				
Investment under management	3,093,403	7,309,287	-	10,402,690
Non pledged trading assets				
Treasury bills	31,738,748	18,470,695	-	50,209,443
Bonds	2,025,000	-	-	2,025,000
Equity	63,979	-	-	63,979
Derivative financial instrument	-	77,905,020	-	77,905,020
Pledged assets				
Treasury bills	96,614,984	7,069,060	-	103,684,044
Bonds	18,669,957	-	-	18,669,957
Investment securities				
Available for sale				
Treasury bills	28,996,006	-	-	28,996,006
Bonds	56,842,367	4,361,847	-	61,204,214
Equity	-	9,068,864	35,523,466	44,592,330
Assets held for sale	-	-	179,843	179,843
	238,044,444	124,184,773	35,703,309	397,932,526
Liabilities				
Derivative financial instrument	-	3,077,927	-	3,077,927
	-	3,077,927	-	3,077,927

Bank
June 2016
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Investment under management	4,898,122	6,239,068	-	11,137,190
Non pledged trading assets				
Treasury bills	16,958,525	337,557	-	17,296,082
Bonds	6,407,725	10,821	-	6,418,546
Equity	63,979	-	-	63,979
Pledged assets				
Treasury bills	143,674,171	151,747		143,825,918
Bonds	19,967,230	-	-	19,967,230
Derivative financial instrument	-	155,306,292	-	155,306,292
Investment securities				
Available for sale				
Treasury bills	15,375,143		-	15,375,143
Bonds	7,929,562	12,428,405	-	20,357,967
Equity	-	13,186,481	47,392,160	60,578,641
Asset held for sale	-	-	140,727	140,727
	215,274,458	187,660,371	47,532,887	450,467,715
Liabilities				
Derivative financial instrument	-	46,500,234	-	46,500,234
	-	46,500,234	-	46,500,234

Bank
December 2015
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Investment under management	3,093,403	7,309,287	-	10,402,690
Non pledged trading assets				
Treasury bills	31,738,748	18,470,695	-	50,209,443
Bonds	2,025,000	-	-	2,025,000
Equity	63,979	-	-	63,979
Pledged assets				
Treasury bills	96,614,984	7,069,060	-	103,684,044
Bonds	18,669,957	-	-	18,669,957
Derivative financial instrument	-	77,852,349	-	77,852,349
Investment securities				
Available for sale				
Treasury bills	10,436,981	-	-	10,436,981
Bonds	56,842,367	3,853,736	-	60,696,103
Equity	-	9,058,784	35,516,671	44,575,455
Asset held for sale		-	179,843	179,843
	219,485,419	123,613,911	35,696,514	378,795,844
Liabilities				
Derivative financial instrument		2,416,378		2,416,378
	-	2,416,378	-	2,416,378

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

4.1.2 Financial instruments not measured at fair value

Group
June 2016
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	612,253,609	-	612,253,609
Investment under management	266,523	-	-	266,523
Loans and advances to banks	-	69,059,407	-	69,059,407
Loans and advances to customers	-	-	1,470,773,872	1,470,773,872
Pledged assets				
Treasury bills	-	-	-	-
Bonds	111,804,896	-	-	111,804,896
Investment securities				
Held to Maturity				
Treasury bills	8,095,495	-	-	8,095,495
Bonds	56,662,011	6,503,016	-	63,165,027
Other assets	-	55,744,877	-	55,744,877
	176,828,925	743,560,909	1,470,773,872	2,391,163,706
Liabilities				
Deposits from financial institutions	-	208,982,658	-	208,982,658
Deposits from customers	-	1,970,423,706	-	1,970,423,706
Other liabilities	-	90,135,838	-	90,135,838
Debt securities issued	188,908,801	-	-	188,908,801
Interest-bearing borrowings		304,070,191	-	304,070,191
	188,908,801	2,573,612,393	-	2,762,521,194

Group
December 2015
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	478,409,336	-	478,409,336
Investment under management	918	-	-	918
Loans and advances to banks	-	43,117,434	-	43,117,434
Loans and advances to customers	-	-	1,364,822,146	1,364,822,146
Pledged assets				
Treasury bills	-	-	-	-
Bonds	58,349,639	-	-	58,349,639
Investment securities				
Held to Maturity				
Treasury bills	7,665,767		-	7,665,767
Bonds	58,349,638	5,559,182	-	63,908,820
Other assets		72,160,739	-	72,160,739
	124,365,962	599,246,691	1,364,822,146	2,088,434,799

	Level 1	Level 2	Level 3	Total
Liabilities				
Deposits from financial institutions	-	72,910,858	-	72,910,858
Deposits from customers	-	1,682,766,276	-	1,682,766,276
Other liabilities	-	65,277,321	-	65,277,321
Debt securities issued	137,841,311	-	-	137,841,311
Interest-bearing borrowings	-	236,648,640	-	236,648,640
	137,841,311	2,057,603,095	-	2,195,444,406

Bank
June 2016
In thousands of Naira

		Level 1	Level 2	Level 3	Total
Assets					
Cash and balances with banks		-	412,162,161	-	412,162,161
Investment under management		266,523	-	-	266,523
Loans and advances to banks	-	-	100,992,370	-	100,992,370
Loans and advances to customers	-	-	-	1,321,986,323	1,321,986,323
Pledged assets					
Treasury bills		-	-	-	-
Bonds		111,804,896	-	-	111,804,896
Investment securities			-	-	-
Held to maturity		-	-		
Treasury bills		-	-	-	-
Bonds		47,930,054	6,503,016	-	54,433,070
Other Assets		-	51,153,785	-	51,153,785
		160,001,473	570,811,332	1,321,986,323	2,052,799,128
Liabilities					
Deposits from financial institutions		-	117,460,746	-	117,460,746
Deposits from customers		-	1,726,027,453	-	1,726,027,453
Other liabilities		-	80,921,022	-	80,921,022
Debt securities issued		89,469,949	-	-	89,469,949
Interest-bearing borrowings		99,438,852	302,546,982	-	401,985,834
		188,908,801	2,226,956,203	-	2,415,865,004

Bank
December 2015
In thousands of Naira

		Level 1	Level 2	Level 3	Total
Assets					
Cash and balances with banks		-	405,998,636	-	405,998,636
Investment under management		918	-	-	918
Loans and advances to banks	-	-	60,276,940	-	60,276,940
Loans and advances to customers	-	-	-	1,242,206,624	1,242,206,624
Pledged assets					
Treasury bills		-	-	-	-
Bonds		58,573,185	-	-	58,573,185
Investment securities					
Held to maturity					
Treasury bills		-	-	-	-
Bonds		35,949,492	2,750,701	-	38,700,193
Other Assets		-	69,509,746	-	69,509,746
		94,523,595	538,536,023	1,242,206,624	1,875,266,242
Liabilities					
Deposits from financial institutions		-	63,342,003	-	63,342,003
Deposits from customers		-	1,527,735,839	-	1,527,735,839
Other liabilities		-	62,871,485	-	62,871,485
Debt securities issued		69,591,973	-	-	69,591,973
Interest-bearing borrowings		68,249,338	236,066,022	-	304,315,360
		137,841,311	1,890,015,349	-	2,027,856,660

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

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

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

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

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

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

(ii) Determination of fair value of 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 30 June 2016	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	11,809,616	Fair value through quoted share price as at last trade date.	Share price from last trade date Number of units owned by Access bank	12,400,097	11,219,135	The higher the share price as at the last trade date, the higher the fair value
Investment in Etranzact	1,376,864	Fair value through quoted share price as at last trade date.	Share price from last trade date Number of units owned by Access bank	1,445,707	1,308,021	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 30 June 2016	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 Corpooration	42,039,466	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	43,008,312	39,025,825	43,133,779	43,298,710	The higher the illiquidity ratio and the Earnings per share haircut adjustment the higher the fair value
Investment in Unified Payment System	2,604,324	Adjusted fair value comparison approach	Median of Enterprise value to EBITDA ratio (EV/EBITDA) of similar comparable companies	2,534,789	2,369,858	2,268,770	2,635,876	The higher the illiquidity ratio and the Earnings per share haircut adjustment the higher the fair value
Investment in CSCS	1,229,560	Adjusted fair value comparison approach	Median of Enterprise value to EBITDA ratio (EV/EBITDA) of similar comparable companies	1,388,158	1,506,039	1,315,890	1,578,718	The higher the illiquidity ratio and the Earnings per share haircut adjustment the higher the fair value
Investment in Stanbic IBTC Pension managers	957,180	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	700,204	636,101	595,062	744,098	The higher the illiquidity ratio and the Earnings per share haircut adjustment the higher the fair value
Investment in NIBSS	1,141,579	Adjusted fair value comparison approach	Weighted Price to earnings (P/E) ratio of similar comparable companies	1,198,658	1,084,500	1,014,533	12,688,626	The higher the illiquidity ratio and the Earnings per share haircut adjustment the higher the fair value
Investment in Afrexim	10,625	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	11,156	10,094	10,457	10,793	The higher the illiquidity ratio and the Earnings per share haircut adjustment the higher the fair value
Investment in FMDQ	111,484	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	117,058	105,910	99,077	123,891	The higher the illiquidity ratio and the Earnings per share haircut adjustment the higher the fair value
Investment in CRC	278,237	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	287,865	266,720	253,760	300,825	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 30 June 2016

Equity Securities - Available for Sale	**Group June 2016**	**Group December 2015**	**Bank June 2016**	**Bank December 2015**
Opening balance	37,159,966	35,523,466	35,516,671	34,035,133
Total unrealised gains or (losses)				
in OCI	12,111,012	1,528,754	11,901,751	1,373,792
Reclassification	(26,262)	107,746	(26,262)	107,746
Balance, period end	49,244,716	37,159,966	47,392,160	35,516,671

Assets Held for Sale	**Group June 2016**	**Group December 2015**	**Bank June 2016**	**Bank December 2015**
Opening balance	179,843	23,438,484	179,843	23,438,484
Total unrealised gains or (losses)				
Cost of Asset Additions/ (Disposal)	(39,116)	(23,258,641)	(39,116)	(23,258,641)
Balance, period end	140,727	179,843	140,727	179,843

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 period to period.

In accordance with IFRS 13 Fair Value Measurement, which outlines three approaches for valuing unquoted equity instruments; market approach, the income approach and the cost approach. The Group estimated the fair value of its investment in each of the unquoted equity securities at the end of the financial 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 24% and EPS Haircut Adjustment of 45% 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 24% are used to discount the value of the investment being that they are not tradable
ii. EPS Hair cut "emerging market" discount of 45% 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 19.10% and a cash flow growth rate of 7.96% over a period of four years. The Group determined the appropriate discount rate at the end of the reporting period. 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 reporting period. In determining the appropriate discount rate, reference is made to the yield on Nigerian Government Bonds that have maturity dates approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions. 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* **30 June 2016**	**Trading**	**Derivatives held for trading**	**Held-to-maturity**	**Loans and receivables at amortized cost**	**Available-for-sale**	**Financial Liabilities measured at amortized cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	-	-	-	612,253,609	-	-	612,253,609	612,253,609
Investment under management	-	-	-	-	11,403,713	-	11,403,713	11,137,190
Non pledged trading assets	-	-	-	-	-	-	-	-
Treasury bills	17,296,082	-	-	-	-	-	17,296,082	17,296,082
Bonds	6,418,546	-	-	-	-	-	6,418,546	6,418,546
Equity	63,979	-	-	-	-	-	63,979	63,979
Derivative financial instruments	-	155,550,018	-	-	-	-	155,550,018	155,550,018
Loans and advances to banks	-	-	-	69,059,407	-	-	69,059,407	69,059,407
Loans and advances to customers	-	-	-	1,746,863,344	-	-	1,746,863,344	1,470,773,872
Pledged assets								
Treasury bills	-	-	-	-	148,967,847	-	148,967,847	148,967,847
Bonds	-	-	104,456,604		15,753,072	-	120,209,676	111,804,896
Investment securities								
- Available for sale								
Treasury bills	-	-	-	-	52,946,566	-	52,946,566	52,946,566
Bonds	-	-	-	-	21,430,591	-	21,430,591	21,430,591
Equity	-	-	-	-	60,558,913	-	60,558,913	60,558,913
- Held to Maturity								
Treasury bills	-	-	8,095,495	-	-	-	8,095,495	8,095,495
Bonds		-	63,165,027	-	-	-	63,165,027	63,165,027
Other assets	-	-	-	55,744,877	-	-	55,744,877	55,744,877
	23,778,607	**155,550,018**	**175,717,126**	**2,483,921,237**	**311,060,702**	**-**	**3,150,027,690**	**2,865,266,915**
Deposits from financial institutions	-	-	-	-	-	208,982,658	208,982,658	208,982,658
Deposits from customers	-	-	-	-	-	1,970,423,706	1,970,423,706	1,970,423,706
Other liabilities	-	-	-	-	-	91,961,420	91,961,420	90,135,838
Derivative financial instruments	-	48,090,028		-	-	-	48,090,028	48,090,028
Debt securities issued	-	-	-	-	-	212,484,633	212,484,633	188,908,801
Interest bearing borrowings	-	-	-	-	-	304,070,191	304,070,191	304,070,191
	-	**48,090,028**	**-**	**-**	**-**	**2,787,922,608**	**2,836,012,636**	**2,810,611,222**

Group *In thousands of Naira* **31 December 2015**	**Trading**	**Derivatives held for trading**	**Held-to-maturity**	**Loans and receivables at amortized cost**	**Available-for-sale**	**Financial Liabilities measured at amortized cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	-	-	-	478,409,336	-	-	478,409,336	478,409,336
Investment under management	-	-	918	-	10,402,690	-	10,403,608	10,406,579
Non pledged trading assets								
Treasury bills	50,209,443	-	-	-	-	-	50,209,443	50,209,443
Bonds	2,025,000	-	-	-	-	-	2,025,000	2,025,000
Equity	63,979	-	-	-	-	-	63,979	63,979
Derivative financial instruments	-	77,905,020	-	-	-	-	77,905,020	77,905,020
Loans and advances to banks	-	-	-	42,733,910	-	-	42,733,910	43,117,434
Loans and advances to customers	-	-	-	1,365,830,831	-	-	1,365,830,831	1,364,822,146
Pledged assets								
Treasury bills		-	3,250,773	-	103,684,044	-	106,934,817	106,934,817
Bonds	-	-	78,110,623		18,669,957	-	96,780,580	77,019,596
Investment securities								
- Available for sale								
Treasury bills	-	-	-	-	28,996,006	-	28,996,006	28,996,006
Bonds	-	-	-	-	61,204,214	-	61,204,214	61,204,214
Equity	-	-	-	-	44,592,330	-	44,592,330	44,592,330
- Held to Maturity								
Treasury bills	-	-	7,687,281	-	-	-	7,687,281	7,665,767
Bonds		-	43,743,295	-	-	-	43,743,295	44,320,781
Other assets	-	-	-	72,160,739	-	-	72,160,739	72,160,739
	52,298,422	**77,905,020**	**132,792,890**	**1,959,134,816**	**267,549,241**	**-**	**2,489,680,389**	**2,469,853,187**
Deposits from financial institutions	-	-	-	-	-	72,914,421	72,914,421	72,910,858
Deposits from customers	-	-	-	-	-	1,683,244,320	1,683,244,320	1,682,766,276
Other liabilities	-	-	-	-	-	65,277,321	65,277,321	65,277,321
Derivative financial instruments	-	3,077,927		-	-	-	3,077,927	3,077,927
Debt securities issued	-	-	-	-	-	149,853,640	149,853,640	137,841,311
Interest bearing borrowings	-	-	-	-	-	231,467,161	231,467,161	236,648,640
	-	**3,077,927**	**-**	**-**	**-**	**2,202,756,863**	**2,205,834,790**	**2,198,522,333**

Bank *In thousands of Naira* **30 June 2016**	**Trading**	**Derivatives held for trading**	**Held-to-maturity**	**Loans and receivables at amortised cost**	**Available-for-sale**	**Financial Liabilities measured at amortized cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	-	-	-	412,162,161	-	-	412,162,161	412,162,161
Investment under management	-	-	-	-	11,403,713	-	11,403,713	11,403,713
Non pledged trading assets								
Treasury bills	17,296,082	-	-	-	-	-	17,296,082	17,296,082
Bonds	6,418,546	-	-	-	-	-	6,418,546	6,418,546
Equity	63,979						63,979	63,979
Derivative financial instruments	-	155,306,292	-	-	-	-	155,306,292	155,306,292
Loans and advances to banks	-	-	-	100,992,370	-	-	100,992,370	100,992,370
Loans and advances to customers	-	-	-	1,569,741,806	-	-	1,569,741,806	1,321,986,323
Pledged assets								
Treasury bills	-	-	-	-	143,825,918	-	143,825,918	143,825,918
Bonds	-	-	104,456,604	-	15,753,072	-	120,209,676	111,804,896
Investment securities								
Available for sale								
Treasury bills	-	-	-	-	15,375,143	-	15,375,143	15,375,143
Bonds	-	-	-	-	16,876,068	-	16,876,068	16,876,068
Equity	-	-	-	-	63,724,338	-	63,724,338	63,724,338
Held to maturity	-	-	-	-	-	-		
Treasury bills	-	-	-	-	-	-	-	-
Bonds	-	-	61,629,250	-	-	-	61,629,250	109,087,965
Other assets	-	-	-	51,153,785	-	-	51,153,785	51,153,785
	23,778,607	**155,306,292**	**166,085,854**	**2,134,050,122**	**266,958,252**	**-**	**2,746,179,127**	**2,537,477,579**
Deposits from financial institutions	-	-	-	-	-	117,460,746	117,460,746	117,460,746
Deposits from customers	-	-	-	-	-	1,726,027,453	1,726,027,453	1,726,027,453
Derivative financial instruments	-	46,500,234	-	-	-	-	46,500,234	46,500,234
Other liabilities	-	-	-	-	-	80,921,022	80,921,022	80,921,022
Debt securities issued						111,510,594	111,510,594	89,469,949
Interest bearing borrowings	-	-	-	-	-	405,630,228	405,630,228	401,985,834
	-	**46,500,234**	**-**	**-**	**-**	**2,441,550,043**	**2,488,050,277**	**2,462,365,238**

Bank *In thousands of Naira* **31 December 2015**	**Trading**	**Derivatives held for trading**	**Held-to-maturity**	**Loans and receivables at amortised cost**	**Available-for-sale**	**Financial Liabilities measured at amortized cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	-	-	-	405,998,636	-	-	405,998,636	405,998,636
Investment under management	-	-	918	-	10,402,690	-	10,403,608	10,406,579
Non pledged trading assets								
Treasury bills	50,209,443	-	-	-	-	-	50,209,443	50,209,443
Bonds	2,025,000	-	-	-	-	-	2,025,000	2,025,000
Equity	63,979						63,979	63,979
Derivative financial instruments	-	77,852,349	-	-	-	-	77,852,349	77,852,349
Loans and advances to banks	-	-	-	60,414,721	-	-	60,414,721	60,276,940
Loans and advances to customers	-	-	-	1,243,215,309	-	-	1,243,215,309	1,242,206,624
Pledged assets								
Treasury bills	-	-	-	-	103,684,044	-	103,684,044	103,684,044
Bonds	-	-	78,110,623	-	18,669,957	-	96,780,580	77,243,142
Investment securities								
Available for sale								
Treasury bills	-	-	-	-	10,436,981	-	10,436,981	10,436,981
Bonds	-	-	-	-	60,696,103	-	60,696,103	60,696,103
Equity	-	-	-	-	44,575,185	-		44,755,565
Held to maturity								
Treasury bills	-	-	-	-	-	-	-	-
Bonds	-	825,225,321	40,286,529	-	-	-	865,511,850	38,700,193
Other assets	-	-	-	69,509,746	-	-	69,509,746	69,509,746
	52,298,422	**903,077,670**	**118,398,070**	**1,779,138,412**	**248,464,960**	**-**	**3,056,802,349**	**2,254,065,324**
Deposits from financial institutions	-	-	-	-	-	63,343,785	63,343,785	63,342,003
Deposits from customers	-	-	-	-	-	1,528,213,883	1,528,213,883	1,527,735,839
Derivative financial instruments	-	2,416,378	-	-	-	-	2,416,378	2,416,378
Other liabilities	-	-	-	-	-	62,871,485	62,871,485	62,871,485
Debt securities issued	-	-	-	-	-	78,516,655	78,516,655	69,591,973
Interest bearing borrowings	-	-	-	-	-	302,919,987	302,919,987	304,315,360
	-	**2,416,378**	**-**	**-**	**-**	**2,035,865,795**	**2,038,282,173**	**2,030,273,038**

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.

FINANCIAL RISK MANAGEMENT

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

As we navigate through new frontiers in a growth market in the ever-changing risk universe, proactive Enterprise Risk Management Framework becomes even more critical. In a bid to push the frontiers of our overall risk profile whilst remaining responsive to the ever-changing risk universe, Access Bank, in the period under review, completed the upgrade of its core Banking application software 'Flexcube" and also deployed the Access Document Management (ADM) System to aid the filing and retrieval of Customer's Credit documents.

Business Process Management Solution (BPMS) was also deployed for effective and systematic approach to making Access bank workflow more effective, more efficient and more capable of adapting to an ever-changing environment. Areas of focus include representation of the process flow, the factors within it, alerts and notifications, escalations, standard operating procedures, service level agreements, and task hand-over mechanisms.

Access Bank views and treats risks as an intrinsic part of business and maintains a disciplined approach to its management of risk. Its Group Risk functions remain dynamic and responsive to the needs of stakeholders as it improves its focus on the inter-relationships between risk types. It uses periodic reviews of risk exposure limits and risk control to position itself against adverse scenarios. This is an invaluable tool with which the bank predicted and successfully managed the headwinds – local and global. Market volatility and economic uncertainty, like was witnessed in 2008, are typically contained because the Group regularly subjects its exposures to a range of stress tests across a wide variety of products, currencies, portfolios and customer segments.

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

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

The role of the Group Chief Risk Officer in Access Bank remains pivotal as he has the primary responsibility for the overall risk management and effective ERM Framework of both the Bank and its subsidiaries. He provides robust challenge to the management teams based on quantitative and qualitative metrics. Though amendments to the Bank's ERM Framework require Board approval, the risk management division is responsible for the enforcement of the Bank's risk policy by constantly monitoring risk, with the aim of identifying and quantifying significant risk exposures and acting upon such exposures as necessary.

Risk Management in Access Bank Plc. has become a culture and everyone, from the most junior officer to the Executive Management has cultivated the risk culture. The bank officers approach every banking transaction with care, taking into consideration the bank's acceptable risk appetite.

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

Risk Management Framework

All activities and processes of Access Bank, involve the identification, measurement, evaluation, acceptance and management of risk or combinations of risks. The Board, advised by the various Board and Management Risk Committees, requires and encourages a strong risk governance culture which shapes the Group's attitude to risk. We believe that risk management encompasses the insights delivered by information which facilitate appropriate actions. Access Bank benefits from having enhanced its Group risk management framework, which gives full Group-wide coverage of a variety of risks. Our annual risk cycle is designed to give management relevant, up-to-date information from which trends can be observed and assessed. The governance structure supporting our risk cycle is designed to deliver the right information, at the right time, to the right people.

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

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

We are running an automated and workflow-driven approach to managing, communicating, and implementing Governance, Risk Management and Compliance (GRC) policies and procedures across the Bank. This provides an integrated and flexible platform for documenting and analysing risks, developing mitigation plans, defining controls, and managing ongoing risk assessments. It provides clear visibility on key risk indicators, assessment results, and compliance initiatives with integrated reporting of self-assessments, independent assessments, and automated controls.

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

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Balancing Risk and Return

Balancing risk and return and taking cognisance of the capital required demands rigorous analysis. The ultimate aim is to optimize the upside and minimize the downside with a view to adding value to our shareholders, and providing security to our other capital providers and clients, as well as ensuring overall sustainability in our business activities.
Every business activity in our Group requires us to put capital at risk in exchange for the prospect of earning a return. In some activities, the level of return is quite predictable, whereas in other activities the level of return can vary over a very wide spectrum, ranging from a loss to a profit. Accordingly, over the past year we have expended substantial energy on improving our risk and capital management framework, to focus on taking risks where we:

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

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

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

Enterprise-wide Scenario and Stress Testing

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

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

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

Risk Analytics and Reporting

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

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

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

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

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

Data Management and Integration.

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

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

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

Integrated Risk Analytics

The group guides the analytical input into the implementation of various risk software and their on-going implementation in Credit risk, Market risk, Operational risk and other risk areas. The unit also drives the development as well as implementation of the internal and regulatory risk measurement methodology and models for the core risk elements; examples of the model are Rating models, Scoring models, Probability of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD) ,etc.
The unit designs stress test models and implements the same on the Bank's portfolios and risk profile as well as comprehensive risk analyses to provide insight into all current Strategic Business Unit (SBU) risk profiles. The group also drives the full implementation of Basel II/III and manages the Internal Adequacy Assessment Process (ICAAP).

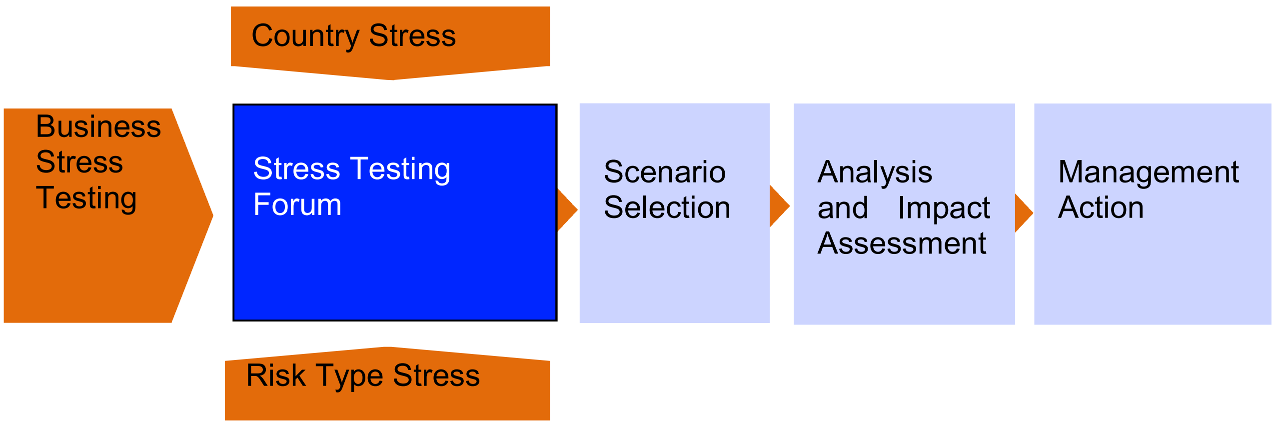
During the period, the group deepened the Risk Embedded Performance Management Frame work as part of the process of maintaining and aligning behaviours with the Bank's moderate risk appetite. Business performance will subsequently be monitored with a focus on financial performance and risk exposures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

Integrated Risk Reporting.

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

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

Stress testing framework



Our stress testing framework is designed to:

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

Risk Management Philosophy, Culture, Appetite and Objectives

Access Bank's Risk Culture Statement:

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

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

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

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

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

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

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

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

a) Management and staff:

- Consider all forms of risk in decision-making;
- Create and evaluate business-unit and Bank-wide risk profile to consider what is best for their individual business units/department and what is best for the Bank as a whole;
- Adopt a portfolio view of risk in addition to understanding individual risk elements;
- Retain ownership and accountability for risk and risk management at the business unit or other point of influence level;
- Accept that enterprise risk management is mandatory, not optional;

- Strive to achieve best practices in enterprise risk management;
- Document and report all significant risks and enterprise-risk management deficiencies;
- Adopt a holistic and integrated approach to risk management and bring all risks together under one or a limited number of oversight functions;
- Empower risk officers to perform their duties professionally and independently without undue interference;
- Ensure a clearly defined risk management governance structure;
- Ensure clear segregation of duties between market facing business units and risk management/control functions;
- Strive to maintain a conservative balance between risk and profit considerations; and
- Continue to demonstrate appropriate standards of behaviour in development of strategy and pursuit of objectives.

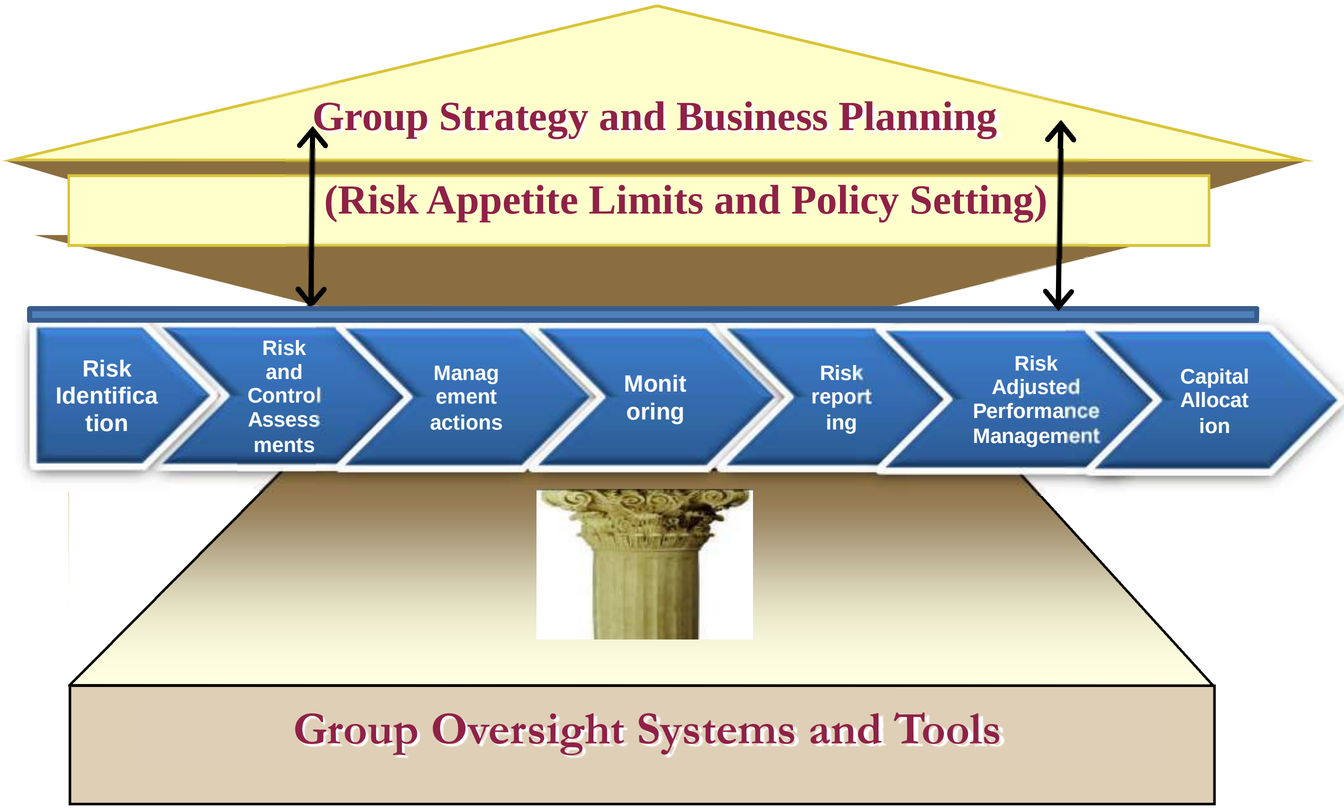
b) Risk officers' partners with other stakeholders within and outside the Bank and are guided in the exercise of their powers by a deep sense of responsibility, professionalism and respect for other parties.

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

d) Risk management is governed by well-defined policies, which are clearly communicated across the Bank.
e) Equal attention is paid to both quantifiable and non-quantifiable risks.

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

Risk management process



Group risk oversight approach

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

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

The function is complemented by the financial control and strategy group in the management of strategic and reputational risks.

The Chief Risk Officer coordinates the process of monitoring and reporting risks across the Bank. Internal audit has the responsibility of auditing the risk management and control function to ensure that all units charged with risk management perform their roles effectively on a continuous basis. Audit also tests the adequacy of internal control and makes appropriate recommendations where there are weaknesses.

Strategy and Business Planning

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

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

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

Risk Appetite

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

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

The Bank's risk profile is assessed through a 'bottom-up' analytical approach covering all of the Group's major businesses and products. The risk appetite is approved by the Board and forms the basis for establishing the risk parameters within which the businesses must operate, including policies, concentration limits and business mix.

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

Risk management objectives

The broad risk management objectives of the Bank are:

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

Scope of risks

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

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

These risks and the framework for their management are detailed in the enterprise risk management framework.

Responsibilities and functions

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

Risk Management Division

a) Champion the implementation of the ERM Framework across the Bank and subsidiaries. Periodically receive risk reports from management highlighting key risk areas, control failures and remedial action steps taken by management.

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

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

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

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

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

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

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

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

j) Champion the implementation of Basel II and III.

k) Promote risk awareness and provide education on risk.

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

Financial Control and Strategy

a) Prepare and monitor the implementation of the Bank's strategic plan

b) Conduct strategic and operational review of the Bank's activities

c) Conduct regular scanning of the Bank's operating environment

d) Coordinate and monitor the Bank's rating exercises by external rating agencies

e) Prepare business intelligence reports for the Bank's management

f) Prepare periodic management reports on subsidiaries and associates

g) Perform competitive analysis in comparison with industry peers

h) Conduct strategic/operational review of branches

Risk Management Governance Framework

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

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

2. The executive management committees; and

3. Risk management responsibilities per risk area.

Credit Risk Management

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

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

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

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

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

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

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

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

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

Credit Risk Mitigant Management Policy: The objective is to aid in effective credit portfolio management through mitigation of credit risks by using credit risk mitigation techniques.
Credit Risk Rating Policy: The objective of this policy is to ensure reliable and consistent Obligor Risk Ratings (ORRs) and Facility Risk Ratings (FRRs) throughout Access Bank and to provide guidelines for risk rating for retail and non-retail exposures in the banking book covering credit and investment books of the Bank.

Country and Cross Border Risk Management Policy: The objective of this policy is to establish a consistent framework for the identification, measurement and management of country risk across Access Bank.

Internal Capital Adequacy Assessment Process (ICAAP) Policy: The objectives of the policy are identification of material risks, measurement of material risks, monitoring & control of material risks and reporting of material risks.

Enterprise-wide Risk Management Policy: The core objective is to provide reasonable degree of assurance to the Board of Directors that the risks threatening the Bank's achievement of its vision are identified, measured, monitored and controlled through an effective integrated risk management system covering credit, market, operational, interest rate, liquidity and other material risks.

Responsibilities of Business Units and Independent Credit Risk Management

In Access Bank, Business units and independent credit risk management have a joint responsibility for the overall accuracy of risk ratings assigned to obligors and facilities. Business Relationship Managers will be responsible for deriving the ORR and FRR using approved methodologies as set out in this policy, however independent credit risk management will validate such ratings.

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

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

Credit Process

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

If a preliminary analysis of a loan request by the account manager indicates that it merits further scrutiny, it is then analyzed in greater detail by the account manager, with further detailed review by Credit Risk Management. The concurrence of Credit Risk Management must be obtained for any credit extension. If the loan application passes the detailed analysis it is then submitted to the appropriate approval authority for the size and risk rating of facilities

The standard credit evaluation process is based both on quantitative figures from the Financial Statements and on an array of qualitative factors. Factual information on the borrower is collected as well as pertinent macroeconomic data, such as an outlook for the relevant sector, etc. These subjective factors are assessed by the analyst and all individuals involved in the credit approval process, relying not only on quantitative factors but also on extensive knowledge of the company in question and its management.

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

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

The Risk rating policy incorporates credit risk rating models which estimate risk of obligor default and facility risks (covering both recovery as well as exposure risk). These models are currently based on expert judgment for Retail and Non-Retail Exposures. Our goal is to adopt the Internal Rating Based (“IRB”) approach. The data required to facilitate the IRB approach are being gathered.

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

Credit Risk Rating Models in Access Bank Plc

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

For Retail Exposures:

Obligor Risk Rating (ORR) Models have been developed for:

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

Facility Risk Rating (FRR) Models have been developed for:

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

For Non – Retail Exposures:

Obligor Risk Rating (ORR) Models have been developed for:

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

Facility Risk Rating (FRR) Models have been developed for

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

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

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

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

Risk Rating Scale and external rating equivalent
Access Bank operates a 12-grade numeric risk rating scale. The risk rating scale runs from 1 to 8. Rating 1 represents the best obligors and facilities and rating 8 represents the worst obligors and facilities. The risk rating scale incorporates sub-grades and full grades reflective of realistic credit migration patterns.
The risk rating scale and the external rating equivalent is detailed below:

Access Bank Risk Rating	S&P Long term equivalent	Grade
1	AAA	Investment Grade
2+	AA	
2	A	
2-	BBB	
3+	BB+	Standard Grade
3	BB	
3-	BB-	
4	B	Non Investment Grade
5	B-	
6	CCC	
7	C	
8	D	

Credit Risk Control & Mitigation policy

Authority Limits on Credit

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

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

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

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

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

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

Authority	Approval Limit
Group Managing Director	N 200,000,000
Group Deputy Managing Director	N 150,000,000
Group Executive Director	N 75,000,000
Managing Directors of bank subsidiaries	See Below:

COUNTRY	APPROVAL LIMIT (N)
DRC	10 MILLION
GHANA	65 MILLION
RWANDA	20 MILLION
RWANDA	10 MILLION
ZAMBIA	10 MILLION

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

Access Bank Risk Rating	S&P Long term equivalent	Board Credit Committee Approval Limit	Management Credit Committee Approval Limit
1	AAA	N25Bn	N10Bn
2^{+}	AA	N25Bn	N7.5bn
2	A	N15Bn	N2Bn
2^{-}	BBB	N5Bn	N1Bn
3^{+}	BB+	N1Bn	N0.5Bn
3	BB	N1Bn	N0.5Bn
3^{-}	BB^{-}	N0.5Bn	N0.1Bn
4	B	N0.5Bn	N0.1Bn
5	B^{-}	N0.5Bn	N0.1Bn

Collateral Policies

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

In Access Bank, strategies for risk reduction at the transaction level differ from that at the portfolio level. At transaction level, the most common technique used by the bank is the collateralization of the exposures, by first priority claims or obtaining a third party guarantee. For all credit risk mitigants that meet the policy criteria, a clear set of procedures are applied to ensure that the value of the underlying collateral is appropriately recorded and updated regularly.
Collateral types that are eligible for risk mitigation include: cash; residential, commercial and industrial property; fixed assets such as motor vehicles, aircraft, plant and machinery; marketable securities; commodities; bank guarantees; and letters of credit.

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

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

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

The range of collaterals acceptable to the Bank includes:

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

Master Netting Arrangements Traded Products

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

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

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

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

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

Market Risk Management

Definition

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

Market risk policy, management and control

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

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

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

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

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

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

In line with the CBN circular on new capital adequacy framework, Access Bank has adopted the standardised duration approach for market risk and has obtained the board approval for the policy on Internal Capital Adequacy Assessment Process (ICAAP). This policy defines and sets processes to review and improve the techniques used for identification, measurement and assessment of all material risks and resultant capital requirements.

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

Non-trading portfolio

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

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

Interest rate risk

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

Re-pricing and Liquidity Gap Analysis

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

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

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

Earnings-at-Risk (EAR) Approach

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

Interest-rate risk is monitored centrally with a Gap report. A limits framework is in place to ensure that retained risk remains within approved appetite. Interest rate risk also arises in each of the Africa subsidiary treasuries in the course of balance sheet management and facilitating customer activity. The risk is managed by local treasury functions, subject to modest risk limits and other controls.

Sensitivity Analysis and Stress Testing

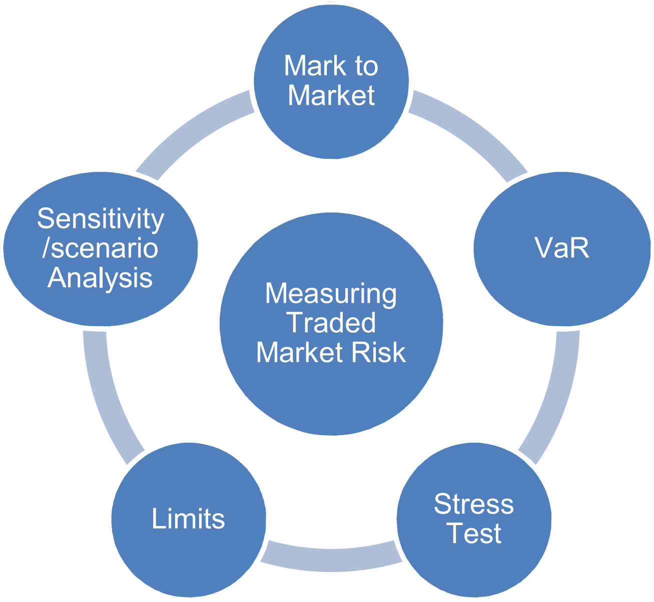
Sensitivity analysis and stress testing are risk measurement techniques that help us ensure that the risks the Bank takes remain within our risk appetite and that our level of capital remains adequate. Sensitivity analysis involves varying a single factor (e.g. a model input or specific assumption) to assess the impact on various risk measures.

Stress testing generally involves consideration of the simultaneous movements in a number of risk factors. It is used to measure the level of potential unexpected losses for Credit, Market (both trading and non-trading), Operational and Liquidity Risks.

Under potential adverse conditions, stress testing plays an important role in supporting overall capital management and adequacy assessment processes. Our enterprise-wide stress testing program utilizes stress scenarios featuring a range of severities based on unlikely but possible adverse market and economic events. These common stress scenarios are evaluated across the organization, and results are integrated to develop an enterprise-wide view of the impacts on our financial results and capital requirements. This program uses macro-economic projections and applies them as stress impacts on the organization viz-a-viz the various risk types.

Trading portfolio

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



Limits
Specific limits and triggers (regulatory and in-house) have been set across the various market risk areas to prevent undue exposure and the market risk management group ensure that these limits and triggers are adhered to by the bank. The following limits currently exist;

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

- The Regulatory OPL;
- The Bank's tolerance and appetite for FX risk;
- The size and depth of the FX market in Nigeria;
- The degree of volatility of traded currencies; and
- The Bank's desired positioning in the relevant FX market with requirements for international business support.

Interbank placement and takings Limit**:** In line with Banks drive to be a top liquidity provider in the financial market, stringent controls have been set to ensure that any takings from interbank are preceded by proper authorization, to reduce the risks that come with huge interbank borrowing.
Management Action Trigger (MAT): This establishes decision points to confirm the Board of Directors' tolerance for accepting trading risk losses on a cumulative basis. MAT therefore, takes into account actual cumulative profit/loss as well as potential losses and the loss tolerance is defined as a percentage of Gross Earnings.

Stop Loss Limit: This limit sets a maximum tolerable unrealized profit/loss to date which will trigger the closing of a position in order to avoid any further loss based on existing exposures. Positions are liquidated uniformly when stop loss limits are breached.

Dealer Limits: This limit sets a maximum tolerable unrealized profit/loss to date based on existing exposures for a specific dealer. Positions are liquidated uniformly when the dealer stop limit is breached independent of the global stop loss limit.
Value-at-Risk Limit: The normal VaR of the portfolio will be the Naira loss that will be exceeded 1% of the time over a one day horizon. The time period may be changed depending on the volume of position held and current market realities. At a maximum of 99% confidence level, and a holding period of 1 day, the bank maintains a VaR limit of 0.25% of Gross earnings.

These risk limits are set and reviewed at least annually to control Access Bank's trading activities in line with the defined risk appetite of the Group. Criteria for setting risk limits include relevant market analysis, market liquidity and business strategy. Trading risk limits are set at an aggregate, risk category and lower levels and are expressed in terms of VaR. This is further supported by a comprehensive set of non-VaR limits, including foreign exchange position limits, stop loss limits and Management Action Triggers. Appropriate performance triggers are also used as part of the risk management process.

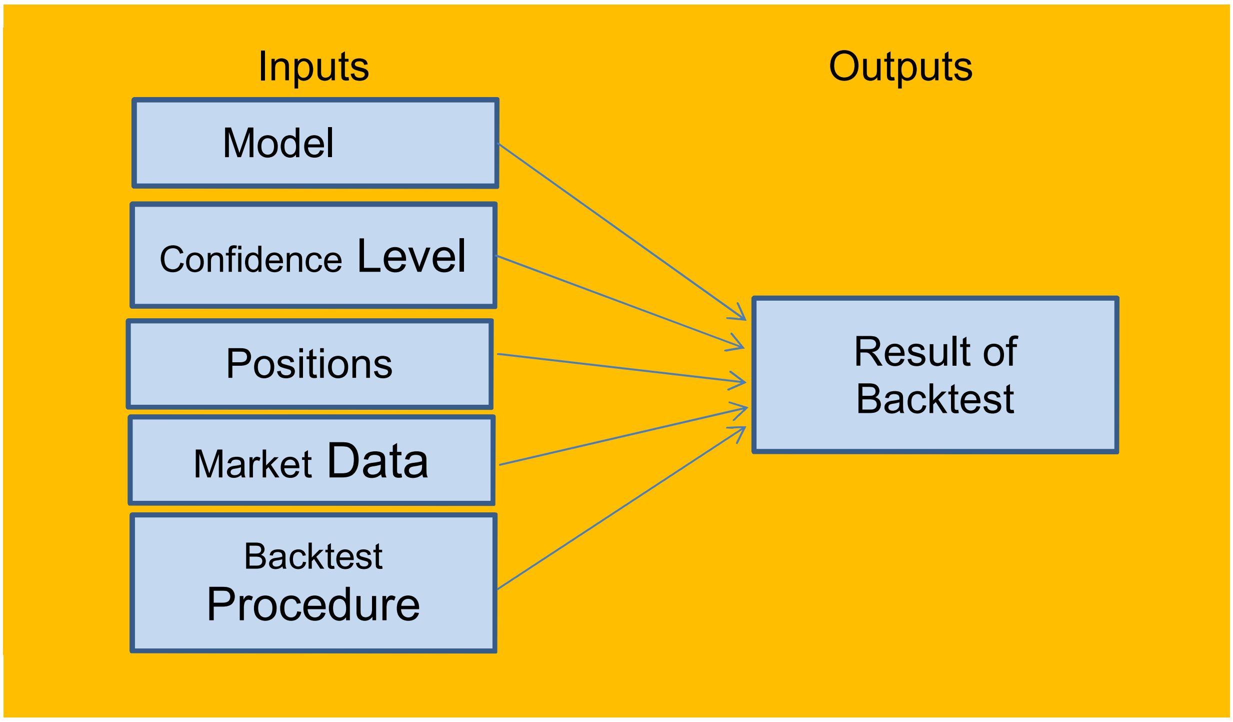
Mark-to-Market (MTM)
The marking-to-market technique establishes historical profit/loss by revaluing money market exposures to prevailing market prices. When no market prices are available for a specific contract period, mark-to-model is used to derive the relevant market prices; it is the Bank's policy to revalue all exposures categorized under the securities trading portfolio on a daily basis. As a general guide, marking to market is performed independently of the trading unit i.e. prices/rates are obtained from external sources.

Value at Risk (VaR)
Risk of losses arising from future potential adverse movements in market rates, prices and volatilities are measured using a VaR methodology. VaR, in general, is a quantitative measure of market risk that applies recent historic market conditions to estimate the potential future loss in market value that will not be exceeded in a set time period at a set statistical confidence level.

VaR provides a consistent measure that can be applied across trading businesses and products over time and can be set against actual daily trading profit and loss outcome. To assess their predictive power, VaR models are back tested against actual results.
Access Bank uses an internal VaR model based on the historical simulation method. Two years of historical price and rate data is applied and updated daily. This internal model is also used for measuring value at risk over both a one-day and 10-day holding period at a 99% confidence level. This model covers general market (position) risk across all approved interest rate and foreign exchange products.
There are a number of considerations that should be taken into account when reviewing VaR numbers. These are as follows:
Historical simulation assumes that the past is a good representation of the future. This may not always be the case.
The assumed time horizon will not fully capture the market risk of positions that cannot be closed out or hedged within this time horizon.
VaR does not indicate the potential loss beyond the selected percentile.
Intra-day risk is not captured.
Prudent valuation practices are used in the VaR calculation when there is difficulty obtaining rate/price information.

To complement VaR, stress testing and other sensitivity measures are used.

Back testing
The VaR model is an important market risk measurement and control tool and consequently the performance of the model is regularly assessed for continued suitability. The main approach employed is a technique known as back testing, which counts the number of days when daily trading losses exceed the corresponding the VaR estimate.



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

Stress testing
A consistent stress testing methodology is applied to trading and non-trading books. The stress testing methodology assumes that scope for management action would be limited during a stress event, reflecting the decrease in market liquidity that often occurs.

Losses beyond the confidence interval are not captured by a VaR calculation, which therefore gives no indication of the size of unexpected losses in these situations. Market Risk complements the VaR measurement by regular stress testing of market risk exposures to highlight the potential risk that may arise from extreme market events that are rare but plausible.

Stress testing is an integral part of the market risk management framework and considers both historical market events and forward-looking scenarios. Stress testing provides an indication of the potential size of losses that could arise in extreme conditions. It helps to identify risk concentrations across business lines and assist senior management in capital planning decisions.
The Bank performs two main types of stress/scenario testing. Firstly, risk factor stress testing, where extended historical stress moves are applied to each of the main risk categories, which include interest rate, equity, foreign exchange, commodity and credit spread risk. Secondly, the trading book is subjected to multi-factor scenarios that simulate past periods of significant market disturbance and hypothetical extreme yet plausible events.

Stress scenarios are regularly updated to reflect changes in risk profile and economic events. Regular stress test scenarios are applied to interest rates, credit spreads, exchange rates, commodity prices and equity prices. Ad hoc scenarios are also prepared reflecting specific market conditions and for particular concentrations of risk that arise within the businesses.

Liquidity risk

Liquidity risk arises when the Bank is unable to meet expected or unexpected current or future cash flows and collateral needs without affecting its daily operations or its financial condition. The Bank is managed to preserve a high degree of liquidity so that it can meet the requirements of its customers at all times including periods of financial stress.

The Bank has developed a liquidity management framework based on a statistical model underpinned by conservative assumptions with regard to cash inflows and the liquidity of liabilities. In addition, liquidity stress tests assuming extreme withdrawal scenarios are performed. These stress tests specify additional liquidity requirements to be met by holdings of liquid assets.

The Bank's liquidity has consistently been materially above the minimum liquidity ratio and the requirements of its stress tests. Global funding and liquidity risk management activities are centralized within Corporate Treasury. We believe that a centralized approach to funding and liquidity risk management enhances our ability to monitor liquidity requirements, maximize access to funding sources, minimizes borrowing costs and facilitate timely responses to liquidity events. We analyze and monitor our liquidity risk, maintain excess liquidity and access diverse funding sources including our stable deposit base.

The Board approves the Bank's liquidity policy and contingency funding plan, including establishing liquidity risk tolerance levels. The Group ALCO, in conjunction with the Board and its committees, monitors our liquidity position and reviews the impact of strategic decisions on our liquidity. Liquidity positions are measured by calculating the Bank's net liquidity gap and by comparing selected ratios with targets as specified in the liquidity risk management manual.

Quantifications

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

a) Funding and Liquidity plan;
b) Gap Analysis; and
c) Ratio Analysis.

The Funding and Liquidity plan defines the Bank's sources and channels of utilization of funds. The funding liquidity risk limit is quantified by calculating liquidity ratios and measuring/monitoring the cumulative gap between our assets and liabilities. The Liquidity Gap Analysis quantifies the daily and cumulative gap in a business as usual environment. The gap for any given tenor bucket represents the borrowings from, or placements to, the market required to replace maturing liabilities or assets. The Bank monitors the cumulative gap as a + or – 20% of the total risk assets and the gap as a + or – 20% of total deposit liabilities.

Limit management and monitoring

Active management of liquidity through the framework of limits and control presented above is possible only with proper monitoring capabilities. The monitoring process focuses on funding portfolios, the forward balance sheet and general indicators; where relevant information and data are compared against limits that have been established. The Bank's Group Treasury is responsible for maintaining sufficient liquidity by maintaining sufficient high ratio of liquid assets and available funding for near-term liabilities. The secured liquidity measure is calculated and monitored by risk management. Increased withdrawals of short-term funds are monitored through measurements of the deposit base in the Bank. Liquidity risk is reported to the Board of Directors on a quarterly basis.

Contingency funding plan

Access Bank has a contingency funding plan which incorporates early warning indicators to monitor market conditions. The Bank monitors its liquidity position and funding strategies on an ongoing basis, but recognizes that unexpected events, economic or market conditions, earnings problems or situations beyond its control could cause either a short or long-term liquidity crisis. It reviews its contingency funding plan in the light of evolving market conditions and stress test results.

To monitor liquidity and funding, the Group Treasury prepares a liquidity worksheet that project sources and uses of funds. The worksheet incorporates the impact of moderate risk and crisis situations. The worksheet is an integral component of the contingency funding plan. Although it is unlikely that a funding crisis of any significant degree could materialize, we consider it important to evaluate this risk and formulate contingency plans should one occur.

The contingency funding plan covers: the available sources of contingent funding to supplement cash flow shortages; the lead times to obtain such funding; the roles and responsibilities of those involved in the contingency plans; and the communication and escalation requirements when early warning indicators signal deteriorating market conditions. Both short term and long-term funding crises are addressed in the contingency funding plan.

5.1 Credit risk management

5.1.1 Maximum exposure to credit risk before collateral held or other credit enhancements

Credit risk exposures relating to financial assets are as follows:

In thousands of Naira	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Cash and balances with banks				
- Current balances with banks outside Nigeria	88,559,185	49,423,809	47,382,384	27,989,703
- Unrestricted balances with central banks	24,764,193	90,721,388	6,262,913	74,158,434
- Restricted balances with central banks	317,924,550	249,954,817	315,207,677	248,182,477
- Money market placements	147,627,901	52,433,982	19,914,222	26,111,216
Investment under management	11,403,713	10,403,608	11,403,713	10,403,608
Non pledged trading assets				
Treasury bills	17,296,082	50,209,443	17,296,082	50,209,443
Bonds	6,418,546	2,025,000	6,418,546	2,025,000
Derivative financial instruments	155,550,018	77,905,020	155,306,292	77,852,349
Loans and advances to banks	69,059,407	42,733,910	100,992,370	60,414,721
Loans and advances to customers	1,746,863,344	1,365,830,831	1,569,741,806	1,243,215,309
Pledged assets				
Treasury bills	148,967,847	106,934,817	143,825,918	103,684,044
Bonds	120,209,676	96,780,580	120,209,676	96,780,580
Investment securities				
Available for sale				
Treasury bills	52,946,566	28,996,006	15,375,143	10,436,981
Bonds	17,948,691	61,204,214	16,876,068	60,696,103
Held to Maturity				
Treasury bills	8,095,495	7,687,281	-	-
Bonds	63,165,027	43,743,295	61,629,250	40,286,529
Other assets	55,744,877	72,160,739	51,153,785	69,509,746
Total	**3,052,545,118**	**2,409,148,740**	**2,658,995,845**	**2,201,956,243**
Off balance sheet exposures				
Transaction related bonds and guarantees	203,127,570	221,127,530	165,432,166	218,067,025
Guaranteed facilities	98,215,929	94,135,927	53,540,881	91,640,933
Clean line facilities for letters of credit and other commitments	782,105,112	657,586,492	685,633,718	600,895,192
Total	**1,083,448,611**	**972,849,949**	**904,606,765**	**910,603,150**

Balances included in Other Assets above are those subject to credit risks. The table above shows a worst-case scenario of credit risk exposure to the Group as at 30 June 2016 and 31 December 2015, without taking account of any collateral held or other credit enhancements attached.

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

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

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

In thousands of Naira	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Agriculture	17,394,993	19,176,019	12,225,969	15,937,248
Capital market	-	-	-	-
Construction	122,523,765	87,879,130	107,648,977	76,829,699
Education	1,809,275	2,113,599	1,612,596	2,016,754
Finance and insurance	18,089,326	21,037,838	14,247,157	18,642,306
General	62,710,291	53,774,970	60,236,822	52,277,961
General commerce	165,755,956	159,870,596	137,135,926	133,869,178
Government	278,064,515	169,073,246	277,742,334	168,626,536
Information And communication	136,751,980	121,177,114	130,935,145	118,922,511
Other Manufacturing (Industries)	89,626,000	72,850,211	68,273,854	57,301,618
Basic Metal Products	3,150,209	2,682,493	3,150,209	2,682,493
Cement	25,610,115	26,147,216	25,610,115	26,147,216
Conglomerate	20,059,202	14,766,577	20,059,202	14,766,577
Steel Rolling Mills	60,792,814	53,920,584	60,792,814	53,920,584
Flourmills And Bakeries	3,008,886	13,642	3,008,886	13,642
Food Manufacturing	16,589,095	15,094,847	16,068,603	14,642,665
Oil And Gas - Downstream	165,047,897	137,651,684	130,196,980	115,343,768
Oil And Gas - Services	193,143,715	117,106,760	190,439,538	115,659,696
Oil And Gas - Upstream	96,555,620	61,020,646	96,555,620	61,020,646
Crude oil refining	39,301,176	28,860,271	39,301,176	28,860,271
Real estate activities	119,914,572	104,749,765	114,508,350	100,157,931
Transportation and storage	81,894,610	74,287,655	77,246,055	70,899,610
Power and energy	21,676,912	15,955,628	9,245,902	8,099,644
Professional, scientific and technical activities	1,876,062	7,474,460	537,057	6,727,525
Others	43,512,538	27,836,688	7,518,746	6,755,313
	1,784,859,524	**1,394,521,639**	**1,604,298,033**	**1,270,121,392**

5.1.3(a) Group
Credit quality by class
In thousands of Naira

	Loans and advances to Individuals		Loans and advances Corporates		Loans and advances to banks		Off balance sheet	
	June 2016	December 2015	June 2016	December 2015	June 2016	December 2015	June 2016	December 2015
Carrying amount	64,312,991	52,778,622	1,682,550,353	1,313,052,209	69,059,407	42,733,910	1,011,177,125	972,849,949
Neither past due nor impaired								
Grade 1 :	-	-	141,763,042	164,056,674	68,732,049	42,095,369	365,833,130	471,082,538
Grade 2:	5	-	672,398,441	527,102,950	-	-	338,502,439	232,900,691
Grade 3:	61,207,407	51,287,214	782,364,925	594,623,897	319,121	631,423	306,765,164	268,407,881
Grade 4:	166,742	15,970	69,992,822	19,720,718	-	-	76,392	229,419
Grade 5:	20,166	98,939	4,519,458	1,655,959	-	-	-	-
Gross amount	61,394,320	51,402,123	1,671,038,688	1,307,160,198	69,051,170	42,726,792	1,011,177,125	972,620,529
Impairment	(421,924)	(465,739)	(18,219,982)	(15,241,871)	(3,384)	-	-	-
Carrying amount	60,972,396	50,936,384	1,652,818,706	1,291,918,328	69,047,786	42,726,792	1,011,177,125	972,620,529
Past due but not impaired:								
Grade 6:	307,617	182,541	503,911	351,679	-	-		
Grade 7:	1,057,701	953,436	2,310,048	1,033,145	13,955	12,043		
Grade 8:	1,211,263	1,050,093	10,422,436	7,971,888	-	-		
Gross amount	2,576,581	2,186,069	13,236,395	9,356,712	13,955	12,043		
Impairment	(528,631)	(475,439)	(2,874,444)	(2,025,081)	(2,334)	(9,086)		
Carrying amount	2,047,950	1,710,630	10,361,951	7,331,631	11,621	2,957		
Past due and impaired:								
Grade 6: Impaired	1,165,563	203,207	9,957,512	4,991,809				
Grade 7: Impaired	633,670	18,240	5,756,338	5,091,934				
Grade 8: Impaired	198,970	160,784	18,901,487	13,950,562				
Gross amount	1,998,203	382,231	34,615,337	24,034,305				
Allowance for impairment	(705,558)	(250,624)	(15,245,641)	(10,232,054)				
Carrying amount	1,292,645	131,607	19,369,696	13,802,251				

Bank
Credit quality by class
In thousands of Naira

	Loans and advances to Individuals		Loans and advances Corporates		Loans and advances to banks		Off balance sheet	
	June 2016	December 2015	June 2016	December 2015	June 2016	December 2015	June 2016	December 2015
Carrying amount	39,492,707	34,661,649	1,530,249,100	1,208,553,660	100,992,370	60,414,721	832,335,279	910,603,150
Neither past due nor impaired								
Grade 1 :	-	-	138,843,587	163,854,025	100,665,012	59,780,341	394,861,892	458,679,062
Grade 2:	5	-	662,301,350	527,102,950	-	-	286,534,787	220,497,215
Grade 3:	37,979,426	33,175,710	678,965,528	492,957,434	319,121	631,423	150,862,208	231,197,453
Grade 4:	17,702	15,970	39,677,708	19,720,718	-	-	76,392	229,419
Grade 5:	-	98,939	4,267,555	1,655,959	-	-	-	-
Gross amount	37,997,133	33,290,619	1,524,055,728	1,205,291,086	100,984,133	60,411,764	832,335,279	910,603,149
Impairment	(409,123)	(386,193)	(17,807,998)	(14,429,082)	(3,384)	-	-	-
Carrying amount	37,588,010	32,904,426	1,506,247,730	1,190,862,004	100,980,749	60,411,764	832,335,279	910,603,149
Past due but not Impaired:								
Grade 6:	199,738	182,541	435,428	351,679	-			
Grade 7:	1,021,319	953,436	2,002,819	1,033,145	13,955	12,043		
Grade 8:	1,209,071	1,050,093	9,116,240	7,971,888	-	-		
Gross amount	2,430,128	2,186,069	11,554,487	9,356,712	13,955	12,043		
Impairment	(525,431)	(475,439)	(2,771,447)	(2,025,081)	(2,334)	(9,086)		
Carrying amount	1,904,697	1,710,630	8,783,040	7,331,631	11,621	2,957		
Past due and Impaired:								
Grade 6: Impaired	179,043	154,959	7,905,069	4,927,701				
Grade 7: Impaired	-	-	3,633,749	4,559,254				
Grade 8: Impaired	108,330	142,257	16,434,366	10,212,735				
Gross amount	287,373	297,216	27,973,184	19,699,690				
Allowance for impairment	(287,373)	(250,624)	(12,754,854)	(9,339,664)				
Carrying amount	-	46,593	15,218,330	10,360,026				

5.1.3
(b) Aging analysis of credit quality

30 June 2016	Group		Bank	
	Loans to individuals	Loans to Corporates and Banks	Loans to individuals	Loans to Corporates and Banks
Past due & not impaired				
Past due up to 30days	307,617	503,911	199,738	435,428
Past due up 30 - 60 days	1,057,701	2,310,048	1,021,319	2,002,819
Past due up 60 - 90 days	1,211,263	10,422,436	1,209,071	9,116,240
Total	2,576,581	13,236,395	2,430,128	11,554,487
Past due & impaired				
Past due up to 91 - 180days	1,165,563	9,957,512	179,043	7,905,069
Past due up 180 - 360 days	633,670	5,756,338	-	3,633,749
Above 360days	198,969	18,901,487	108,330	16,434,366
Total	1,998,202	34,615,337	287,373	27,973,184
31 December 2015				
Past due & not impaired				
Past due up to 30days	182,541	351,679	182,542	351,680
Past due up 30 - 60 days	953,436	1,045,188	953,436	1,045,188
Past due up 60 - 90 days	1,050,093	7,971,845	1,050,092	7,959,845
Total	2,186,070	9,368,712	2,186,069	9,356,712
Past due & impaired				
Past due up to 91 - 180days	203,207	4,991,809	154,959	4,927,701
Past due up 180 - 360 days	18,240	5,091,934	-	4,559,254
Above 360days	160,784	13,950,562	142,257	10,212,735
Total	382,231	24,034,305	297,216	19,699,690

(c) **Debt securities**

Grade 1-3: Low-fair risk

Group	**June 2016**			**December 2015**		
	Treasury bills	**Bonds**	**Total**	**Treasury bills**	**Bonds**	**Total**
Investment under management	7,770,272	-	7,770,272	5,171,750	-	5,171,750
Available-for-sale assets	52,946,566	21,430,591	74,377,157	28,996,006	61,204,214	90,200,220
Held to maturity assets	8,095,495	63,165,027	71,260,522	7,687,281	43,743,295	51,430,576
Non pledged trading assets	17,296,082	6,418,546	23,714,628	50,209,443	2,025,000	52,234,443
Pledged assets	148,967,847	120,209,676	269,177,523	106,934,817	96,780,580	203,715,397
Carrying amount	235,076,262	211,223,840	446,300,102	198,999,297	203,753,089	402,752,386

Bank	**Treasury bills**	**Bonds**	**Total**	**Treasury bills**	**Bonds**	**Total**
Investment under management	7,770,272	-	7,770,272	5,171,750	-	5,171,750
Available-for-sale assets	15,375,143	16,876,068	32,251,211	10,436,981	60,696,103	71,133,084
Held to maturity assets	-	61,629,250	61,629,250	-	40,286,529	40,286,529
Non pledged trading assets	17,296,082	6,418,546	23,714,628	50,209,443	2,025,000	52,234,443
Pledged assets	143,825,415	120,209,676	264,035,091	103,684,044	96,780,580	200,464,624
Carrying amount	184,266,912	205,133,540	389,400,452	169,502,218	199,788,212	369,290,430

There are bonds worth N236Mn that are past due and impaired (past due up to 180-360 days), a full provision has been made for this balance.
The credit risk associated with Cash and balances with banks, derivatives and other assets (all neither past due nor impaired) are considered to be low at 30 June 2016.

5.1.3 Credit quality

(d) Credit quality by risk rating class

Group

In thousands of Naira

External Rating Equivalent	Grade	Risk Rating	Loans and advances to Individuals June 2016	Loans and advances to Individuals December 2015	Loans and advances Corporates June 2016	Loans and advances Corporates December 2015	Loans and advances to banks June 2016	Loans and advances to banks December 2015
AAA	Investment	1	-	-	141,763,042	164,056,674	68,732,048	42,095,369
AA	Investment	2+	-	-	207,126,506	126,296,312	-	-
A	Investment	2	-	-	173,430,067	161,182,597	-	631,423
BBB	Investment	2-	5	-	291,841,867	239,624,041	-	-
BB+	Standard	3+	682,206	1,168,452	242,164,962	104,007,186	-	-
BB	Standard	3	58,999,809	49,450,682	498,754,023	429,130,854	319,122	-
BB-	Standard	3-	1,525,390	668,080	41,445,940	61,485,857	-	-
B	Non-Investment	4	166,742	15,970	69,992,822	19,720,718	-	-
B-	Non-Investment	5	20,166	98,939	4,519,458	1,655,959	-	-
CCC	Non-Investment	6	1,473,181	385,748	10,461,423	5,343,488	-	-
C	Non-Investment	7	1,691,372	971,675	8,066,386	6,125,079	13,955	12,043
D	Non-Investment	8	1,410,233	1,210,877	29,323,923	21,922,451	-	-
Gross amount			65,969,104	53,970,424	1,718,890,419	1,340,551,215	69,065,125	42,738,836
Collective Impairment			(950,555)	(941,178)	(21,094,426)	(17,266,952)	(5,718)	(9,086)
Specific Impairment			(705,558)	(250,624)	(15,245,640)	(10,232,054)	-	-
Carrying amount			**64,312,991**	**52,778,622**	**1,682,550,353**	**1,313,052,209**	**69,059,407**	**42,729,751**

Derivative Financial Instruments

External Rating Equivalent	Grade	Risk Rating	Gross Nominal June 2016	Gross Nominal December 2015	Fair Value June 2016	Fair Value December 2015
AAA-A	Investment	1	232,817,524	304,214,019	153,275,364	74,568,887
A	Investment	2	-	25,178,482	-	1,523,619
AA	Investment	2+	128,093,621	18,599,431	2,274,651	1,812,514
BBB	Investment	2-	25,381,302	-	3	-
Gross amount			386,292,447	347,991,932	155,550,018	77,905,020
Collective Impairment			-	-	-	-
Specific Impairment			-	-	-	-
Carrying amount			**386,292,447**	**347,991,932**	**155,550,018**	**77,905,020**

The external rating equivalent refers to the equivalent ratings for loans and advances by credit rating agencies. These instruments are neither past due or impaired

Credit quality by risk rating class

Bank

In thousands of Naira

External Rating Equivalent	Grade	Risk Rating	Loans and advances to Individuals June 2016	Loans and advances to Individuals December 2015	Loans and advances Corporates June 2016	Loans and advances Corporates December 2015	Loans and advances to banks June 2016	Loans and advances to banks December 2015
AAA	Investment	1	-	-	138,843,587	163,854,025	100,665,012	59,780,341
AA	Investment	2+	-	-	206,419,331	126,296,312	-	-
A	Investment	2	-	-	166,475,090	161,182,597	-	-
BBB	Investment	2-	5	-	289,406,932	239,624,041	-	-
BB+	Standard	3+	682,206	1,168,452	223,316,310	104,007,186	-	-
BB	Standard	3	36,612,371	31,339,177	427,301,408	327,464,392	319,121	631,423
BB-	Standard	3-	684,850	668,080	28,347,809	61,485,857	-	-
B	Non-Investment	4	17,702	15,970	39,677,708	19,720,718	-	-
B-	Non-Investment	5	-	98,939	4,267,555	1,655,959	-	-
CCC	Non-Investment	6	378,781	337,501	8,340,497	5,279,380	-	-
C	Non-Investment	7	1,021,319	953,436	5,636,567	5,592,399	13,955	12,043
D	Non-Investment	8	1,317,400	1,192,350	25,550,605	18,184,623	-	-
Gross amount			40,714,634	35,773,905	1,563,583,399	1,234,347,487	100,998,088	60,423,807
Collective Impairment			(934,554)	(861,632)	(20,579,445)	(16,871,228)	(5,718)	(9,086)
Specific Impairment			(287,373)	(250,624)	(12,754,854)	(8,922,599)	-	-
Carrying amount			**39,492,707**	**34,661,649**	**1,530,249,100**	**1,208,553,660**	**100,992,370**	**60,414,721**

Derivative Financial Instruments

External Rating Equivalent	Grade	Risk Rating	Gross Nominal June 2016	Gross Nominal December 2015	Fair Value June 2016	Fair Value December 2015
AAA-A	Investment	1	194,517,010	296,865,582	153,031,638	74,516,216
A	Investment	2	-	25,178,482	-	1,523,619
AA	Investment	2+	128,093,621	18,599,431	2,274,651	1,812,514
BBB	Investment	2-	25,381,302	-	3	-
Gross amount			347,991,933	340,643,495	155,306,292	77,852,349
Collective Impairment			-	-	-	-
Specific Impairment			-	-	-	-
Carrying amount			**347,991,933**	**340,643,495**	**155,306,292**	**77,852,349**

The external rating equivalent refers to the equivalent ratings for loans and advances by credit rating agencies.

5.1.3 Credit quality
(e) Credit quality by credit risk rating model

Group
In thousands of Naira

Risk Rating (ORR) Model	Loans and advances to Individuals		Loans and advances Corporates		Loans and advances to banks	
	June 2016	December 2015	June 2016	December 2015	June 2016	December 2015
Auto Loan	2,117,431	2,175,207	2,373,329	3,406,742	-	9,429
Credit Card	6,535,304	2,608,764	1,597,837	274,133	407	286
Finance Lease	78,672	-	5,096,585	1,821,023	7,514	-
Mortgage Loan	23,470,343	17,954,585	10,246,433	6,208,567	-	-
Overdraft	8,075,715	5,261,080	220,886,220	208,224,839	263,519	551,077
Personal Loan	20,142,670	20,393,835	-	-	-	-
Term Loan	5,027,161	4,777,259	1,067,671,620	785,718,903	61,519	82,675
Time Loan	521,619	799,692	411,018,396	334,694,358	68,732,048	42,095,369
Gross amount	65,968,915	53,970,424	1,718,890,420	1,340,348,564	69,065,007	42,738,836
Collective Impairment	(950,555)	(941,178)	(17,266,951)	(17,266,951)	(5,718)	(9,086)
Specific Impairment	(705,558)	(250,624)	(10,232,054)	(10,232,054)	-	-
Carrying amount	64,312,802	52,778,622	1,691,391,415	1,312,849,559	69,059,289	42,729,751

Bank
In thousands of Naira

Risk Rating (ORR) Model	Loans and advances to Individuals		Loans and advances Corporates		Loans and advances to banks	
	June 2016	December 2015	June 2016	December 2015	June 2016	December 2015
Auto Loan	1,859,211	1,976,020	2,352,880	3,378,173	-	9,429
Credit Card	6,468,744	2,579,265	1,586,826	264,755	407	286
Finance Lease	78,672	-	5,096,585	1,821,023	7,514	-
Mortgage Loan	4,751,881	4,383,538	23,334	74,260	-	-
Overdraft	5,905,364	5,054,135	188,854,391	188,628,138	263,519	551,077
Personal Loan	18,829,976	18,073,801	-	-	-	-
Term Loan	2,344,013	3,066,500	1,018,910,294	753,319,156	61,637	82,675
Time Loan	476,773	640,645	346,759,088	286,861,982	100,665,012	59,780,341
Gross amount	40,714,634	35,773,905	1,563,583,398	1,234,347,487	100,998,089	60,423,808
Collective Impairment	(934,554)	(861,632)	(20,579,446)	(16,871,228)	(9,086)	(9,086)
Specific Impairment	(287,373)	(250,624)	(12,754,854)	(8,922,599)	-	-
Carrying amount	39,492,707	34,661,650	1,530,249,098	1,208,553,660	100,989,003	60,414,722

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

Group *In thousands of Naira*	**Loans and advances to customers** June 2016	December 2015
Against neither past due and not impaired		
Property	885,756,732	422,253,462
Equities	52,849,977	43,337,372
Cash	98,924,908	70,869,009
Pledged goods/receivables	139,985,034	-
Others	984,930,607	360,496,371
Total	**2,162,447,258**	**896,956,214**
Against past due but not impaired:		
Property	9,959,738	15,638,209
Equities	-	86,000
Cash	1,001,372	-
Pledged goods/receivables	-	-
Others	1,040,685	103,477
Total	**12,001,795**	**15,827,686**
Against past due and impaired		
Property	18,059,451	8,202,229
Equities	58,828	170,081
Cash	1,725,341	
Others	12,609,885	-
	32,453,505	**8,372,310**
Total	**2,206,902,558**	**921,156,210**

Bank *In thousands of Naira*	**Loans and advances to customers** June 2016	December 2015
Against neither past due and not impaired		
Property	787,805,809	366,344,483
Equities	30,119,673	27,350,697
Cash	90,808,185	65,062,698
Pledged goods/receivables	139,985,034	
Others	901,886,901	319,328,348
Total	**1,950,605,602**	**778,086,226**
Against past due but not impaired:		
Property	8,919,317	15,398,480
Equities	-	-
Cash	1,001,372	-
Others	1,025,782	-
Total	**10,946,471**	**15,398,480**
Against past due and impaired		
Property	13,394,210	4,319,362
Equities	58,828	65,138
Cash	117	-
Others	-	5,552,733
Total	**13,453,155**	**9,937,233**
Total	**1,975,005,228**	**803,421,939**

There are no collaterals held against other financial assets. There were also no repossessed collateral during the year

Collateral held and other credit enhancements, and their financial effect
The general creditworthiness of a customer tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional security and the Group generally requests that corporate borrowers provide it. The Group may take collateral in the form of a first charge over real estate, floating charges over all corporate assets and other liens and guarantees. The bank does not sell or repledge the collateral in the absence of default by the owner of the collateral. In addition to the Group's focus on credit worthiness, the group aligns with its credit policy guide to periodically update the validation of colaterals held against all loans to customers. For impaired loans, the Group obtains appraisals of collateral because the fair value of the collateral is an input to the impairment measurement.

The fair values of collaterals are based upon last annual valuation undertaken by independent valuers on behalf of the bank. The valuation technique adopted for properties are based on fair values of similar properties in the neigbourhood.
The fair values of non-property collaterals (such as equities, bond, treasury bills, etc.) are detrmined with reference to market quoted prices or market values of similar instruments.

5.1.4 Offsetting financial assets and financial liabilities

As at 30 June 2016

In thousands of Naira

The following financial assets are subject to offsetting	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
Financial assets			
Loans and advances to banks	69,756,306	696,899	69,059,407
Total	**69,756,306**	**696,899**	**69,059,407**
As at 31 December 2015			
Financial liabilities			
Interest bearing borrowing	304,767,090	696,899	304,070,191
Total	**304,767,090**	**696,899**	**304,070,191**

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

In line the IAS 32 the group currently has the legally enforceable right to set-off the recognised amount and it also intends to settle the borrowing on a net basis.

The gross amounts of financial assets and financial liabilities disclosed in the above tables have been measured in the statement of financial position on the following bases:
(1) Loans and advances to customers – amortised cost; and
(2) Interest bearing borrowings – amortised cost.

A master netting arrangement exists for the financial derivatives entered into but there is no instrument offsetting the financial derivatives recorded in the financial statements.

The table below shows analysis of counterparty credit exposures arising from derivative transactions.

	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
30 June 2016			
Notional Amount	53,223,696	17,189,029	70,412,725
Fair Value	2,282,848	(14,295,843)	(12,012,995)
31 December 2015			
Notional Amount	271,997	31,146	303,143
Fair Value	857,510	(1,470,196)	(612,686)

5.1.5 (a) Credit concentration

The Groups's risk profile is assessed through a 'bottom-up' analytical approach covering all of the Group's major businesses and products. The risk appetite is approved by the Board and forms the basis for establishing the risk parameters within which the businesses must operate, including policies, concentration limits and business mix.

The Group monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of net credit risk at the reporting date is shown below:

Group
By Sector

June 2016

In thousands of Naira	Corporate	Commercial	Bank	Retail	Government	Others	Total
Cash and balances with banks	-	-	578,875,829	-	-	-	578,875,829
Investment under management	2,522,953	-	3,982,638	-	4,898,122	-	11,403,713
Non pledged trading assets	-	-	-	-	-	-	-
Treasury bills	-	-	-	-	17,296,082	-	17,296,082
Bonds	3,569	-	10,821	-	6,404,156	-	6,418,546
Derivative financial instruments	2,274,654	-	936,203	-	152,339,161	-	155,550,018
Loans and advances to banks	-	-	69,059,407	-	-	-	69,059,407
Loans and advances to customers							-
Auto Loan	-	379,042	-	4,064,736	-	-	4,443,778
Credit Card	3,079	1,087,336	-	6,956,687	-	-	8,047,102
Finance Lease	2,380,393	2,542,499	-	205,650	16,315	-	5,144,857
Mortgage Loan	4,648,531	131,727	-	28,641,564	-	192,245	33,614,067
Overdraft	83,176,565	118,071,488	-	7,109,510	672,670	-	209,030,233
Personal Loan	-	-	-	19,777,126	-	-	19,777,126
Term Loan	409,423,310	368,213,566	-	6,768,134	273,146,025	-	1,057,551,035
Time Loan	150,187,320	249,808,097	-	6,169,194	3,090,345	-	409,254,956
Pledged assets							-
Treasury bills	-	-	-	-	148,967,847	-	148,967,847
Bonds	-	-	-	-	120,209,676	-	120,209,676
Investment securities							-
- Available for sale							-
Treasury bills	-	-	-	-	52,946,566	-	52,946,566
Bonds	-	-	6,248,990	-	11,699,701	-	17,948,691
- Held to Maturity						-	-
Treasury bills	-	-	-	-	8,095,495	-	8,095,495
Bonds	1,653,484	-	1,000,213	-	60,511,330	-	63,165,027
Other assets	21,970,818	-	6,113,240	-	5,498,909	22,161,910	55,744,877
Total	**678,244,676**	**740,233,755**	**666,227,341**	**79,692,601**	**865,792,400**	**22,354,155**	**3,052,544,928**
Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	1,270,338	201,857,232	-	-	-	-	203,127,570
Guaranteed facilities	2,373,484	94,920,683	-	23,248	898,514	-	98,215,929
Clean line facilities for letters of credit and other commitments	36,618,203	400,024,584	4,369,340	-	341,092,986	-	782,105,113
Total	**40,262,025**	**696,802,499**	**4,369,340**	**23,248**	**341,991,500**	**-**	**1,083,448,612**

Group
By Sector

December 2015

In thousands of Naira	Corporate	Commercial	Bank	Retail	Government	Others	Total
Cash and balances with banks	-	-	442,533,996	-	-	-	442,533,996
Investment under management	2,385,288	-	4,927,888	-	3,090,432		10,403,608
Non pledged trading assets							
Treasury bills	-	-	-	-	50,209,443	-	50,209,443
Bonds	-	-	63,645	-	1,961,355	-	2,025,000
Derivative financial instruments	3,495,428	-	904,524	-	73,505,068	-	77,905,020
Loans and advances to banks	-	-	42,733,910	-	-	-	42,733,910
Loans and advances to customers							
Auto Loan	193,144	3,155,221	-	2,149,761	20,922	-	5,519,048
Credit Card	6,564	264,721	-	2,580,135	-	-	2,851,419
Finance Lease	983,460	829,448	-	-	-	-	1,812,909
Mortgage Loan	4,266,174	1,895,685	-	17,903,280	-	-	24,065,139
Overdraft	74,793,376	117,756,480	-	4,466,895	1,302,179	-	198,318,930
Personal Loan	-	-	-	20,183,608	-	-	20,183,608
Term Loan	332,372,252	277,769,051	-	4,702,425	164,362,411	-	779,206,139
Time Loan	165,686,382	164,171,032	-	792,518	3,223,707	-	333,873,639
Pledged assets							
Treasury bills	-	-	-	-	106,934,817	-	106,934,817
Bonds	-	-	-	-	96,780,580	-	96,780,580
Investment securities							
- Available for sale							
Treasury bills	-	-	-	-	28,996,006	-	28,996,006
Bonds	-	-	6,524,859	-	54,679,355		61,204,214
- Held to Maturity							
Treasury bills	-	-	-	-	7,687,281	-	7,687,281
Bonds	3,580,595	-	1,649,782	-	38,512,918	-	43,743,295
Other assets	15,529,608	798,290	2,116,791	5,340,515	17,564,186	30,811,349	72,160,739
Total	**603,292,271**	**566,639,929**	**501,455,395**	**58,119,137**	**648,830,659**	**30,811,349**	**2,409,148,739**

	Corporate	Commercial	Bank	Retail	Government	Others	Total
Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	40,597,349	180,530,181	-	-	-	-	221,127,530
Guaranteed facilities	12,764,903	78,944,392	-	23,484	2,403,148	-	94,135,927
Clean line facilities for letters of credit and other commitments	101,837,487	161,274,499	105,881,006	-	288,593,500	-	657,586,492
Total	**155,199,739**	**420,749,072**	**105,881,006**	**23,484**	**290,996,648**	**-**	**972,849,949**

5.1.5(a)i Concentration by location for loans and advances is measured based on the location of the Group entity holding the asset, which has a high correlation with the location of the borrower. Concentration by location for investment securities is measured based on the location of the issuer of the security.

By geography

Group

June 2016 *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Others**	**Total**
Cash and balances with banks	462,382,390	40,899,144	64,856,087	10,738,208	578,875,829
Investment under management	11,403,713	-	-	-	11,403,713
Non pledged trading assets					-
Treasury bills	17,296,082	-	-	-	17,296,082
Bonds	6,418,546	-	-	-	6,418,546
Derivative financial instruments	154,613,815	-	936,203	-	155,550,018
Loans and advances to banks	1,371	-	69,058,036	-	69,059,407
Loans and advances to customers					
Auto Loan	4,165,815	277,963	-	-	4,443,778
Credit Card	7,970,282	76,820	-	-	8,047,102
Finance Lease	5,144,857	-	-	-	5,144,857
Mortgage Loan	4,720,841	5,124,696	23,768,530	-	33,614,067
Overdraft	176,956,032	32,074,201	-	-	209,030,233
Personal Loan	18,630,149	1,146,977	-	-	19,777,126
Term Loan	1,006,187,202	32,880,091	18,483,741	-	1,057,551,034
Time Loan	344,976,579	44,350,102	19,928,274	-	409,254,955
Pledged assets					-
Treasury bills	143,825,918	4,898,203	243,726	-	148,967,847
Bonds	120,209,676	-	-	-	120,209,676
Investment securities					-
- Available for sale					-
Treasury bills	17,610,365	34,652,524	683,677	-	52,946,566
Bonds	17,559,745	388,946	-	-	17,948,691
- Held to Maturity					-
Treasury bills	-	5,717,476	2,378,019	-	8,095,495
Bonds	61,629,250	1,535,777	-	-	63,165,027
Other assets	51,153,784	3,525,041	1,066,052	-	55,744,877
Total	**2,632,856,412**	**207,547,961**	**201,402,345**	**10,738,208**	**3,052,544,926**

Credit risk exposures relating to othr credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	165,335,108	37,695,404	97,058	-	203,127,570
Guaranteed facilities	53,540,881	44,675,048	-	-	98,215,929
Clean line facilities for letters of credit and other commitments	684,331,691	96,471,394	842,855	459,173	782,105,113
Total	**903,207,680**	**178,841,846**	**939,913**	**459,173**	**1,083,448,612**

By geography

Group
December 2015
In thousands of Naira

	Nigeria	Rest of Africa	Europe	Others	Total
Cash and balances with banks	376,441,830	27,540,483	38,551,683	-	442,533,996
Investment under management	10,403,608	-	-		10,403,608
Non pledged trading assets					
Treasury bills	50,209,442	-	-	-	50,209,442
Bonds	2,025,000	-	-	-	2,025,000
Derivative financial instruments	77,852,349	-	52,671	-	77,905,020
Loans and advances to banks	634,381	-	42,099,529	-	42,733,910
Loans and advances to customers					
Auto Loan	5,291,292	227,756	-	-	5,519,048
Credit Card	2,812,544	38,876	-	-	2,851,420
Finance Lease	1,812,908	-	-	-	1,812,908
Mortgage Loan	4,359,784	2,378,877	17,326,478	-	24,065,139
Overdraft	179,077,197	19,241,733	-	-	198,318,930
Personal Loan	17,863,574	2,320,034	-	-	20,183,607
Term Loan	746,115,794	20,515,466	12,574,879	-	779,206,139
Time Loan	285,882,216	35,131,205	12,860,217	-	333,873,639
Pledged assets					
Treasury bills	103,684,044	3,250,774	-	-	106,934,818
Bonds	96,780,580	-	-	-	96,780,580
Investment securities					
- Available for sale					
Treasury bills	10,436,980	18,559,026	-	-	28,996,006
Bonds	54,679,355	-	6,524,859	-	61,204,214
- Held to Maturity					
Treasury bills	-	6,008,800	1,678,481	-	7,687,281
Bonds	39,278,886	1,560,321	2,904,088	-	43,743,295
Other assets	68,256,292	3,600,119	304,328	-	72,160,739
Total	**2,133,898,056**	**140,373,471**	**134,877,213**	**-**	**2,409,148,740**

	Nigeria	Rest of Africa	Europe	Others	Total
Credit risk exposures relating to othr credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	210,432,185	10,695,345	-	-	221,127,530
Guaranteed facilities	86,113,061	7,132,642	890,224	-	94,135,927
Clean line facilities for letters of credit and other commitments	619,274,612	9,805,121	28,506,759	-	657,586,492
Total	**915,819,858**	**27,633,108**	**29,396,983**	**-**	**972,849,949**

Credit risk management

5.1.5 (b) By Sector

Bank
June 2016

In thousands of Naira	Corporate	Commercial	Bank	Retail	Government	Others	Total
Cash and balances with banks	-	-	388,767,196	-	-	-	388,767,196
Investment under management	-	-	11,403,713	-	-	-	11,403,713
Non pledged trading assets							
Treasury bills	-	-	-	-	17,296,082	-	17,296,082
Bonds	3,569	-	7,252	-	6,407,725	-	6,418,546
Derivative financial instruments	2,274,654	-	692,308	-	152,339,330	-	155,306,292
Loans and advances to banks	-	-	100,992,370	-	-	-	100,992,370
Loans and advances to customers							
Auto Loan	-	368,422	-	3,797,394	-	-	4,165,816
Credit Card	-	1,079,698	-	6,890,584	-	-	7,970,282
Finance Lease	2,380,393	2,542,500	-	205,649	16,315	-	5,144,857
Mortgage Loan	-	23,087	-	4,697,755	-	-	4,720,842
Overdraft	63,009,482	109,160,448	-	5,105,514	670,632	-	177,946,076
Personal Loan	-	-	-	18,630,148	-	-	18,630,148
Term Loan	375,964,195	354,670,368	-	2,627,679	272,924,963	-	1,006,187,205
Time Loan	113,146,558	228,267,941	-	471,736	3,090,345	-	344,976,580
Pledged assets							
Treasury bills	-	-	-	-	143,825,918	-	143,825,918
Bonds	-	-	-	-	120,209,676	-	120,209,676
Investment securities							
Available for sale							
Treasury bills	-	-	-	-	15,375,143	-	15,375,143
Bonds	402,911	-	8,644,302	-	11,310,754	-	20,357,967
Held to Maturity							
Treasury bills	-	-	-	-	-	-	-
Bonds	653,271	-	1,000,213		59,975,766	-	61,629,250
Other assets	28,627,176	4,510,002	5,053,469	5,140,156	7,536,414	286,568	51,153,785
Total	**586,462,209**	**700,622,466**	**516,560,823**	**47,566,615**	**810,979,063**	**286,568**	**2,662,477,744**

Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	1,270,338	164,161,828	-	-	-	-	165,432,166
Guaranteed facilities	2,373,484	50,245,634	-	23,249	898,514	-	53,540,881
Clean line facilities for letters of credit and other commitments	36,618,203	129,334,806	178,587,723	-	341,092,986	-	685,633,718
Total	**40,262,025**	**343,742,268**	**178,587,723**	**23,249**	**341,991,500**	**-**	**904,606,765**

By Sector

Bank
December 2015

In thousands of Naira	**Corporate**	**Commercial**	**Bank**	**Retail**	**Government**	**Others**	**Total**
Cash and balances with banks	-	-	376,441,830	-	-	-	376,441,830
Investment under management	2,385,288		4,927,888	-	3,090,432		10,403,608
Non pledged trading assets							
Treasury bills	-	-	-	-	50,209,443	-	50,209,443
Bonds	4,568	-	59,077	-	1,961,355	-	2,025,000
Derivative financial instruments	3,485,545	-	861,736	-	73,505,068	-	77,852,349
Loans and advances to banks	-	-	60,414,721	-	-	-	60,414,721
Loans and advances to customers							
Auto Loan	173,144	1,020,277	-	4,076,948	20,922	-	5,291,292
Credit Card	-	-	-	2,812,544	-	-	2,812,544
Finance Lease	983,461	829,447	-	-	-	-	1,812,908
Mortgage Loan	-	27,552	-	4,332,232	-	-	4,359,784
Overdraft	61,513,770	112,064,079	-	4,381,653	1,302,179	-	179,261,680
Personal Loan	-	-	-	17,863,573	-	-	17,863,573
Term Loan	310,192,916	268,549,705	-	3,272,990	163,915,701	-	745,931,312
Time Loan	132,203,718	149,821,320	-	633,471	3,223,707	-	285,882,216
Pledged assets							
Treasury bills	-	-	-	-	103,684,044	-	103,684,044
Bonds		-	-	-	96,780,580	-	96,780,580
Investment securities							
Available for sale							
Treasury bills	-	-	-	-	10,436,981	-	10,436,981
Bonds		-	6,016,748	-	54,679,355	-	60,696,103
Held to Maturity							
Treasury bills	-	-	-	-	-	-	-
Bonds	1,684,150	-	1,007,643	-	37,594,736	-	40,286,529
Other assets	22,790,400	6,047,003	2,116,917	11,235,870	27,278,697	40,859	69,509,746
Total	**535,416,961**	**538,359,382**	**451,846,559**	**48,609,282**	**627,683,202**	**40,859**	**2,201,956,245**

Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	29,902,003	188,165,021	-	-	-	-	218,067,025
Guaranteed facilities	4,742,037	84,472,264	-	23,484	2,403,148	-	91,640,933
Clean line facilities for letters of credit and other commitments	80,604,444	125,816,242	105,881,006	-	288,593,500	-	600,895,192
Total	**115,248,484**	**398,453,527**	**105,881,006**	**23,484**	**290,996,648**	**-**	**910,603,149**

5.1.5 (b)i By geography

Bank June 2016 *In thousands of Naira*	Nigeria	Rest of Africa	Europe	Others	Total
Cash and balances with banks	325,822,697	14,123,912	41,390,704	7,429,883	388,767,196
Investment under management	11,403,713	-	-	-	11,403,713
Non pledged trading assets					
Treasury bills	17,296,082	-	-	-	17,296,082
Bonds	6,418,546	-	-	-	6,418,546
Derivative financial instruments	154,613,985	-	692,307	-	155,306,292
Loans and advances to banks	-	-	100,992,370	-	100,992,370
Loans and advances to customers					
Auto Loan	4,165,816	-	-	-	4,165,816
Credit Card	7,970,282	-	-	-	7,970,282
Finance Lease	5,144,857	-	-	-	5,144,857
Mortgage Loan	4,720,842	-	-	-	4,720,842
Overdraft	177,946,076	-	-	-	177,946,076
Personal Loan	18,630,148	-	-	-	18,630,148
Term Loan	1,006,187,205	-	-	-	1,006,187,205
Time Loan	344,976,580	-	-	-	344,976,580
Pledged assets					
Treasury bills	143,825,918	-	-	-	143,825,918
Bonds	120,209,676	-	-	-	120,209,676
Investment securities					
Available for sale					
Treasury bills	15,375,143	-	-	-	15,375,143
Bonds	11,310,755	-	5,565,313	-	16,876,068
Held to Maturity					
Treasury bills	-	-	-	-	-
Bonds	61,629,250	-	-	-	61,629,250
Other assets	50,290,984	830,534	32,267	-	51,153,785
Total	**2,487,938,555**	**14,954,446**	**148,672,961**	**7,429,883**	**2,658,995,845**
Credit risk exposures relating to othr credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	165,432,166	-	-	-	165,432,166
Guaranteed facilities	53,540,881	-	-	-	53,540,881
Clean line facilities for letters of credit and other commitments	685,633,718	-	-	-	685,633,718
Total	**904,606,765**	**-**	**-**	**-**	**904,606,765**

By geography

Bank **December 2015** *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Others**	**Total**
Cash and balances with banks	405,998,636		-	-	405,998,636
Investment under management	10,403,608		-	-	10,403,608
Non pledged trading assets	-				
Treasury bills	50,209,443	-	-	-	50,209,443
Bonds	1,961,355	-	63,645	-	2,025,000
Derivative financial instruments	76,970,769	-	867,235	14,345	77,852,349
Loans and advances to banks	634,098	-	59,780,624	-	60,414,722
Loans and advances to customers	-				
Auto Loan	5,291,292	-	-	-	5,291,292
Credit Card	2,812,544	-	-	-	2,812,544
Finance Lease	1,812,908	-	-	-	1,812,908
Mortgage Loan	4,359,784	-	-	-	4,359,784
Overdraft	179,261,680	-	-	-	179,261,680
Personal Loan	17,863,573	-	-	-	17,863,573
Term Loan	745,931,312	-	-	-	745,931,312
Time Loan	285,882,216	-	-	-	285,882,216
Pledged assets	-				
Treasury bills	103,684,044	-	-	-	103,684,044
Bonds	96,780,580	-	-	-	96,780,580
Investment securities	-				
Available for sale	-				
Treasury bills	10,436,981	-	-	-	10,436,981
Bonds	54,679,356	-	5,857,725	159,022	60,696,103
Held to Maturity	-				
Treasury bills		-	-	-	-
Bonds	39,278,886	-	1,007,643	-	40,286,529
Other assets	68,076,063	1,409,196	24,487	-	69,509,746
Total	**2,162,329,129**	**1,409,196**	**67,601,359**	**173,367**	**2,231,513,051**

Credit risk exposures relating to othr credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	218,067,025	-	-	-	218,067,025
Guaranteed facilities	91,640,933	-	-	-	91,640,933
Clean line facilities for letters of credit and other commitments	600,895,192	-	-	-	600,895,192
Total	**910,603,150**	**-**	**-**	**-**	**910,603,150**

5.2.1 A summary of the Group's interest rate gap position on financial instruments is as follows:

Group

In thousands of Naira **30 June 2016**	Re-pricing period: **Less than 3 months**	**4 - 6 months**	**7 - 12 months**	**1 - 5 years**	**More than 5 years**	**Non-Interest bearing**	**Total**
Non-derivative assets							
Cash and balances with banks	164,430,182	145,430	39,357	-	-	447,638,640	612,253,609
Investment under management	11,137,190	-	-	-		266,523	11,403,713
Non pledged trading assets							
Treasury bills	3,729,519	3,572,799	9,993,764	-	-	-	17,296,082
Bonds	153,854	-	64,796	6,183,925	15,971	-	6,418,546
Loans and advances to banks	11,407,405	17,227,543	40,198,513	224,438	1,508	-	69,059,407
Loans and advances to customers							
Auto Loan	23,690	86,747	431,227	3,888,779	13,525	-	4,443,968
Credit Card	819,216	71,235	76,731	7,079,920	-	-	8,047,102
Finance Lease	833,073	1,176	590,098	3,720,510	-	-	5,144,857
Mortgage Loan	369,631	4,182	12,406	655,233	32,572,615	-	33,614,067
Overdraft	130,231,197	18,108,967	60,275,902	414,167	-	-	209,030,233
Personal Loan	156,557	140,616	2,903,319	16,007,084	569,550	-	19,777,126
Term Loan	76,435,734	4,272,476	12,925,856	431,377,429	532,539,540	-	1,057,551,035
Time Loan	252,463,101	39,899,350	112,900,540	3,991,965	-	-	409,254,956
Pledged assets							-
Treasury bills	13,776,791	102,280,893	32,910,163	-	-	-	148,967,847
Bonds	4,200,184	-	-	38,290,549	77,718,943	-	120,209,676
Investment securities							
- Available for sale							
Treasury bills	8,391,546	25,812,455	18,722,724	-	-	19,841	52,946,566
Bonds	11,062,988	-	7,576,284	2,021,814	769,505	-	21,430,591
- Held to Maturity							
Treasury bills	4,502,145	1,999,234	1,556,680	37,436	-	-	8,095,495
Bonds	5,004	2,434,329	2,717	26,497,140	34,225,837	-	63,165,027
Other assets	3,470,836	-	9,593,988	-	744,511	41,935,542	55,744,877
	697,599,843	**216,057,432**	**310,775,065**	**540,390,389**	**679,171,505**	**489,860,546**	**2,933,854,780**
Non-derivative liabilities							
Deposits from financial institutions	181,383,877	231,061	27,291,459	-	-	76,261	208,982,658
Deposits from customers	1,778,206,999	58,803,487	75,940,544	935,867	-	56,536,809	1,970,423,706
Other liabilties	158,722	-	-	-	-	89,977,116	90,135,838
Debt securities issued	-	-	-	212,484,633	-	-	212,484,633
Interest bearing borrowings	718,779	239	1,328,618	27,049,253	258,057,406	16,915,896	304,070,191
	1,960,468,377	**59,034,787**	**104,560,621**	**240,469,753**	**258,057,406**	**163,506,082**	**2,786,097,026**
Total interest re-pricing gap	(1,262,868,534)	157,022,645	206,214,444	299,920,636	421,114,099	326,354,464	147,757,754

Group	**Re-pricing period**						
In thousands of Naira **31 December 2015**	**Less than 3 months**	**4 - 6 months**	**7 - 12 months**	**1 - 5 years**	**More than 5 years**	**Non-Interest bearing**	**Total**
Non-derivative assets							
Cash and balances with banks	52,433,982	-	-	-	-	425,975,354	478,409,336
Investment under management	10,403,608	-	-	-	-	-	10,403,608
Non pledged trading assets							
Treasury bills	7,378,205	9,653,535	33,177,703	-	-	-	50,209,443
Bonds	-	-	42,554	1,182,521	799,925	-	2,025,000
Loans and advances to banks	543,309	-	42,099,529	91,072	-	-	42,733,910
Loans and advances to customers							
Auto Loan	28,585	63,060	284,135	5,143,269	-	-	5,519,048
Credit Card	794,103	273,215	101,128	1,682,974	-	-	2,851,420
Finance Lease	55,553	181,241	360,817	1,215,297	-	-	1,812,908
Mortgage Loan	2,156	-	1,055,368	800,711	22,206,904	-	24,065,139
Overdraft	136,304,482	14,520,390	47,494,058	-	-	-	198,318,930
Personal Loan	137,483	137,495	424,720	19,469,367	14,543	-	20,183,609
Term Loan	67,304,865	8,558,580	19,636,782	400,260,208	283,445,704	-	779,206,138
Time Loan	239,163,978	33,573,023	60,276,238	859,764	636	-	333,873,638
Pledged assets							
Treasury bills	50,456,135	26,579,358	29,899,324	-	-	-	106,934,817
Bonds	-	-	11,591,562	8,155,781	77,033,237	-	96,780,580
Investment securities							
- Available for sale	-						
Treasury bills	14,730,720	4,013,091	8,493,425	1,758,770	-	-	28,996,006
Bonds	-	-	2,013,715	20,246,719	38,943,780	-	61,204,214
- Held to Maturity	-						
Treasury bills	-	-	-	-	-	-	-
Bonds	257,092	2,930,151	7,687,281	24,639,513	6,650,151	-	42,164,188
Other assets	-	-	9,266,388	-	-	72,160,739	81,427,127
	579,994,256	**100,483,138**	**273,904,728**	**485,505,965**	**429,094,880**	**498,136,093**	**2,367,119,060**
Non-derivative liabilities							
Deposits from financial institutions	70,684,694	2,229,727	-	-	-	-	72,914,421
Deposits from customers	1,524,107,621	70,456,406	66,657,799	22,022,494	-	-	1,683,244,320
Other liabilties	-	-	-	-	-	65,277,321	65,277,321
Debt securities issued	-	-	-	149,853,640	-	-	149,853,640
Interest bearing borrowings	17,049	12,457	1,008,489	20,356,658	197,232,476	12,840,032	231,467,161
	1,594,809,364	**72,698,590**	**67,666,288**	**192,232,792**	**197,232,476**	**78,117,353**	**2,202,756,863**
Total interest re-pricing gap	(1,014,815,108)	27,784,548	206,238,440	293,273,173	231,862,404	420,018,740	164,362,196

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

Bank

In thousands of Naira **30 June 2016**	Re-pricing period **Less than 3 months**	**4 - 6 months**	**7 - 12 months**	**1 - 5 years**	**More than 5 years**	**Non-Interest bearing**	**Total**
Non-derivative assets							
Cash and balances with banks	19,914,223	-	-	-	-	392,247,938	412,162,161
Investment under management	11,403,713	-	-	-	-	-	11,403,713
Non- pledged trading assets							
Treasury bills	1,991,178	8,526,376	6,778,528	-	-	-	17,296,082
Bonds	-	44,129	-	1,908,765	4,465,652	-	6,418,546
Loans and advances to banks	16,556,237	25,330,840	59,105,293	-	-	-	100,992,370
Loans and advances to customers							
Auto Loan	22,214	80,924	406,225	3,643,681	12,772	-	4,165,816
Credit Card	577,995	67,269	39,315	7,285,703	-	-	7,970,282
Finance Lease	786,683	1,111	557,238	3,799,825	-	-	5,144,857
Mortgage Loan	279,226	3,847	11,617	618,640	3,807,512	-	4,720,842
Overdraft	137,862,071	16,997,556	22,695,346	391,103	-	-	177,946,076
Personal Loan	139,220	120,388	694,866	17,658,877	16,797	-	18,630,148
Term Loan	72,109,600	4,017,527	11,737,660	416,873,083	501,449,335	-	1,006,187,205
Time Loan	203,922,925	36,995,265	100,631,437	3,426,953	-	-	344,976,580
Pledged assets							
Treasury bills	13,776,791	97,138,964	32,910,163	-	-	-	143,825,918
Bonds	4,200,184	-	-	38,290,549	77,718,943	-	120,209,676
Investment securities							
- Available for sale							
Treasury bills	2,056,245	1,172,992	12,145,906	-	-	-	15,375,143
Bonds	-	-	4,707,288	6,489,511	9,161,169	-	20,357,968
- Held to Maturity							
Treasury bills	-	-	-	-	-	-	-
Bonds	-	-	-	15,153,974	46,475,277	-	61,629,251
Other assets	-	-	-	-	-	51,153,785	51,153,785
	485,598,505	**190,497,188**	**252,420,882**	**515,540,664**	**643,107,457**	**443,401,723**	**2,530,566,419**
Non-derivative liabilities							
Deposits from financial institutions	111,057,393	1,863,569	4,539,784	-	-	-	117,460,746
Deposits from customers	1,604,706,916	52,689,541	68,017,671	613,325	-	-	1,726,027,453
Other liabilities	-	-	-	-	-	80,921,022	80,921,022
Debt securities	-	-	-	111,510,594	-	-	111,510,594
Interest bearing borrowings	718,779	-	145,757	149,191,761	242,790,963	12,782,968	405,630,228
	1,716,483,088	**54,553,110**	**72,703,212**	**261,315,680**	**242,790,963**	**93,703,990**	**2,441,550,043**
Total interest re-pricing gap	(1,230,884,583)	135,944,078	179,717,670	254,224,984	400,316,494	349,697,733	89,016,376

Bank

In thousands of Naira **31 December 2015**	Re-pricing period						
	Less than 3 months	**4 - 6 months**	**7 - 12 months**	**1 - 5 years**	**More than 5 years**	**Non-Interest bearing**	**Total**
Non-derivative assets							
Cash and balances with banks	26,111,216	-	-	-	-	379,887,420	405,998,636
Investment under management	10,403,608	-	-	-	-	-	10,403,608
Non- pledged trading assets							
Treasury bills	7,378,204	9,653,535	33,177,704	-	-	-	50,209,443
Bonds	-	-	42,554	1,182,522	799,924	-	2,025,000
Loans and advances to banks	-	496,780	59,828,535	89,406	-	-	60,414,721
Loans and advances to customers							
Auto Loan	28,584	63,061	284,135	4,915,512	-	-	5,291,293
Credit Card	794,103	273,215	62,253	1,682,973	-	-	2,812,544
Finance Lease	55,553	181,241	360,817	1,215,297	-	-	1,812,908
Mortgage Loan	2,156	-	105,537	800,711	3,451,380	-	4,359,784
Overdraft	136,671,678	14,335,907	28,254,095	-	-	-	179,261,680
Personal Loan	137,483	137,494	424,721	17,149,332	14,543	-	17,863,573
Term Loan	67,120,383	8,558,580	19,636,783	367,169,862	283,445,704	-	745,931,312
Time Loan	239,163,978	33,573,023	12,284,815	859,764	636	-	285,882,216
Pledged assets							
Treasury bills	48,794,846	26,291,063	28,598,135	-	-	-	103,684,044
Bonds	-	-	11,303,267	7,359,376	78,117,937	-	96,780,580
Investment securities							
- Available for sale							-
Treasury bills	6,158,089	-	4,278,892	-	-	-	10,436,981
Bonds	-	-	1,505,605	20,246,719	38,943,780	-	60,696,103
- Held to Maturity		-					-
Treasury bills	-	-	-	-	-	-	-
Bonds	-	-	9,126,791	24,574,550	6,585,188	-	40,286,529
Other assets	-	-	-	-	-	69,509,746	69,509,746
	542,819,881	**93,563,899**	**209,274,639**	**447,246,024**	**411,359,092**	**449,397,166**	**2,153,660,700**
Non-derivative liabilities							
Deposits from financial institutions	61,114,058	2,229,727	-	-		-	63,343,785
Deposits from customers	1,454,545,553	42,093,094	31,568,442	6,794	-	-	1,528,213,883
Other liabilities	-	-	-	-		62,871,485	62,871,485
Debt securities	-	-	-	78,516,655	-	-	78,516,655
Interest bearing borrowings	-	-	1,008,489	96,799,622	192,271,843	12,840,033	302,919,987
	1,515,659,611	**44,322,821**	**32,576,931**	**175,323,071**	**192,271,843**	**75,711,518**	**2,035,865,795**
Total interest re-pricing gap	(972,839,731)	49,241,078	176,697,708	271,922,952	219,087,249	373,685,648	117,794,905

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:

Group VAR by risk type	June 2016			
In thousands of Naira	**Average**	**High**	**Low**	**Actual**
Foreign exchange risk	31,316	171,614	9,836	71,575
Interest rate risk	357,965	477,864	302,366	393,917
Total	**389,281**	**649,478**	**312,202**	**465,492**

Group	December 2015			
	Average	**High**	**Low**	**Actual**
Foreign exchange risk	19,346,000	78,309,000	151,000	32,375,000
Interest rate risk	93,877,000	414,318,000	14,199,000	316,697,000
Total	**113,223,000**	**492,627,000**	**14,350,000**	**349,072,000**

Bank VAR by risk type	June 2016			
In thousands of Naira	**Average**	**High**	**Low**	**Actual**
Foreign exchange risk	17,771	156,235	837	52,084
Interest rate risk	357,966	477,864	302,366	393,917
Total	**375,737**	**634,099**	**303,203**	**446,001**

Bank	December 2015			
	Average	**High**	**Low**	**Actual**
Foreign exchange risk	10,329,000	43,344,000	70,000	23,132,000
Interest rate risk	93,877,000	414,318,000	14,199,000	316,697,000
Total	**104,206,000**	**457,662,000**	**14,269,000**	**339,829,000**

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

30 June 2016	Fixed	Floating	Non-interest bearing	Total
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	147,627,901	-	464,625,708	612,253,609
Non pledged trading assets	23,714,628	-	63,979	23,778,607
Derivative financial instruments	-	-	155,550,018	155,550,018
Loans and advances to banks	69,059,407	-	-	69,059,407
Loans and advances to customers	4,891,994	1,741,971,350	-	1,746,863,344
Pledged assets	269,177,523	-	-	269,177,523
Investment securities:				
– Available-for-sale	74,377,157	-	60,558,913	134,936,070
– Held-to-maturity	71,260,522	-	-	71,260,522
TOTAL	**660,109,132**	**1,741,971,350**	**680,798,618**	**3,082,879,100**
LIABILITIES				
Deposits from financial institutions	208,982,658	-	-	208,982,658
Deposits from customers	794,485,671	1,175,938,035	-	1,970,423,706
Derivative financial instruments	-	-	48,090,028	48,090,028
Debt securities issued	-	212,484,633	-	212,484,633
Interest-bearing borrowings	214,166,476	77,120,747	12,782,968	304,070,191
TOTAL	**1,217,634,805**	**1,465,543,415**	**60,872,996**	**2,744,051,216**

31 December 2015	Fixed	Floating	Non-interest bearing	Total
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	52,433,982	-	425,975,354	478,409,336
Non pledged trading assets	52,234,443	-	63,979	52,298,422
Derivative financial instruments	-	-	77,905,020	77,905,020
Loans and advances to banks	42,733,910	-	-	42,733,910
Loans and advances to customers	4,556,129	1,361,274,702	-	1,365,830,831
Pledged assets	203,715,397	-	-	203,715,397
Investment securities:				
– Available-for-sale	90,200,220	-	44,592,330	134,792,550
– Held-to-maturity	51,463,692	-	-	51,463,692
TOTAL	**497,337,773**	**1,361,274,702**	**548,536,683**	**2,407,149,158**
LIABILITIES				
Deposits from financial institutions	72,914,421	-	-	72,914,421
Deposits from customers	706,327,211	976,917,109	-	1,683,244,320
Derivative financial instruments	-	-	3,077,927	3,077,927
Debt securities issued	-	149,853,640	-	149,853,640
Interest-bearing borrowings	181,214,364	50,252,797	-	231,467,161
TOTAL	**960,455,996**	**1,177,023,546**	**3,077,927**	**2,140,557,469**

Bank

30 June 2016	Fixed	Floating	Non-interest bearing	Total
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	19,914,222	-	392,247,939	412,162,161
Non pledged trading assets	23,714,628	-	63,979	23,778,607
Derivative financial instruments	-	-	155,306,292	155,306,292
Loans and advances to banks	100,992,370	-	-	100,992,370
Loans and advances to customers	4,374,708	1,565,367,098	-	1,569,741,806
Pledged assets	264,035,594	-	-	264,035,594
Investment securities:				
– Available-for-sale	35,733,111	-	60,342,857	96,075,968
– Held-to-maturity	61,629,250	-	-	61,629,250
TOTAL	**510,393,883**	**1,565,367,098**	**607,961,067**	**2,683,722,048**
LIABILITIES				
Deposits from financial institutions	117,460,746	-	-	117,460,746
Deposits from customers	705,864,471	1,020,162,982	-	1,726,027,453
Derivative financial instruments	-	-	46,500,234	46,500,234
Debt securities issued	-	111,510,594	-	111,510,594
Interest-bearing borrowings	315,726,513	77,120,747	12,782,968	405,630,228
TOTAL	1,139,051,730	1,208,794,323	59,283,202	2,407,129,255

31 December 2015	Fixed	Floating	Non-interest bearing	Total
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	26,111,216	-	379,887,420	405,998,636
Non pledged trading assets	52,234,443	-	63,979	52,298,422
Derivative financial instruments	-	-	77,852,349	77,852,349
Loans and advances to banks	-	60,414,721	-	60,414,721
Loans and advances to customers	4,231,571	1,238,983,738	-	1,243,215,309
Pledged assets	200,464,624	-	-	200,464,624
Investment securities:				
– Available-for-sale	71,133,084	-	44,575,185	115,708,269
– Held-to-maturity	40,286,529	-	-	40,286,529
TOTAL	**394,461,467**	**1,299,398,459**	**502,378,933**	**2,196,238,859**
LIABILITIES				
Deposits from financial institutions	63,343,785	-	-	63,343,785
Deposits from customers	632,818,563	895,395,320	-	1,528,213,883
Derivative financial instruments	-	-	2,416,378	2,416,378
Debt securities issued	-	78,516,655	-	78,516,655
Interest-bearing borrowings	181,214,364	121,705,623	-	302,919,987
TOTAL	877,376,712	1,095,617,598	2,416,378	1,975,410,688

*Derivative financial instruments include elements of interest rate differential between the applicable underlying currencies. Further details on the fair value of derivatives has 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.

Group
Interest sensitivity analysis - 30 June 2016
Impact on net interest income of +/-100 basis points changes in rates over a one year period (N'000)

Time Band	Cashflow interest rate risk 100 basis points decline in rates	100 basis points increase in rates
Less than 3 months	793,312	(793,312)
6 months	(133,444)	133,444
12 months	(289,709)	289,709
	370,159	**(370,159)**

Interest sensitivity analysis - 31 December 2015
Impact on net interest income of +/-100 basis points changes in rates over a one year period (N'000)

Time Band	Cashflow interest rate risk 100 basis points decline in rates	100 basis points increase in rates
Less than 3 months	436,387	(436,387)
6 months	(18,941)	18,941
12 months	(231,879)	231,879
	185,567	**(185,567)**

Bank
Interest sensitivity analysis - 30 June 2016
Impact on net interest income of +/-100 basis points changes in rates over a one year period (N'000)

Time Band	Cashflow interest rate risk in rates	increase in rates
Less than 3 months	728,355	(728,355)
6 months	(117,042)	117,042
12 months	(233,636)	233,636
	377,677	**(377,677)**

Interest sensitivity analysis - 31 December 2015
Impact on net interest income of +/-100 basis points changes in rates over a one year period (N'000)

Time Band	Cashflow interest rate risk in rates	increase in rates
Less than 3 months	441,514	(441,514)
6 months	(51,912)	51,912
12 months	(262,821)	262,821
	126,781	**(126,781)**

The table above sets out the impact on net interest income of a 100 basis points parallel fall or rise in all yields. A parallel increase in yields by 100 basis points would lead to an increase in net interest income while a parallel fall in yields by 100 basis points would lead to a decline in net interest income. The interest rate sensitivities are based on simplified scenarios and assumptions, including that all positions will be retained and rolled over upon maturity. The figures represent the effect of movements in net interest income based on the 100 basis point shift in interest rate and subject to the current interest rate exposures. However, the effect has not taken into account the possible risk management measures undertaken by the Bank to mitigate interest rate risk. In practice, the Assets and Liability Committee, ALCO seeks proactively to change the interest rate risk profile to minimize losses and optimise net revenues. The projections also assume that interest rates on various maturities will move within similar ranges, and therefore do not reflect any potential effect on net interest income in the event that some interest rates may change and others remain unchanged.

Price sensitivity analysis on bonds and treasury bills

The table below shows the impact of likely movement in yields on the value of bonds and treasury bills. This relates to the positions held for trade and available for sale. Since an increase in yields would lead to decline in market values of bonds and treasury bills, the analysis was carried out to show the likely impact of 50 and 100 basis points increase in market yields. The impact of held for trading investments is on the income statement while the impact of available for sale instruments is on the statement of other comprehensive income.

Group

30 June 2016	**Carrying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive			
Held for trading Bonds	5,938,779	(138,178)	(271,702)
Held for trading T-bills	82,569,106	(417,971)	(417,971)
	88,507,885	(556,149)	(689,673)
Impact on Other Comprehensive Income			
Available for sale investments	111,555,830	(859,399)	(1,742,610)
TOTAL	**200,063,715**	**(1,415,548)**	**(2,432,283)**

31 December 2015	**Carrying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive			
Held for trading Bonds	1,717,106	(15,142)	(29,252)
Held for trading T-bills	94,898,991	(155,835)	(331,008)
	96,616,097	(170,977)	(360,260)
Impact on Other Comprehensive Income			
Available for sale investments	119,034,346	(858,275)	(1,774,728)
TOTAL	**215,650,443**	**(1,029,252)**	**(2,134,988)**

Bank

30 June 2016	**Carrying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive Income			
Held for trading Bonds	5,938,779	(138,178)	(271,702)
Held for trading T.bills	82,569,106	(417,971)	(417,971)
	88,507,885	(556,149)	(689,673)
Impact on Other Comprehensive Income			
Available for sale investments	111,555,830	(859,399)	(1,742,610)
TOTAL	**200,063,715**	**(1,415,548)**	**(2,432,283)**

31 December 2015	**Carrying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive Income			
Held for trading Bonds	1,717,106	(15,142)	(29,252)
Held for trading T.bills	94,898,991	(155,835)	(331,008)
	96,616,097	**(170,977)**	**(360,260)**
Impact on Other Comprehensive Income			
Available for sale investments	119,034,346	(858,275)	(1,774,728)
TOTAL	**215,650,443**	**(1,029,252)**	**(2,134,988)**

Foreign currency sensitivity analysis
The Group's principal foreign currency exposure is to US Dollars, as it constituted 77% of the Group's foreign currency exposure as at 30 June 2016. The table below illustrates the hypothetical sensitivity of the Group and Bank's reported profit to a 20% and 10% increase in the US Dollar/Naira exchange rates at the year end dates, assuming all other variables remain unchanged. The sensitivity rate of 20% and 10% represents the directors' assessment of a reasonable possible change based on historic volatility.
The analysis assumes that exchange rate fluctuations on currency derivatives that form part of an effective cash flow hedge affect the fair value reserve in equity and the fair value of the hedging derivatives. For foreign exchange derivatives which are not designated hedges, movements in exchange rates impact the income statement.

Group

In thousands of naira	Impact on statement of comprehensive income 30 June 2016	Impact on statement of comprehensive income 31 December 2015
Naira weakens by 10%	(11,736,980)	(8,814,467)
Naira weakens by 20%	(23,473,961)	(17,628,934)

Bank

In thousands of naira	Impact on statement of comprehensive income 30 June 2016	Impact on statement of comprehensive income 31 December 2015
Naira weakens by 10%	(10,498,561)	(6,613,041)
Naira weakens by 20%	(20,997,121)	(13,226,081)

The year end exchange rates applied in the above analysis are US Dollar 282.97 (2015:199.30). The strengthening and weakening of Naira may not produce symmetrical results depending on the proportion and nature of foreign exchange derivatives which do not qualify for hedge accounting

Sensitivity analysis of derivative valuation

Group carries out a sensitivity analysis to determine the effects that market variables may have on the fair value of the Group's derivative financial instruments and results of operations. Below is a sensitivity analysis of the derivatives to changes in spot rates. In doing this, all other variables have been held constant while varying the spot rate at 10% and 20%.
The table below contains the summary of the impact of Naira depreciation against US Dollars on statement of comprehensive income.

In thousands of naira	Impact on statement of comprehensive income 30-Jun-16
Naira weakens by 10%	14,231,687
Naira weakens by 20%	25,255,624

Foreign currency exposure risk ratio
The aggregate Foreign Exchange Risk Ratio measures the sum-total of all single currency foreign exchange open position as a percentage of Shareholders' funds. The open position is derived after taking into account qualifying off-Financial Position hedging instruments. The Bank uses an internal ratio of 20% as the highest tolerable aggregate foreign exchange risk ratio exposure. The aggregate foreign exchange risk ratio pattern of the Bank during the period were as stated below:

High	13.2%
Low	10.9%
Average	11.8%

Price sensitivity analysis on equity

For the equities, a sensitivity of the key valuation inputs was performed in note 4

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

Financial instruments by currency
Group

In thousands of Naira

30 June 2016	Total	Naira	US	GBP	Euro	Others
Cash and balances with banks	612,253,609	261,553,083	236,518,108	89,945,597	11,408,196	12,828,625
Investment under management	11,403,713	11,403,713	-	-	-	-
Non-pledged trading assets		-	-	-	-	-
Treasury bills	17,296,082	17,296,082	-	-	-	-
Bonds	6,418,546	6,407,725	10,821	-	-	-
Equity	63,979	63,979	-	-	-	-
Derivative financial instruments	155,550,018	155,494,455	-	306	6,800	48,457
Loans and advances to banks	69,059,407	6,090,549	62,968,858	-	-	-
Loans and advances to customers						
Auto Loan	4,443,778	4,165,815	-	-	-	277,963
Credit Card	8,047,102	574,898	7,432,062	356	-	39,786
Finance Lease	5,144,857	4,522,731	622,126	-	-	-
Mortgage Loan	33,614,067	4,671,416	101,779	23,768,434	-	5,072,438
Overdraft	209,030,233	149,014,603	33,081,348	1,592	3,725	26,928,965
Personal Loan	19,777,126	17,904,151	870,534	-	1,570	1,000,871
Term Loan	1,057,551,035	581,570,513	461,898,320	2,552,878	1,249,866	10,279,458
Time Loan	409,254,955	120,332,219	244,402,400	293,055	838,050	43,389,231
Pledged assets	-					
Treasury bills	148,967,847	143,825,918	-	-	-	5,141,929
Bonds	120,209,676	120,209,676	-	-	-	-
Investment securities						
- Available for sale						
Treasury bills	52,946,566	15,375,143	2,378,019	-	-	35,193,404
Bonds	21,430,591	14,792,655	6,248,990	-	-	388,946
Equity	60,558,913	60,342,857		216,056	-	-
- Held to Maturity						
Treasury bills	8,095,495	-	-	-	-	8,095,495
Bonds	63,165,027	61,603,910	1,467,297	-	-	93,820
Other assets	55,744,877	43,694,696	3,689,124	967,749	444,542	6,948,766
	3,150,027,499	**1,800,910,787**	**1,061,689,786**	**117,746,024**	**13,952,749**	**155,728,154**
Deposits from financial institutions	208,982,658	51,889,351	142,803,112	8,832,752	5,457,444	-
Deposits from customers	1,991,984,350	1,279,425,875	507,617,437	93,229,428	11,287,409	100,424,200
Derivative financial instruments	1,589,794	-	32,817	1,542,068	14,909	-
Other liabilities	83,404,198	41,084,032	38,390,266	637,016	1,607,355	1,685,529
Debt securities issued	212,732,891	-	212,732,891	-	-	-
Interest bearing borrowings	304,070,191	178,841,481	125,228,710	-	-	-
	2,802,764,082	**1,551,240,739**	**1,026,805,232**	**104,241,265**	**18,367,117**	**102,109,729**
Off balance sheet exposuress						
Transaction related bonds and guarantees	203,127,570	65,110,478	59,516,640	452,344	47,505,059	30,543,048
Guaranteed facilities	98,215,929	33,916,167	19,119,439	-	505,276	44,675,048
Clean line facilities for letters of credit and other commitments	782,105,112	82,769	764,632,422	1,006,396	12,879,315	3,504,209
	1,083,448,611	**99,109,414**	**843,268,501**	**1,458,741**	**60,889,650**	**78,722,305**

*Included in Others are balances the group has in other currencies which includes South africa Rand,Japanese Yen, Ghanian Cedis, Dirham, Australian dollars, Canadian dollars, Swiss franc, Chinese Yuan etc.

Financial instruments by currency
Group

In thousands of Naira

31 December 2015	**Total**	**Naira**	**US**	**GBP**	**Euro**	**Others**
Cash and balances with banks	478,409,336	390,808,342	32,769,177	37,047,633	12,223,493	5,560,691
Investment under management	10,403,608	10,403,608	-	-	-	-
Non-pledged trading assets						
Treasury bills	50,209,443	50,209,443	-		-	-
Bonds	2,025,000	1,961,355	63,645	-	-	-
Equity	63,979	63,979	-		-	-
Derivative financial instruments	77,905,020	77,852,349	3,717	44,048	4,907	-
Loans and advances to banks	42,733,910	634,381	42,099,529	-	-	-
Loans and advances to customers						
Auto Loan	5,519,049	5,291,292	-	-	-	227,757
Credit Card	2,851,420	474,112	2,367,652	279	-	9,377
Finance Lease	1,812,908	1,274,915	537,993	-	-	-
Mortgage Loan	24,065,139	4,323,674	36,110	17,326,478	-	2,378,877
Overdraft	198,318,930	150,214,723	29,043,587	813	2,557	19,057,250
Personal Loan	20,183,608	17,420,469	443,105	-	-	2,320,034
Term Loan	779,206,138	417,826,517	354,381,107	1,470,780	-	5,527,734
Time Loan	333,873,639	131,874,807	178,602,799	122,143	2,915,589	20,358,301
Pledged assets	-	-	-	-	-	-
Treasury bills	106,934,817	103,684,044	-	-	-	3,250,773
Bonds	96,780,580	96,780,580	-	-	-	-
Investment securities	-	-	-	-	-	-
- Available for sale						
Treasury bills	28,996,006	10,436,981	-	-		18,559,025
Bonds	61,204,214	54,679,355	6,524,859	-	-	-
Equity	44,592,330	44,575,185	-	-	-	17,145
- Held to Maturity						
Treasury bills	7,687,281	-	-	-	-	7,687,281
Bonds	43,743,295	39,278,886	1,649,782	-	-	2,814,627
Other assets	72,160,739	68,885,884	1,429,786	782,577	-	1,062,494
	2,489,680,389	**1,678,954,883**	**649,952,847**	**56,794,751**	**15,146,545**	**88,831,365**
Deposits from financial institutions	72,914,421	3,835,704	49,320,402	13,902,757	3,334,043	2,521,515
Deposits from customers	1,683,244,320	1,076,584,753	469,856,575	50,513,055	11,177,254	75,112,683
Derivative financial instruments	3,077,926	-	2,420,095	54,905	4,907	598,020
Other liabilities	69,681,817	51,705,684	9,958,993	1,237,536	1,167,151	5,612,452
Debt securities issued	149,853,640	-	149,853,640	-	-	-
Interest bearing borrowings	231,467,161	181,664,842	49,731,893	-	-	70,426
	2,210,239,285	**1,313,790,983**	**731,141,599**	**65,708,253**	**15,683,354**	**83,915,096**
Off balance sheet exposuress						
Transaction related bonds and guarantees	221,127,530	146,219,742	53,624,913	4,198,409	1,086,120	15,998,346
Guaranteed facilities	94,135,927	44,908,152	11,049,934	-	38,144,012	33,829
Clean line facilities for letters of credit and other	657,586,492	496,784,587	150,301,288	7,970,810	2,390,551	139,256
	972,849,949	**687,912,481**	**214,976,134**	**12,169,219**	**41,620,683**	**16,171,431**

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

Financial instruments by currency

Bank
In thousands of Naira

30 June 2016	**Total**	**Naira**	**US**	**GBP**	**Euro**	**Others**
Cash and balances with banks	412,162,161	355,434,045	49,952,732	937,180	4,301,562	1,536,642
Investment under management	11,403,713	11,403,713	-	-	-	-
Non-pledged trading assets						
Treasury bills	17,296,082	17,296,082	-	-	-	-
Bonds	6,418,546	6,407,725	10,821	-	-	-
Equity	63,979	63,979	-	-	-	-
Derivative financial instruments	155,306,292	155,306,292	-	-	-	-
Loans and advances to banks	100,992,371	6,090,549	94,901,822	-	-	-
Loans and advances to customers	-	-	-	-	-	-
Auto Loan	4,165,816	4,165,816	-	-	-	-
Credit Card	7,970,282	574,897	7,395,029	356	-	-
Finance Lease	5,144,858	4,522,732	622,126	-	-	-
Mortgage Loan	4,720,841	4,671,417	49,424	-	-	-
Overdraft	177,946,077	149,014,602	28,926,616	1,134	3,725	-
Personal Loan	18,630,148	17,904,150	725,998	-	-	-
Term Loan	1,006,187,203	581,570,514	424,616,689	-	-	-
Time Loan	344,976,580	120,332,220	223,307,586	293,055	838,050	205,669
Pledged assets						
Treasury bills	143,825,918	143,825,918	-	-	-	-
Bonds	120,209,676	120,209,676	-	-	-	-
Investment securities	-					
Available for sale	-					
Treasury bills	15,375,143	15,375,143	-	-	-	-
Bonds	20,357,968	14,792,655	5,565,313	-	-	-
Equity	60,342,857	60,342,857	-	-	-	-
Held to Maturity	-					
Treasury bills	-	-	-	-	-	-
Bonds	61,629,250	61,629,250	-	-	-	-
Other assets	51,153,785	47,906,707	2,631,345	4,428	421,124	190,181
	2,746,279,546	**1,898,840,939**	**838,705,501**	**1,236,153**	**5,564,461**	**1,932,492**
Deposits from financial institutions	117,460,746	51,889,351	63,561,785	-	2,009,610	-
Deposits from customers	1,726,027,453	1,202,769,834	513,260,505	6,050,856	3,945,991	267
Derivative financial instruments	46,500,234	-	46,500,234	-	-	-
Other liabilities	71,457,495	41,084,032	28,321,218	146,587	1,597,426	308,232
Debt securities issued	111,510,594	-	111,510,594	-	-	-
Interest bearing borrowings	405,630,228	178,841,481	226,788,747	-	-	-
	2,478,586,750	**1,474,584,698**	**989,943,083**	**6,197,443**	**7,553,027**	**308,499**
Off balance sheet exposuress						
Transaction related bonds and guarantees	165,432,166	65,110,478	52,590,090	452,344	47,279,254	-
Guaranteed facilities	53,540,881	33,916,167	19,119,439	-	505,276	-
Clean line facilities for letters of credit and other commitments	685,633,718	82,769	680,271,219	36,243	5,151,428	92,059
	904,606,765	99,109,414	751,980,748	488,587	52,935,957	92,059

Financial instruments by currency
Bank
In thousands of Naira

31 December 2015	**Total**	**Naira**	**US**	**GBP**	**Euro**	**Others**
Cash and balances with banks	405,998,636	390,808,342	10,895,411	926,274	3,287,055	81,554
Investment under management	10,403,608	10,403,608	-	-	-	-
Non-pledged trading assets						
Treasury bills	50,209,443	50,209,443	-	-	-	-
Bonds	2,025,000	1,961,355	63,645	-	-	-
Equity	63,979	63,979	-	-	-	-
Derivative financial instruments	77,852,349	77,852,349	-	-	-	-
Loans and advances to banks	60,414,721	-	48,589,493	6,208,168	5,617,060	-
Loans and advances to customers	-	-	-	-	-	-
Auto Loan	5,291,292	5,291,292	-	-	-	-
Credit Card	2,812,544	474,112	2,338,153	279	-	-
Finance Lease	1,812,908	1,274,915	537,993	-	-	-
Mortgage Loan	4,359,784	4,323,674	36,110	-	-	-
Overdraft	179,261,680	150,214,723	29,043,587	813	2,557	-
Personal Loan	17,863,573	17,420,469	443,104	-	-	-
Term Loan	745,931,312	417,826,517	328,104,795	-	-	-
Time Loan	285,882,216	131,874,807	151,819,340	122,143	1,870,046	195,880
Pledged assets						
Treasury bills	103,684,044	103,684,044	-	-	-	-
Bonds	96,780,580	96,780,580	-	-	-	-
Investment securities	-	-	-	-	-	-
Available for sale	-	-	-	-	-	-
Treasury bills	10,436,981	10,436,981	-	-	-	-
Bonds	60,696,103	54,679,355	6,016,748	-	-	-
Equity	44,575,185	44,575,185	-	-	-	-
Held to Maturity						
Treasury bills	-	-	-	-	-	-
Bonds	40,286,529	39,278,886	1,007,643	-	-	-
Other assets	69,509,746	68,885,884	623,862	-	-	-
	2,276,152,215	**1,678,320,502**	**579,519,884**	**7,257,677**	**10,776,719**	**277,434**
Deposits from financial institutions	63,343,785	3,835,704	56,497,608	122,988	2,806,460	81,025
Deposits from customers	1,528,213,883	1,076,584,753	443,902,655	4,549,723	3,176,591	161
Derivative financial instruments	2,416,378	-	2,416,378	-	-	-
Other liabilities	62,871,485	51,705,684	9,955,814	26,394	1,167,151	16,442
Debt securities issued	78,516,655	-	78,516,655	-	-	-
Interest bearing borrowings	302,919,987	181,664,842	121,255,145	-	-	-
	2,038,282,172	1,313,790,983	712,544,256	4,699,105	7,150,202	97,628
Off balance sheet exposuress						
Transaction related bonds and guarantees	218,067,025	164,267,159	52,358,822	354,924	1,086,120	-
Guaranteed facilities	91,640,933	42,446,987	11,049,934	-	38,144,012	-
Clean line facilities for letters of credit and other	600,895,192	78,087	597,979,521	483,607	2,214,721	139,256
	910,603,149	206,792,233	661,388,277	838,531	41,444,853	139,256

Liquidity risk management
The following table shows the undiscounted cash flows on the Group's financial assets and liabilities and on the basis of their earliest possible contractual maturity. The Gross nominal inflow / (outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment.

The amounts in the table below have been compiled as follows:

Type of financial instrument	Basis on which amounts are compiled
Non-derivative financial liabilities and financial assets	Undiscounted cash flows, which include estimated interest payments.
Issued financial guarantee contracts, and unrecognised loan commitments	Earliest possible contractual maturity. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.
Derivative financial liabilities and financial assets held for risk management purposes	Contractual undiscounted cash flows. The amounts shown are the gross nominal inflows and outflows for derivatives that have simultaneous gross settlement (e.g. forward exchange contracts and currency swaps) and the net amounts for derivatives that are net settled.
Trading derivative liabilities and assets forming part of the Group's proprietary trading operations that are expected to be closed out before contractual maturity	Fair values at the date of the statement of financial position. This is because contractual maturities are not reflective of the liquidity risk exposure arising from these positions. These fair values are disclosed in the 'less than one month' column.
Trading derivative liabilities and assets that are entered into by the Group with its customers	Contractual undiscounted cash flows. This is because these instruments are not usually closed out before contractual maturity and so the Group believes that contractual maturities are essential for understanding the timing of cash flows associated with these derivative positions.

The Group's expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. For example, demand deposits from customers are expected to remain stable or increase and unrecognised loan commitments are not all expected to be drawn down immediately. As part of the management of liquidity risk arising from financial liabilities, the Group holds liquid assets comprising Cash and balances with banks and debt securities issued by federal government, which can be readily sold to meet liquidity requirements.
In addition, the Group maintains agreed lines of credit with other banks and holds unencumbered assets eligible for use as collateral.

5.3.1 Residual contractual maturities of financial assets and liabilities

Group 30 June 2016	Carrying amount	Gross nominal inflow/(outflow)	Less than 3 months	6 months	12 months	5 years	More than 5 years
In thousands of Naira							
Cash and balances with banks	612,253,609	623,820,358	301,843,938	-	-	-	321,976,420
Investment under management	11,403,713	11,403,713	11,403,713	-	-	-	-
Non-pledged trading assets							
Treasury bills	17,296,082	18,631,108	2,171,767	2,213,486	14,245,855	-	-
Bonds	6,418,546	13,681,222	484,705	11,949	445,833	4,861,530	7,877,205
Derivative financial instruments	155,550,018	155,550,019	3,210,857	8,184,924	14,731,221	129,423,017	-
Loans and advances to banks	69,059,407	197,899,314	77,158,965	5,382,855	7,821,054	106,842,535	693,905
Loans and advances to customers							
Auto Loan	4,443,779	4,443,779	46,545	155,680	423,004	3,807,065	11,485
Credit Card	8,047,102	8,047,102	625,510	22,404	43,542	7,355,646	-
Finance Lease	5,144,858	5,144,858	730,294	403,573	149,866	3,861,125	-
Mortgage Loan	33,614,068	33,614,068	263,010	14,559	419,841	15,660,706	17,255,952
Overdraft	209,030,233	209,030,233	154,422,208	21,932,634	32,675,391	-	-
Personal Loan	19,777,125	19,777,126	138,574	116,475	632,447	18,681,561	208,069
Term Loan	1,057,551,035	1,057,551,037	85,298,967	8,984,349	21,566,752	447,009,156	494,691,813
Time Loan	409,254,955	409,254,956	250,368,972	40,955,012	117,930,972	-	-
Pledged assets							
Treasury bills	148,967,847	152,267,968	14,446,214	103,691,452	34,130,302	-	-
Bonds	120,209,676	284,122,917	18,707,214	103,097,296	42,426,718	3,942,488	115,949,201
Investment securities							
Available for sale							
Treasury bills	52,946,566	56,060,273	9,376,796	26,848,039	19,835,438	-	-
Bonds	17,948,691	96,677,488	45,234,074	192,939	1,763,561	12,055,630	37,431,284
Held to Maturity							
Treasury bills	8,095,495	8,516,443	7,238,681	723,257	554,505	-	-
Bonds	63,165,027	118,400,855	634,983	13,293,641	5,929,071	48,270,963	50,272,197
Other assets	58,585,120	58,538,720	26,206,663	3,822,207	7,816,423	20,427,063	266,364
	3,088,762,952	**3,542,433,557**	**1,010,012,650**	**340,046,731**	**323,541,796**	**822,198,485**	**1,046,633,895**
Deposits from financial institutions	208,982,658	212,863,808	160,542,585	47,415,513	4,905,710	-	-
Deposits from customers	1,970,423,706	2,000,325,801	1,626,988,080	211,577,517	93,056,284	68,703,920	-
Derivative financial instruments	48,090,028	47,516,515	29,157,405	12,914,490	5,444,620	-	-
Other liabilities	90,135,838	80,842,502	75,407,966	5,384,980	49,556	-	-
Debt securities issued	212,484,633	269,195,831	-	5,234,945	5,234,945	258,725,941	-
Interest bearing borrowings	304,070,191	417,541,247	789,566	197,373	5,108,190	213,556,991	197,889,127
	2,834,187,054	**3,028,285,704**	**1,892,885,602**	**282,724,818**	**113,799,305**	**540,986,852**	**197,889,127**
Gap (asset - liabilities)	254,575,898	514,147,853	(882,872,952)	57,321,913	209,742,491	281,211,633	848,744,768
Cumulative liquidity gap			(882,872,952)	(825,551,039)	(615,808,548)	(334,596,915)	514,147,853
Off-balance sheet							
Transaction related bonds and guarantees	203,127,570	203,127,570	23,601,601	34,339,582	18,684,962	124,983,516	1,517,909
Guaranteed facilities	98,215,929	98,215,929	14,730,336	36,178,769	17,002,088	29,299,151	1,005,585
Clean line facilities for letters of credit and other commitments	782,105,112	782,105,112	373,879,075	118,153,610	90,433,626	199,638,801	-
	1,083,448,611	**1,083,448,611**	**412,211,012**	**188,671,961**	**126,120,676**	**353,921,468**	**2,523,494**

Group **31 December 2015**	**Carrying amount**	**Gross nominal inflow/(outflow)**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
In thousands of Naira							
Cash and balances with banks	478,409,336	478,409,336	228,454,519	-	-	-	249,954,817
Investment under management	10,403,608	10,494,011	10,494,011	-	-	-	-
Non-pledged trading assets							
Treasury bills	50,209,443	51,656,952	7,422,310	9,865,726	34,368,916	-	-
Bonds	2,025,000	3,164,736	124,584	5,988	163,571	1,909,285	961,309
Derivative financial instruments	77,905,020	77,905,020	5,371,017	3,516,433	2,244,002	66,773,568	-
Loans and advances to banks	42,733,910	43,338,836	552,395	-	42,695,369	91,072	-
Loans and advances to customers							
Auto Loan	5,519,049	5,581,949	28,909	63,776	287,331	5,201,934	-
Credit Card	2,851,420	2,882,896	803,177	276,313	101,834	1,701,572	-
Finance Lease	1,812,908	1,821,023	56,182	182,080	362,516	1,220,244	-
Mortgage Loan	24,065,139	24,163,152	2,180	-	106,732	856,528	23,197,712
Overdraft	198,503,413	213,485,919	147,864,068	16,685,613	48,936,238	-	-
Personal Loan	20,183,608	20,393,835	139,043	139,052	429,543	19,671,488	14,708
Term Loan	779,021,657	790,496,163	67,248,846	9,265,310	19,751,013	408,178,583	286,052,411
Time Loan	333,873,638	335,494,050	240,187,156	34,055,604	60,381,145	869,501	643
Pledged assets							
Treasury bills	106,934,817	110,634,759	49,586,114	27,376,779	33,671,866	-	-
Bonds	96,780,580	135,824,699	704,048	3,838,702	15,332,749	-	115,949,201
Investment securities							
Available for sale							
Treasury bills	28,996,006	29,103,866	15,298,622	3,309,940	10,495,304	-	-
Bonds	61,204,214	120,505,529	3,081,071	449,198	3,530,269	45,556,113	67,888,878
Held to Maturity							
Treasury bills	7,687,281	8,001,573	1,574,323	2,140,074	4,287,176	-	-
Bonds	43,743,295	55,267,935	1,017,818	2,288,727	2,272,677	39,389,385	10,299,328
Other assets	72,160,739	71,674,061	29,775,314	39,379,530	2,519,217	-	-
	2,445,024,081	**2,590,300,300**	**809,785,706**	**152,838,846**	**281,937,468**	**591,419,274**	**754,319,007**
Deposits from financial institutions	72,914,421	69,670,704	67,440,977	2,229,727	-	-	-
Deposits from customers	1,683,244,320	1,684,671,964	1,550,285,998	77,632,305	56,725,519	28,141	-
Derivative financial instruments	3,077,927	3,077,927	2,450,044	627,883	-	-	-
Other liabilities	65,277,321	65,277,322	65,277,322	-	-	-	-
Debt securities issued	149,853,640	200,147,025	2,528,619	3,687,050	6,215,669	104,308,638	83,407,050
Interest bearing borrowings	231,467,161	241,925,345	2,317,162	3,802,268	6,743,263	55,560,644	173,502,008
	2,205,834,790	**2,264,770,287**	**1,690,300,122**	**87,979,233**	**69,684,451**	**159,897,423**	**256,909,058**
Gap (asset - liabilities)	239,189,291	325,530,013	(880,514,416)	64,859,612	212,253,017	431,521,851	497,409,948
Cumulative liquidity gap			(880,514,416)	(815,654,804)	(603,401,787)	(171,879,936)	325,530,011
Off-balance sheet							
Transaction related bonds and guarantees	221,127,530	221,127,530	109,959,885	13,220,643	49,030,767	28,395,636	20,520,600
Guaranteed facilities	94,135,927	94,135,927	10,271,557	6,217,096	9,469,462	16,627,248	51,550,564
Clean line facilities for letters of credit and other commitments	657,586,492	657,586,492	374,032,037	111,954,135	28,253,794	143,346,525	-
	972,849,949	**972,849,949**	**494,263,479**	**131,391,875**	**86,754,023**	**188,369,408**	**72,071,164**

5.3.1 Residual contractual maturities of financial assets and liabilities

Bank 30 June 2016 *In thousands of Naira*	Carrying amount	Gross nominal inflow/outflow	Less than 3 months	6 months	12 months	5 years	More than 5 years
Cash and balances with banks	412,162,161	423,728,910	104,469,363	-	-	-	319,259,547
Investment under management	11,403,713	11,403,713	11,403,713	-	-	-	-
Non-pledged trading assets							
Treasury bills	17,296,082	17,791,518	1,909,395	2,029,826	13,852,297	-	-
Bonds	6,418,546	13,634,032	469,418	1,608	444,103	4,831,231	7,887,672
Derivative financial instruments	155,306,292	-	-	-	-	-	-
Loans and advances to banks	100,992,370	-	-	-	-	-	-
Loans and advances to customers							
Auto Loan	4,165,816	4,165,815	27,286	91,893	359,204	3,675,947	11,485
Credit Card	7,970,282	7,970,282	559,820	22,404	32,412	7,355,646	-
Finance Lease	5,144,858	5,144,858	730,294	403,573	149,866	3,861,125	-
Mortgage Loan	4,720,842	4,720,842	254,523	7,982	11,845	757,349	3,689,143
Overdraft	177,946,077	177,946,077	144,564,425	15,622,228	17,759,424	-	-
Personal Loan	18,630,148	18,630,148	107,187	90,155	597,527	17,802,190	33,089
Term Loan	1,006,187,203	1,006,187,204	74,811,052	7,810,753	19,785,951	411,014,300	492,765,148
Time Loan	344,976,580	344,976,579	225,050,197	25,530,337	94,396,045	-	-
Pledged assets							
Treasury bills	143,825,918	150,877,396	14,446,214	102,300,880	34,130,302	-	-
Bonds	120,209,676	133,245,521	4,261,000	796,416	8,296,416	3,942,488	115,949,201
Investment securities							
Available for sale							
Treasury bills	15,375,143	16,136,138	1,708,586	3,464,000	10,963,552	-	-
Bonds	16,876,068	50,256,695	3,946,499	192,939	702,398	12,989,518	32,425,341
Held to Maturity							
Treasury bills	-	-	-	-	-	-	-
Bonds	61,629,250	111,139,675	176,203	13,229,925	5,142,154	42,319,196	50,272,197
Other assets	82,245,216	51,153,784	31,218,519	808,875	808,875	18,317,515	-
	2,713,482,241	**2,549,109,187**	**620,113,694**	**172,403,794**	**207,432,371**	**526,866,505**	**1,022,292,823**
Deposits from financial institutions	117,460,746	118,235,419	108,561,756	4,969,733	4,703,930	-	-
Deposits from customers	1,726,027,453	1,746,650,480	1,275,623,217	99,668,257	344,091,897	15,824,054	11,443,055
Derivative financial instruments	46,500,234	46,500,235	28,141,125	12,914,490	5,444,620	-	-
Other liabilities	82,158,521	71,457,495	71,457,495	-	-	-	-
Debt securities issued	111,510,594	170,772,395	-	5,234,945	5,234,945	160,302,505	-
Interest bearing borrowings	405,630,228	408,069,686	718,778	-	4,878,712	206,834,303	195,637,893
	2,489,287,776	2,561,685,710	1,484,502,371	122,787,425	364,354,104	382,960,862	207,080,948
Gap (asset - liabilities)	224,194,465	(12,576,523)	(864,388,677)	49,616,369	(156,921,733)	143,905,643	815,211,875
Cumulative liquidity gap			(864,388,677)	(814,772,308)	(971,694,041)	(827,788,398)	(12,576,523)
Off balance-sheet							
Transaction related bonds and guarantees	165,432,166	165,408,167	2,871,524	18,710,592	17,328,323	124,979,819	1,517,909
Guaranteed facilities	53,540,881	53,540,882	7,833,339	6,260,272	14,193,296	25,253,975	-
Clean line facilities for letters of credit and other commitments	685,633,718	685,633,716	283,975,505	111,960,680	90,058,730	199,638,801	-
	904,606,765	**904,582,765**	**294,680,368**	**136,931,544**	**121,580,349**	**349,872,595**	**1,517,909**

Bank **31 December 2015** *In thousands of Naira*	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
Cash and balances with banks	405,998,636	401,816,737	153,634,261	-	-	-	248,182,476
Investment under management	10,403,608	10,494,011	10,494,011	-	-	-	-
Non-pledged trading assets							
Treasury bills	50,209,443	51,656,952	7,422,310	9,865,726	34,368,916	-	-
Bonds	2,025,000	3,164,736	124,584	5,988	163,571	1,909,285	961,309
Derivative financial instruments	77,852,349	77,852,349	5,318,346	3,516,433	2,244,002	66,773,568	-
Loans and advances to banks	60,414,721	60,604,713	10,074,577	10,506,757	40,023,378	-	-
Loans and advances to customers							
Auto Loan	5,291,293	5,354,193	28,909	63,776	287,331	4,974,178	-
Credit Card	2,812,544	2,844,021	803,177	276,313	62,959	1,701,572	-
Finance Lease	1,812,908	1,821,023	56,182	182,080	362,516	1,220,244	-
Mortgage Loan	4,359,784	4,457,798	2,180	-	106,732	856,528	3,492,357
Overdraft	179,261,680	193,682,273	147,864,068	16,685,613	29,132,592	-	-
Personal Loan	17,863,573	18,073,801	139,043	139,052	429,543	17,351,454	14,708
Term Loan	745,931,311	756,385,987	67,248,846	9,265,310	19,751,013	374,068,077	286,052,411
Time Loan	285,882,216	287,502,627	240,187,156	34,055,604	12,389,723	869,501	643
Pledged assets							
Treasury bills	103,684,044	107,383,986	49,586,114	27,126,779	30,671,093	-	-
Bonds	96,780,580	169,457,311	704,048	3,800,952	15,294,999	33,708,112	115,949,201
Investment securities							
Available for sale							
Treasury bills	10,436,981	10,544,841	5,981,841	-	4,563,000	-	-
Bonds	60,696,103	112,555,700	2,839,003	1,009,124	4,093,208	41,448,736	63,165,630
Held to Maturity							
Treasury bills							
Bonds	40,286,529	64,794,900	487,704	3,088,205	11,416,425	29,203,910	20,598,656
Other assets	69,509,746	69,509,746	27,610,999	-	21,963,481	19,935,266	-
	2,231,513,049	**2,409,957,705**	**730,607,359**	**119,587,711**	**227,324,483**	**594,020,431**	**738,417,390**
Deposits from financial institutions	63,343,785	63,343,785	63,343,785	-	-	-	-
Deposits from customers	1,528,213,883	1,528,213,884	1,404,409,821	67,792,437	55,983,485	28,141	-
Derivative financial instruments	2,416,378	2,416,378	1,842,014	574,364	-	-	-
Other liabilities	62,871,485	62,871,485	62,871,485	-	-	-	-
Debt securities issued	78,516,655	120,096,325	-	3,687,605	3,687,605	112,721,115	-
Interest bearing borrowings	302,919,987	304,300,172	5,384,041	5,929,762	11,546,789	131,499,405	149,940,175
	2,038,282,173	2,081,242,029	1,537,851,146	77,984,168	71,217,879	244,248,661	149,940,175
Gap (asset - liabilities)	193,230,876	328,715,676	(807,243,787)	41,603,543	156,106,604	349,771,770	588,477,215
Cumulative liquidity gap			(807,243,787)	(765,640,244)	(609,533,640)	(259,761,870)	328,715,345
Off balance-sheet							
Transaction related bonds and guarantees	218,067,025	218,067,025	9,862,204	13,220,643	49,030,767	28,395,636	117,557,776
Guaranteed facilities	91,640,933	91,640,933	21,631,289	6,217,096	9,469,462	16,627,248	37,695,838
Clean line facilities for letters of credit and other commitments	600,895,192	600,895,192	317,340,737	111,954,135	28,253,794	143,346,525	-
	910,603,150	**910,603,150**	**348,834,230**	**131,391,875**	**86,754,022**	**188,369,409**	**155,253,614**

5.3.2 Financial instruments below and above 1 year's maturity

Group	**June 2016**			**December 2015**		
In thousands of Naira	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Cash and balances with banks	164,614,969	447,638,640	**612,253,609**	228,454,519	249,954,817	**478,409,336**
Investments under management	11,137,190	266,523	**11,403,713**	10,403,608	-	**10,403,608**
Non pledged trading assets						
Treasury bills	17,296,082	-	**17,296,082**	50,209,443	-	**50,209,443**
Bonds	218,650	6,199,896	**6,418,546**	-	2,025,000	**2,025,000**
Derivative financial instruments			**-**	11,131,452	66,773,568	**77,905,020**
Loans and advances to banks	68,833,461	225,946	**69,059,407**	42,733,910	-	**42,733,910**
Loans and advances to customers						
Auto Loan	541,664	3,902,304	**4,443,968**	375,779	5,143,269	**5,519,048**
Credit Card	967,182	7,079,920	**8,047,102**	1,168,446	1,682,974	**2,851,420**
Finance Lease	1,424,347	3,720,510	**5,144,857**	597,611	1,215,297	**1,812,909**
Mortgage Loan	386,219	33,227,848	**33,614,067**	1,057,524	23,007,615	**24,065,139**
Overdraft	208,616,066	414,167	**209,030,233**	198,318,930	-	**198,318,930**
Personal Loan	3,200,492	16,576,634	**19,777,126**	699,699	19,483,910	**20,183,608**
Term Loan	93,634,066	963,916,969	**1,057,551,035**	95,500,227	683,705,912	**779,206,138**
Time Loan	405,262,991	3,991,965	**409,254,956**	333,013,239	860,400	**333,873,638**
Pledged assets						
Treasury bills	148,967,847	-	**148,967,847**	106,934,817	-	**106,934,817**
Bonds	4,200,184	116,009,492	**120,209,676**	11,591,562	85,189,018	**96,780,580**
Investment securities						
Available for sale						
Treasury bills	52,926,725	19,841	**52,946,566**	28,996,006	-	**28,996,006**
Bonds	18,639,272	2,791,319	**21,430,591**	2,013,715	59,190,499	**61,204,213**
Held to Maturity						
Treasury bills	8,058,059	37,436	**8,095,495**	7,687,281	-	**7,687,281**
Bonds	2,442,050	60,722,977	**63,165,027**	9,735,814	34,007,481	**43,743,295**
Other assets	13,064,824	42,680,053	**55,744,877**	72,160,739	-	**72,160,739**
	1,224,432,340	**1,709,422,440**	**2,933,854,780**	**1,212,784,320**	**1,232,239,760**	**2,445,024,080**
Deposits from financial institutions	208,906,397	76,261	**208,982,658**	72,914,421	-	**72,914,421**
Deposits from customers	1,912,951,030	57,472,676	**1,970,423,706**	1,683,216,179	28,141	**1,683,244,320**
Derivative financial instruments	48,090,028	-	**48,090,028**	3,077,927	-	**3,077,927**
Debt securities issued	-	212,484,633	**212,484,633**	-	149,853,640	**149,853,640**
Other liabilities	158,722	89,977,116	**90,135,838**	65,277,321	-	**65,277,321**
Interest-bearing borrowings	2,047,636	302,022,555	**304,070,191**	18,238,703	213,228,458	**231,467,161**
	2,174,201,449	**947,139,900**	**2,834,187,054**	**1,842,724,551**	**363,110,239**	**2,205,834,790**

Bank	**June 2016** Within 12 months	After 12 months	Total	**December 2015** Within 12 months	After 12 months	Total
In thousands of Naira						
Cash and balances with banks	19,914,223	392,247,938	**412,162,161**	157,816,159	248,182,477	**405,998,636**
Investment under management	11,403,713	-	**11,403,713**	10,403,608	-	**10,403,608**
Non pledged trading assets						
Treasury bills	17,296,082	-	**17,296,082**	50,209,443	-	**50,209,443**
Bonds	44,129	6,374,417	**6,418,546**	42,554	1,982,446	**2,025,000**
Derivative financial instruments	-	-	-	11,078,781	66,773,568	**77,852,349**
Loans and advances to banks	100,992,370	-	**100,992,370**	60,414,721		**60,414,721**
Loans and advances to customers						
Auto Loan	509,363	3,656,453	**4,165,816**	375,779	4,915,513	**5,291,292**
Credit Card	684,579	7,285,703	**7,970,282**	1,129,571	1,682,973	**2,812,544**
Finance Lease	1,345,032	3,799,825	**5,144,857**	597,611	1,215,297	**1,812,908**
Mortgage Loan	294,690	4,426,152	**4,720,842**	107,693	4,252,091	**4,359,784**
Overdraft	177,554,973	391,103	**177,946,076**	179,261,680	-	**179,261,680**
Personal Loan	954,474	17,675,674	**18,630,148**	699,698	17,163,875	**17,863,573**
Term Loan	87,864,787	918,322,418	**1,006,187,205**	95,315,746	650,615,566	**745,931,312**
Time Loan	341,549,627	3,426,953	**344,976,580**	285,021,816	860,400	**285,882,216**
Pledged assets						
Treasury bills	143,825,918	-	**143,825,918**	103,684,044		**103,684,044**
Bonds	4,200,184	116,009,492	**120,209,676**	11,303,267	85,477,313	**96,780,580**
Investment securities						
Available for sale						
Treasury bills	15,375,143	-	**15,375,143**	10,436,981	-	**10,436,981**
Bonds	4,707,288	15,650,680	**20,357,968**	1,505,605	59,190,499	**60,696,103**
Held to Maturity						
Treasury bills	-	-	-	-	-	-
Bonds	-	61,629,251	**61,629,251**	9,126,791	31,159,738	**40,286,529**
Other assets	-	51,153,785	**51,153,785**	49,574,480	19,935,266	**69,509,746**
	928,516,575	**1,602,049,844**	**2,530,566,419**	**1,038,106,030**	**1,193,407,022**	**2,231,513,048**
Deposits from financial institutions	117,460,746	-	**117,460,746**	63,343,785	-	**63,343,785**
Deposits from customers	1,725,414,128	613,325	**1,726,027,453**	1,528,213,883	-	**1,528,213,883**
Derivative financial instruments	46,500,234	-	**46,500,234**	2,416,378	-	**2,416,378**
Debt securities issued	-	111,510,594	**111,510,594**	7,375,210	71,141,445	**78,516,655**
Other liabilities	-	80,921,022	**80,921,022**	62,871,485	-	**62,871,485**
Interest-bearing borrowings	864,536	404,765,692	**405,630,228**	1,008,489	301,911,498	**302,919,987**
	1,890,239,644	**597,810,633**	**2,488,050,277**	**1,665,229,230**	**373,052,943**	**2,038,282,173**

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 June 2016	Group December 2015	Bank June 2016	Bank December 2015
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	70,691,647	65,599,278	70,748,085	63,328,011
Other reserves	139,788,357	85,863,421	117,862,267	84,662,091
Non-controlling interests	5,697,798	3,899,966	-	-
	428,616,605	**367,801,467**	**401,049,154**	**360,428,904**
Add/(Less):				
Fair value reserve for available-for-sale	(26,682,899)	(13,268,889)	(26,805,065)	(13,291,054)
Foreign Currency Translational reserves	(10,148,968)	5,570,719	-	-
Other reserves	(1,056,227)	(554,898)	(1,056,227)	(527,331)
Total Tier 1	**390,728,511**	**359,548,400**	**373,187,862**	**346,610,519**
Add/(Less):				
50% Investments in subsidiaries	-	-	(23,312,285)	(22,719,623)
Deferred tax assets	(4,986,776)	(10,845,612)	(3,781,057)	(10,180,832)
Regulatory risk reserve	(42,729,626)	(39,625,042)	(37,826,382)	(37,826,382)
Intangible assets	(7,026,886)	(6,440,616)	(4,960,944)	(4,977,908)
Adjusted Tier 1	**335,985,223**	**302,637,130**	**303,307,194**	**270,905,774**
Tier 2 capital				
Debt securities issued	97,682,128	78,516,655	93,296,966	78,516,655
Fair value reserve for available-for-sale securities	26,682,899	13,268,889	26,805,065	13,291,054
Foreign currency translational reserves	10,148,968	(5,570,719)	-	-
Other reserves	1,056,227	554,898	1,056,227	527,331
50% Investments in subsidiaries	-	-	(23,312,285)	(22,719,623)
Total Tier 2	**135,570,222**	**86,769,723**	**97,845,973**	**69,615,417**
Total regulatory capital	**471,555,445**	**389,406,852**	**401,153,167**	**340,521,191**
Risk-weighted assets	**2,412,446,158**	**1,996,724,469**	**2,123,587,541**	**1,887,612,134**
Capital ratios				
Total regulatory capital expressed as a percentage of total risk-weighted assets	19.55%	19.50%	18.89%	18.04%
Total tier 1 capital expressed as a percentage of risk-weighted assets	13.93%	15.16%	14.28%	14.35%

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 year had its,

- Reported revenue, from both external customers and intersegment sales or transfers, 10 per cent or more of the combined revenue, internal and external, of all operating segments, or

-the absolute measure of its reported profit or loss 10 per cent or more of the greater, in absolute amount, of
(i) the combined reported profit of all operating segments that did not report a loss and
(ii) the combined reported loss of all operating segments that reported a loss, or

-its assets are 10% or more of the combined assets of all operating segments.

Unallocated Segments represents all other transactions than are outside the normal course of business and can not be directly related to a specific segment financial information.

Thus, in essence, unallocated segments reconcile segment balances to group balances. Material items comprising total assets and total liabilities of the unallocated segments have been outlined below;

Sales between segments are carried out at arm's length. The revenue from external parties reported to the executive committee is measured in a manner consistent with that in the income statement.

Material total assets and liabilities

In thousands of Naira	Group June 2016	Group December 2015
Other Assets	91,048,323	82,527,825
Derivatives financial instruments	-	-
Deferred tax (net)	4,986,776	10,845,612
Assets Held for Sale	140,727	179,843
Goodwill	681,007	681,007
	96,856,833	**94,234,287**
Other liabilities	91,961,420	69,355,950
Debt Securities issued	212,484,633	149,853,640
Interest-bearing loans and borrowings	304,070,191	231,467,161
Deferred tax	479,244	266,644
Retirement Benefit Obligation	6,164,500	5,567,800
Total liabilities	**615,159,988**	**456,511,195**

Material revenue and expenses

	Group June 2016	Group December 2015
Interest expense		
Interest expense on Eurobond	(6,442,592)	(12,470,957)

7a Operating segments (Continued)

30 June 2016

In thousands of Naira	Corporate & Investment Banking	Commercial Banking	Business Banking	Personal Banking	Unallocated Segments	Total Continuing Operations	Total
Revenue:							
Derived from external customers	51,655,916	71,077,246	15,681,779	35,654,377	-	174,069,318	174,069,318
Derived from other business segments	(28,645)	14,802	6,254	7,589	-	-	-
Total Revenue	51,627,271	71,092,048	15,688,033	35,661,966	-	174,069,318	174,069,318
Interest Income	36,355,639	51,742,824	10,152,328	14,041,764	-	112,292,555	112,292,555
Interest expenses	(15,216,714)	(15,491,514)	(2,774,774)	(3,916,293)	(6,442,592)	(43,841,887)	(43,841,887)
Impairment Losses	(3,946,670)	(5,396,101)	(152,397)	(717,138)	-	(10,212,306)	(10,212,306)
Profit/(Loss) on ordinary activities before taxation	21,897,771	27,190,114	50,636	7,327,000	(6,442,592)	50,022,929	50,022,929
Share of profit from associate	-	-	-	-	-	-	-
Income tax expense						(10,536,217)	(10,536,217)
Pre-tax loss on re-measurement of assets of disposal group	-	-	-	-	-		
Profit after tax						39,486,712	39,486,712
Other segment information:							
Depreciation and amortisation	(274,962)	(1,032,404)	(1,841,726)	(1,966,237)	-	(5,115,330)	(5,115,330)
Assets and liabilities:							
Loans and Advances to customers	662,335,355	1,031,108,153	64,251,959	58,227,284	-	1,815,922,751	1,815,922,751
Goodwill					681,007	681,007	681,007
Tangible segment assets	1,160,132,079	1,806,066,424	112,542,322	101,989,633	-	3,180,730,458	3,180,730,458
Unallocated segment assets	-	-	-	-	96,175,826	96,175,826	96,175,826
Total assets	1,160,132,079	1,806,066,424	112,542,322	101,989,633	96,175,826	3,277,587,291	3,276,906,284
Deposits from customers	542,036,956	823,896,173	226,776,404	377,714,173	-	1,970,423,706	1,970,423,706
Segment liabilities	614,491,161	934,026,565	257,089,659	428,203,314	-	2,233,810,699	2,233,810,699
Unallocated segment liabilities	-	-	-	-	615,159,988	615,159,988	615,159,988
Total liabilities	614,491,161	934,026,565	257,089,659	428,203,314	615,159,988	2,848,970,687	2,848,970,687
Net assets	545,640,918	872,039,859	(144,547,337)	(326,213,681)	(518,984,162)	428,616,604	428,616,604

31 December 2015
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	142,760,590	119,234,984	28,183,640	47,225,016	-	337,404,230	337,404,230
Derived from other business segments	(32,954)	18,809	5,723	8,422	-	-	-
Total Revenue	142,727,636	119,253,793	28,189,363	47,233,438	-	337,404,230	337,404,230
Interest Income	72,223,695	86,725,818	19,618,182	29,235,074	-	207,802,768	207,802,768
Interest expenses	(34,401,407)	(36,412,832)	(7,314,258)	(11,821,664)	(12,470,957)	(102,421,118)	(102,421,118)
Impairment Losses	(9,218,707)	(2,558,182)	(442,433)	(2,005,393)	-	(14,224,715)	(14,224,715)
							-
Profit/(Loss) on ordinary activities before taxation	60,008,361	31,758,802	(5,097,804)	839,717	(12,470,957)	75,038,119	75,038,119
Share of profit from associate							-
Income tax expense						(9,169,344)	(9,169,344)
Pre-tax loss on re-measurement of assets of disposal group							-
Profit after tax						65,868,775	65,868,775
Other segment information:							
Depreciation and amortisation	(549,825)	(2,036,605)	(3,633,139)	(3,878,760)	-	(10,098,330)	(10,098,330)
Assets and liabilities:							
Loans and Advances to customers	552,849,791	716,514,393	47,951,257	48,515,390	-	1,365,830,831	1,365,830,831
Goodwill					681,007	681,007	681,007
Tangible segment assets	1,010,348,609	1,310,332,904	87,691,344	88,723,007	-	2,497,095,864	2,497,095,864
Unallocated segment assets	-	-	-	-	94,234,287	94,234,287	94,234,287
Total assets	1,010,348,609	1,310,332,904	87,691,344	88,723,007	94,234,287	2,591,330,151	2,591,330,151
Deposits from customers	457,760,677	678,870,157	202,449,439	344,164,047	-	1,683,244,320	1,683,244,320
Segment liabilities	480,542,909	712,656,760	212,525,120	361,292,703	-	1,767,017,492	1,767,017,492
Unallocated segment liabilities	-	-	-	-	456,511,195	456,511,195	456,511,195
Total liabilities	480,542,909	712,656,760	212,525,120	361,292,703	456,511,195	2,223,528,687	2,223,528,687
Net assets	529,805,700	597,676,144	(124,833,776)	(272,569,696)	(362,276,908)	367,801,464	367,801,464

7b Geographical segments

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

30 June 2016 *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Total Continuing Operations**	**Discontinued Operations**	**Total**
Derived from external customers	153,509,208	13,215,660	7,344,449	174,069,317	-	174,069,317
Derived from other segments	-	-	-	-	-	-
Total Revenue	153,509,208	13,215,660	7,344,449	174,069,317	-	174,069,317
Interest Income	97,408,053	9,563,835	5,320,666	112,292,554	-	112,292,554
Impairment Losses	(8,557,077)	(1,655,228)	-	(10,212,305)	-	(10,212,305)
Interest expense	(38,152,388)	(4,826,095)	(863,404)	(43,841,887)	-	(43,841,887)
Fee and commission expenses	30,108,765	2,301,264	1,252,967	33,662,996	-	33,662,996
Operating Income	115,356,820	8,389,565	6,481,045	130,227,430	-	130,227,430
Profit/(loss) before income tax	44,636,210	3,900,493	1,486,226	50,022,929	-	50,022,929
Assets and liabilities:						
Loans and Advances to customers	1,670,734,175	83,008,031	62,180,545	1,815,922,751	-	1,815,922,751
Non current assets	-	-	-	-	-	-
Goodwill	-	681,007	-	681,007	-	681,007
Total assets	2,898,859,684	210,726,160	168,001,447	3,277,587,291	-	3,277,587,291
Deposit from customers	1,767,254,556	141,065,234	62,103,916	1,970,423,706		1,970,423,706
Total liabilities	2,490,044,133	191,459,742	167,466,812	2,848,970,687	-	2,848,970,687
Net assets	408,815,551	19,266,418	534,635	428,616,604	-	428,616,604

31 December 2015	Nigeria	Rest of Africa	Europe	Total continuing operations	Discontinued operations	Total
Derived from external customers	302,061,975	28,852,495	6,489,760	337,404,230	-	337,404,230
Derived from other segments	-	-	-	-	-	-
Total Revenue	302,061,975	28,852,495	6,489,760	337,404,230	-	337,404,230
Interest Income	184,047,834	21,084,615	2,670,320	207,802,769	-	207,802,769
Impairment Losses	(13,287,613)	(937,101)	-	(14,224,714)	-	(14,224,714)
Interest expense	(94,001,878)	(5,626,676)	(2,792,564)	(102,421,118)	-	(102,421,118)
Fee and commission expenses	-	-	(151,118)	(151,118)	-	(151,118)
Operating Income	208,060,097	23,225,819	3,697,196	234,983,112	-	234,983,112
Profit/(loss) before income tax	65,169,612	7,279,608	2,588,897	75,038,117	-	75,038,117
Assets and liabilities:						
Loans and Advances to customers	1,243,215,309	79,853,950	42,761,573	1,365,830,832	-	1,365,830,832
Non current assets	70,878,291	8,570,473	321,779	79,770,543	-	79,770,543
Goodwill	-	681,007	-	-		-
Total assets	2,408,096,499	110,273,966	72,959,686	2,591,330,151	-	2,591,330,151
Deposit from customers	1,528,213,883	129,457,229	25,573,208	1,683,244,320	-	1,683,244,320
Total liabilities	2,047,932,763	104,726,423	70,869,501	2,223,528,687	-	2,223,528,687
Net assets	360,163,736	5,547,543	2,090,185	367,801,464	-	367,801,464

No revenue from transaction with a single external customer or a group of connected economic entities or counterparty amounted to 10% or more of the group's total revenue in period ended 30 June 2016 and for the year ended 31 December 2015. Information on revenue from external customers for each product and service had not been disclosed as the information is not readily available to the chief operating decision maker and the cost to develop is considered excessive.

8 Interest income

In thousands of Naira	Group June 2016	Group June 2015	Bank June 2016	Bank June 2015
Interest income				
Cash and balances with banks	520,951	1,576,207	142,171	666,408
Loans and advances to banks	26,602	529,566	263,624	634,033
Loans and advances to customers	91,088,487	76,340,930	80,116,825	68,941,280
Investment securities				
-Available for sale	8,625,728	5,957,187	8,140,533	5,377,038
-Held for trading	3,255,063	5,744,972	3,255,063	5,744,972
-Held to maturity	8,775,723	8,713,124	5,676,699	6,954,069
	112,292,554	**98,861,986**	**97,594,915**	**88,317,800**
Interest expense				
Deposit from financial institutions	3,500,682	3,947,194	3,030,444	3,066,552
Deposit from customers	31,273,536	39,774,422	25,989,849	36,320,681
Debt securities issued	6,442,592	6,166,022	3,769,666	3,631,663
Interest bearing borrowings and other borrowed funds	2,610,460	787,553	5,362,429	3,740,588
Securities dealing	14,617	23,906		-
	43,841,887	**50,699,097**	**38,152,388**	**46,759,484**
Net interest income	**68,450,667**	**48,162,889**	**59,442,527**	**41,558,316**

Interest income for the period ended 30 June 2016 includes interest accrued on impaired financial assets of Group: N2.24Bn (31 December 2015: N2.59Bn) and Bank: N1.74Bn (31 December 2015: N2.57Bn).

The increase in interest income is attributable to the increase in volume of loans and advances to customers rather than repricing. While decrease in interest expense is as a result of repricing of deposit rates during the period.

9 Net impairment on financial assets

In thousands of Naira	Group June 2016	Group June 2015	Bank June 2016	Bank June 2015
Additional collective impairment charges on loans and advances to banks(note 22)	-	(1,856)	-	(1,856)
Additional collective impairment charges on loans and advances to customers (note 23)	(3,836,851)	(5,180,508)	(3,781,140)	(5,151,920)
Additional specific impairment charges on loans and advances to customers (see note 23)	(5,468,521)	(1,631,165)	(3,869,004)	(1,878,485)
Additional impairment allowance on financial assets in other assets (see note 26)	(906,933)	(2,073,110)	(906,933)	(2,073,110)
	(10,212,305)	**(8,886,639)**	**(8,557,077)**	**(9,105,371)**

10 Fee and commission income

In thousands of Naira	Group June 2016	Group June 2015	Bank June 2016	Bank June 2015
Credit related fees and commissions	7,301,158	7,659,713	6,254,683	6,157,885
Account maintenance charge and handling commission	1,258,084	1,732,826	1,053,623	1,530,309
Commission on bills and letters of credit	3,744,989	744,518	1,293,833	920,961
Commissions on collections	30,698	43,788	30,698	41,102
Commission on other financial services	1,413,870	2,116,929	1,413,870	291,932
Commission on virtual products	1,504,420	1,361,863	1,504,420	872,122
Commission on foreign currency denominated transactions	1,432,883	829,938	1,432,883	793,298
Channels and other E-business income	18,788,998	2,474,139	18,788,998	2,492,071
Retail account charges	157,072	187,921	157,072	152,214
	35,632,172	**17,151,635**	**31,930,080**	**13,251,894**

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 rise in volume of card transactions.

11 Net gains on investment securities

a Net gains on financial instruments designated as held for trading

In thousands of Naira	Group June 2016	Group June 2015	Bank June 2016	Bank June 2015
Fixed income securities	(286,138)	1,024,574	(286,138)	1,024,574
Derivative instruments	33,387,068	37,130,570	33,370,087	37,107,669
	33,100,930	**38,155,144**	**33,083,949**	**38,132,243**

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 and swap contracts.

b Net gains on financial instruments held as available for sale

In thousands of Naira	Group June 2016	Group June 2015	Bank June 2016	Bank June 2015
Fixed income securities	(11,766)	1,044,623	(11,766)	1,044,623
	(11,766)	**1,044,623**	**(11,766)**	**1,044,623**
Total	**33,089,164**	**39,199,767**	**33,072,183**	**39,176,866**

12 Net foreign exchange income

In thousands of Naira	Group June 2016	Group June 2015	Bank June 2016	Bank June 2015
Foreign exchange trading income (net)	4,111,691	16,163,755	2,410,360	14,173,309
Unrealised foreign exchange loss on revaluation	(15,219,791)	(8,233,981)	(15,360,145)	(8,324,469)
	(11,108,100)	**7,929,774**	**(12,949,785)**	**5,848,840**

The movement unrealised foreign exchange loss on revaluation is as a result of the depreciation of the functional currency of the group (Naira) within the period.

13 Other operating income

In thousands of Naira	Group June 2016	Group June 2015	Bank June 2016	Bank June 2015
Dividends on available for sale equity securities	2,313,389	3,602,567	2,313,389	4,058,999
Gain on disposal of property and equipment	25,751	70,262	17,614	67,970
Rental income	50,056	64,801	50,056	64,801
Bad debt recovered	840,985	394,753	624,768	215,008
Cash management charges	82,094	106,562	82,094	106,562
Income from agency and brokerage	50,754	26,038	50,754	26,038
Income from asset management	394,242	119,517	373,715	-
Other income	406,256	1,114,290	349,425	29,455
	4,163,527	**5,498,790**	**3,861,815**	**4,568,833**

Included in income from agency and brokerage is an amount of N29.784m representing the referral commission earned from bancassurance products.

The increase in Bad debt recovered is as a result of the banks drive in the recovery of written-off loans. While the increase in income from asset management is as a result of income earned on unclaimed dividend funds invested with asset managers as directed by Securities and Exchange Commission.

14 Personnel expenses

In thousands of Naira	Group June 2016	Group June 2015	Bank June 2016	Bank June 2015
Wages and salaries	20,335,468	18,629,434	17,029,781	15,583,004
Increase in liability for long term incentive plan (see note 37 (a) (i))	596,700	382,246	589,627	382,246
Contributions to defined contribution plans	535,972	490,813	372,956	370,582
Restricted Share Performance Plan (a)	599,992	186,728	528,896	152,703
	22,068,132	**19,689,221**	**18,521,260**	**16,488,535**

(a) Under the Restricted Share Performance Plan (RSPP), shares of the Bank are awarded to employees based on their performance at no cost to them. Under the terms of the plan, the shares vest over a 3 year period from the date of award. The scheme applies to only employees of the Bank that meet the stipulated performance criteria irrespective of where they work within the Group. 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 five (5) 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

		June 2016		June 2015	
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 year;	209,554,491	7.56	83,200,358	10.46
(ii)	Shares allocated during the period	318,927,997	4.86	12,908,532	7.33
(iii)	Unallocated shares during the period	-	-	nil	nil
(iv)	Forfeited during the period;	10,728,687	6.74	3,340,291	nil
(v)	Exercised during the period;	-	-	nil	nil
	Shares allocated to staff at end of the period;	517,753,801	5.95	92,768,599	10.03
		Naira ('000)	**Price per Share - Naira**	**Naira ('000)**	**Price per Share - Naira**
Share based expense recognised during the period		599,992	5.95	152,721	10.03

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 2013 - 2015 vesting period	2014 - 2016	31 Dec 2016	42,599,105
Outstanding allocated shares for the 2015 - 2017 vesting period	2015 - 2017	31 Dec 2017	160,866,573
Outstanding allocated shares for the 2016 - 2018 vesting period	2016 - 2018	31 Dec 2018	314,288,123
			517,753,801

Bank

		June 2016		June 2015	
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 year;	191,227,874	7.56	77,782,273	10.51
(ii)	Shares allocated during the period	292,873,997	4.99	nil	nil
(iii)	Unallocated shares during the period	-	-	nil	nil
(iv)	Forfeited during the period;	10,728,687	6.74	3,340,291	nil
(v)	Exercised during the period;	-	-	nil	nil
(vi)	Shares allocated to staff at end of the period;	473,373,184	6.09	74,441,982	10.51
		Naira ('000)	**Price per Share - Naira**	**Naira ('000)**	**Price per Share - Naira**
Share based expense recognised during the period		528,896	6.09	152,703	10.51

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 2014 - 2016 vesting period	2014 - 2016	31 Dec 2016	42,599,105
Outstanding allocated shares for the 2015 - 2017 vesting period	2015 - 2017	31 Dec 2017	142,539,956
Outstanding allocated shares for the 2016 - 2018 vesting period	2016 - 2018	31 Dec 2018	288,234,123
			473,373,184

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

	Group June 2016	Group June 2015	Bank June 2016	Bank June 2015
	Years	**Years**	**Years**	**Years**
Weighted average contractual life of remaining shares	1.80	1.57	1.78	1.57

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

	Group June 2016	Group June 2015	Bank June 2016	Bank June 2015
	Number	Number	Number	Number
Managerial	315	335	252	269
Other staff	3,723	3,442	2,663	2,550
	4,038	3,777	2,915	2,819

iii. Employees, other than directors, earning more than N900,000 per annum, whose duties were wholly or mainly discharged in Nigeria, received remuneration (excluding pension contributions and certain benefits) in the following ranges:

	Group June 2016	Group June 2015	Bank June 2016	Bank June 2015
	Number	Number	Number	Number
Below N900,000	182	232	-	-
N900,001 - N1,990,000	115	388	9	-
N1,990,001 - N2,990,000	164	113	-	-
N2,990,001 - N3,910,000	1,262	810	935	758
N3,910,001 - N4,740,000	22	14	-	-
N4,740,001 - N5,740,000	726	676	660	649
N5,740,001 - N6,760,000	583	31	-	-
N6,760,001 - N7,489,000	35	542	465	523
N7,489,001 - N8,760,000	328	341	311	323
N8,760,001 - N9,190,000	7	4	-	-
N9,190,001 - N11,360,000	188	190	168	177
N11,360,001 - N14,950,000	137	138	115	120
N14,950,001 - N17,950,000	126	129	116	124
N17,950,001 - N21,940,000	65	70	58	63
N21,940,001 - N26,250,000	2	42	41	39
N26,250,001 - N30,260,000	45	6	-	-
N30,261,001 - N45,329,000	39	34	30	30
Above N45,329,000	12	17	7	13
	4,038	3,777	2,915	2,819

15 Other operating expenses

In thousands of Naira	Group June 2016	Group June 2015	Bank June 2016	Bank June 2015
Premises and equipment costs	4,036,379	3,538,137	2,985,662	3,143,383
Professional fees	1,937,978	1,509,248	1,510,468	718,992
Insurance	465,016	405,806	404,807	333,046
Business travel expenses	3,409,893	3,173,824	3,251,180	3,017,650
Asset Management Corporation of Nigeria (AMCON) surcharge (see note (a) below)	6,029,860	4,954,889	6,029,860	4,954,889
Deposit insurance premium	2,806,298	2,580,094	2,806,298	2,580,094
Auditor's remuneration	176,565	168,878	150,000	135,607
Administrative expenses	6,694,897	11,782,169	6,435,551	8,138,246
Board expenses	23,072	194,670	209,234	193,783
Communication expenses	942,474	1,151,696	652,384	953,200
Consultancy and IT expenses	5,202,034	5,239,868	4,672,778	4,918,942
Outsourcing costs	2,962,972	3,574,510	2,928,988	3,394,129
Advertisements and marketing expenses	1,779,900	2,164,978	1,565,934	2,023,063
Recruitment and training	681,240	752,213	588,584	736,350
Events, charities and sponsorship	1,131,517	887,241	1,111,088	866,196
Periodicals and subscriptions	500,191	329,497	449,679	327,330
Security expenses	1,391,934	1,615,200	1,277,775	1,540,857
Cash processing and management cost	781,551	66,304	737,753	647,387
Stationeries, postage and printing	564,596	148,138	389,459	472,270
Office provisions and entertainment	193,173	87,514	136,039	156,154
Net litigations claims (see note 34(i)	49,495	21,136	49,495	21
	41,761,035	44,346,010	38,343,016	39,251,590

(a) This represents the Group's contribution to AMCON's sinking fund for the period ended 30 June 2016. Effective 1 January 2011, the banks in Nigeria were required to contribute 0.3% of total assets as at the preceding year end to AMCON's sinking fund in line with existing guidelines. This was increased to 0.5% in 2013. The contribution to AMCON is a levy on all deposit money banks in Nigeria. 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 June 2016	Group June 2015	Bank June 2016	Bank June 2015
Current tax expense				
Corporate income tax	3,275,340	3,532,045	2,186,282	2,055,540
IT tax	446,362	344,189	446,362	344,190
Education tax	347,194	-	347,194	-
Capital gains tax	864	28,563	864	28,563
Prior year's under provision	-	-	-	-
	4,069,760	3,904,797	2,980,702	2,428,293
Deferred tax expense				
Origination of temporary differences	6,466,457	3,921,450	6,399,774	3,643,938
Total income tax expense	**10,536,217**	**7,826,247**	**9,380,476**	**6,072,231**

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

	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Balance at the beginning of the year	7,780,824	8,180,969	6,442,311	7,113,226
Tax paid	(6,780,360)	(6,259,617)	(4,094,096)	(4,125,701)
Income tax charge	4,069,760	8,485,122	2,980,702	5,850,624
Prior year's under provision	2,227	-	-	-
Witholding tax utilisation	-	(2,395,838)	-	(2,395,838)
Reclassifications	(6,664)	(83,009)	-	-
Translation adjustments	1,243,117	(129,492)	-	-
Income tax receivable	8,585	(17,311)	-	-
Balance at the end of the period	**6,317,489**	**7,780,824**	**5,328,917**	**6,442,311**

Income tax liability is to be settled within one period

In thousands of Naira	Group June 2016	Group June 2016	Group June 2015	Group June 2015
Profit before income tax		50,022,929		39,113,345
Income tax using the domestic tax rate	30%	15,006,879	30%	11,734,003
Effect of tax rates in foreign jurisdictions	0%	145,195	0%	148,967
Information technology tax	1%	446,362		-
Capital allowance utilised for the period	0%	-	1%	344,189
Non-deductible expenses	54%	27,099,669	16%	6,102,600
Tax exempt income	-65%	(32,614,614)	-31%	(12,289,689)
Tax losses unutilised	0%	100,276	0%	40,973
Education tax levy	1%	347,194	0%	-
Capital gain tax	0%	864	0%	28,563
Under provided in prior years	0%	4,392	0%	422
Impact of dividend as tax base	0%		4%	1,716,219
Effective tax rate	**21%**	**10,536,217**	**20%**	**7,826,247**

In thousands of Naira	Bank June 2016	Bank June 2016	Bank June 2015	Bank June 2015
Profit before income tax	-	44,636,210		34,497,806
Income tax using the domestic tax rate	30%	13,390,863	30%	10,349,342
Effect of tax rates in foreign jurisdictions	0%		0%	-
Information technology tax	1%	446,362	1%	344,189
Non-deductible expenses	60%	26,800,074	16%	5,623,367
Tax exempt income	-71%	(31,604,881)	-35%	(11,989,449)
Education tax levy	1%	347,194	0%	-
Capital gain tax	0%	864	0%	28,563
Over provided in prior years	0%	-	0%	-
Impact of dividend as tax base	0%	-	5%	1,716,219
Effective tax rate	**21%**	**9,380,476**	**18%**	**6,072,231**

17 Earnings per share

(a) Basic from continuing operations

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the company and held as treasury shares.

In thousands of Naira	Group June 2016	Group June 2015	Bank June 2016	Bank June 2015
Profit for the period from continuing operations	39,486,712	31,027,065	35,255,734	28,425,575
Weighted average number of ordinary shares in issue	24,897,936	22,882,919	24,897,936	22,882,919
Weighted average number of treasury Shares	377,702	93,113	-	-
	24,520,234	22,789,806	24,897,936	22,882,919
In kobo per share				
Basic earnings per share from continuing operations	161	136	142	124

Diluted earnings per share is calculated by considering the impact of the treasury shares in weighted average number of ordinary shares outstanding

Potential Diluted EPS

In thousands of Naira	Group June 2016	Group June 2015	Bank June 2016	Bank June 2015
Profit for the period from continuing operations	39,486,712	31,027,065	35,255,734	28,425,575
Weighted average number of ordinary shares in issue	24,897,936	22,882,920	24,897,936	22,882,920
In kobo per share				
Diluted earnings per share from continuing operations	159	135	142	124

18 Cash and balances with banks

In thousands of Naira	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Cash on hand and balances with banks (see note (i))	121,936,965	85,299,149	70,777,349	57,546,509
Restricted deposits with central banks (see note (ii))	317,924,550	249,954,817	315,207,677	248,182,477
Unrestricted balances with central banks	24,764,193	90,721,388	6,262,913	74,158,434
Money market placements	147,627,901	52,433,982	19,914,222	26,111,216
	612,253,609	**478,409,336**	**412,162,161**	**405,998,636**

(i) Included in cash on hand and balances with banks is an amount of N14.4Bn (31 Dec 2015: N5.239Bn) 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.

19 Investment under management

The Securities and Exchange Commission (SEC) issued a rule on return of unclaimed dividends to paying companies by the Registrars. The rule requires that all unclaimed dividends in the custody of Registrars should be returned to the paying company twelve months after the approval of the dividends at the annual general meeting (for final dividends) or board meeting (for interim dividends). The rule allows the paying company to invest the pool of unclaimed dividend in a guaranteed income investment outside the company with all the benefits accruing to it, but retaining the obligation to pay sum owed should the shareholder come forward.

In furtherance to this, the Bank entrusted the sum transferred to it by the Registrars with select Asset Managers who will ensure safekeeping of the unclaimed dividend pool and manage the funds for the benefit of the Bank. As at 30 June 2016, the funds were invested by the Asset Managers as follows:

In thousands of Naira	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Call Deposits and Cash	266,523	918	266,523	918
Placements	615,720	4,926,562	615,720	4,926,562
Commercial Paper	3,366,918	304,378	3,366,918	304,378
Nigerian Treasury Bills	4,898,122	3,090,432	4,898,122	3,090,432
Mutual Funds	2,256,430	2,081,318	2,256,430	2,081,318
	11,403,713	**10,403,608**	**11,403,713**	**10,403,608**

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 June 2016	Group December 2015	Bank June 2016	Bank December 2015
Government bonds	6,407,725	1,961,355	6,407,725	1,961,355
Eurobonds	10,821	63,645	10,821	63,645
Treasury bills	17,296,082	50,209,443	17,296,082	50,209,443
Equity securities	63,979	63,979	63,979	63,979
	23,778,607	**52,298,422**	**23,778,607**	**52,298,422**

21 Derivative financial instruments

In thousands of Naira	Notional amount	Fair Value Assets/ (Liabilities)	Notional amount	Fair Value Assets/ (Liabilities)
	June 2016		December 2015	
Group				
Foreign exchange derivatives				
Total derivative assets	386,292,447	155,550,018	347,991,933	77,905,020
Total derivative liabilities	239,545,872	(48,090,028)	120,767,876	(3,077,927)

	Notional amount	Fair Value Assets/ (Liabilities)	Notional amount	Fair Value Assets/ (Liabilities)
	June 2016		December 2015	
Bank				
Foreign exchange derivatives				
Total derivative assets	372,853,262	155,306,292	340,643,495	77,852,349
Total derivative liabilities	213,681,793	(46,500,234)	100,157,405	(2,416,378)

Derivative financial instruments consist of forward and swap 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 90 days and three years. All derivative contracts are considered to be valued with reference to observable market data.

Included in Other liabilities are security deposit for Swap deals which are deposit (collaterised deposit) by counter parties.

The movement in fair value is as a result of the depreciation of the functional currency of the group (Naira) within the period.

22 Loans and advances to banks

In thousands of Naira	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Loans and advances to banks	69,065,125	42,742,996	100,998,088	60,423,807
Less collective allowances for impairment	(5,718)	(9,086)	(5,718)	(9,086)
	69,059,407	**42,733,910**	**100,992,370**	**60,414,721**

The increase in loans to bank is as a result of increase in long term interbank placement made by the bank within the period.

Collective allowances for impairment on loans and advances to banks

In thousands of Naira	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Balance beginning of year	9,086	6,341	9,086	6,341
- Charge for the period/(allowances no longer required)	-	2,745	-	2,745
-Write-off	(3,368)	-	(3,368)	-
Balance end of period	5,718	9,086	5,718	9,086

23 Loans and advances to customers

a Group

June 2016 *In thousands of Naira*	**Gross amount**	**Specific impairment allowance**	**Collective impairment allowance**	**Total impairment allowance**	**Carrying amount**
Loans to individuals					
Retail Exposures					
Auto Loan (note 23c)	2,117,620	-	(22,199)	(22,199)	2,095,421
Credit Card	6,535,304	-	(69,499)	(69,499)	6,465,805
Finance Lease (note 23c)	78,672	-	(833)	(833)	77,839
Mortgage Loan	23,470,343	-	(56,386)	(56,386)	23,413,957
Overdraft	8,075,715	(544,435)	(559,544)	(1,103,979)	6,971,736
Personal Loan	20,142,670	(158,386)	(207,158)	(365,544)	19,777,126
Term Loan	5,027,161	(2,737)	(29,651)	(32,388)	4,994,773
Time Loan	521,619	-	(5,285)	(5,285)	516,334
Loans to corporate entities and other organiza					
Non-Retail Exposures					
Auto Loan (note 23c)	2,373,329	-	(24,782)	(24,782)	2,348,547
Credit Card	1,597,837	-	(16,540)	(16,540)	1,581,297
Finance Lease (note 23c)	5,096,585	-	(29,567)	(29,567)	5,067,018
Mortgage Loan	10,246,433	-	(46,323)	(46,323)	10,200,110
Overdraft	220,886,219	(11,903,935)	(6,923,787)	(18,827,722)	202,058,497
Term Loan	1,067,671,620	(2,710,679)	(12,404,679)	(15,115,358)	1,052,556,262
Time Loan	411,018,397	(631,027)	(1,648,748)	(2,279,775)	408,738,622
	1,784,859,524	**(15,951,199)**	**(22,044,981)**	**(37,996,180)**	**1,746,863,344**

Group

December 2015 *In thousands of Naira*	**Gross amount**	**Specific impairment allowance**	**Collective impairment allowance**	**Total impairment allowance**	**Carrying amount**
Loans to individuals					
Retail Exposures					
Auto Loan (note 23c)	2,175,207	-	(25,446)	(25,446)	2,149,761
Credit Card	2,608,764	-	(28,629)	(28,629)	2,580,135
Finance Lease (note 23c)	-	-	-	-	-
Mortgage Loan	17,954,586	-	(51,306)	(51,306)	17,903,280
Overdraft	5,261,080	(250,624)	(543,561)	(794,185)	4,466,895
Personal Loan	20,393,836	-	(210,228)	(210,228)	20,183,608
Term Loan	4,777,259	-	(74,834)	(74,834)	4,702,425
Time Loan	799,692	-	(7,174)	(7,174)	792,518
Loans to corporate entities and other organizations					
Non-Retail Exposures					
Auto Loan (note 23c)	3,406,742	-	(37,455)	(37,455)	3,369,287
Credit Card	274,133	-	(2,848)	(2,848)	271,285
Finance Lease (note 23c)	1,821,023	-	(8,115)	(8,115)	1,812,908
Mortgage Loan	6,208,567	(46,391)	(317)	(46,708)	6,161,859
Overdraft	208,224,839	(7,574,569)	(6,798,235)	(14,372,804)	193,852,035
Term Loan	785,921,553	(2,162,757)	(9,255,082)	(11,417,837)	774,503,714
Time Loan	334,694,358	(448,337)	(1,164,900)	(1,613,237)	333,081,121
	1,394,521,639	**(10,482,678)**	**(18,208,130)**	**(28,690,808)**	**1,365,830,831**

Impairment on loans and advances to customers

	Specific allowances		**Collective allowances**	
In thousands of Naira	**June 2016**	**December 2015**	**June 2016**	**December 2015**
Balance beginning of year	10,482,678	7,967,529	18,208,130	11,014,296
Impairment loss for the year:				
- Charge for the period	5,468,521	3,643,214	3,836,851	7,193,834
Write-offs	-	(1,128,065)	-	-
Balance end of period	**15,951,199**	**10,482,678**	**22,044,981**	**18,208,130**

The significant increase in the total impairment allowance for the group is attributed to a N6.1b increase in term loans (Bank: N5.3b)

23 Loans and advances to customers
b Bank

June 2016 *In thousands of Naira*	**Gross amount**	**Specific impairment allowance**	**Collective impairment allowance**	**Total impairment allowance**	**Carrying amount**
Loans to individuals					
Retail Exposures					
Auto Loan (note 23c)	1,859,211	-	(21,596)	(21,596)	1,837,615
Credit Card	6,468,744	-	(68,855)	(68,855)	6,399,889
Finance Lease (note 23c)	78,672	-	(833)	(833)	77,839
Mortgage Loan	4,751,881	-	(54,126)	(54,126)	4,697,755
Overdraft	5,905,364	(287,373)	(558,875)	(846,248)	5,059,116
Personal Loan	18,829,976	-	(199,828)	(199,828)	18,630,148
Term Loan	2,344,013	-	(25,404)	(25,404)	2,318,609
Time Loan	476,773	-	(5,038)	(5,038)	471,735
Loans to corporate entities and other organiza					
Non-Retail Exposures					
Auto Loan (note 23c)	2,352,880	-	(24,679)	(24,679)	2,328,201
Credit Card	1,586,826	-	(16,433)	(16,433)	1,570,393
Finance Lease (note 23c)	5,096,585	-	(29,567)	(29,567)	5,067,018
Mortgage Loan	23,334	-	(247)	(247)	23,087
Overdraft	188,854,391	(9,426,710)	(6,540,721)	(15,967,431)	172,886,960
Term Loan	1,018,910,295	(2,697,118)	(12,344,581)	(15,041,699)	1,003,868,596
Time Loan	346,759,088	(631,026)	(1,623,217)	(2,254,243)	344,504,845
	1,604,298,033	**(13,042,227)**	**(21,514,000)**	**(34,556,227)**	**1,569,741,806**

Bank

December 2015 *In thousands of Naira*	**Gross amount**	**Specific impairment allowance**	**Collective impairment allowance**	**Total impairment allowance**	**Carrying amount**
Loans to individuals					
Retail Exposures					
Auto Loan (note 23c)	1,976,020	-	(25,446)	(25,446)	1,950,574
Credit Card	2,579,265	-	(28,629)	(28,629)	2,550,636
Finance Lease (note 23c)	-	-	-	-	-
Mortgage Loan	4,383,538	-	(51,306)	(51,306)	4,332,232
Overdraft	5,054,135	(250,624)	(503,788)	(754,412)	4,299,723
Personal Loan	18,073,801	-	(210,228)	(210,228)	17,863,573
Term Loan	3,066,501	-	(35,061)	(35,061)	3,031,440
Time Loan	640,645	-	(7,174)	(7,174)	633,471
Loans to corporate entities and other organizations					
Non-Retail Exposures					
Auto Loan (note 23c)	3,378,173	-	(37,455)	(37,455)	3,340,718
Credit Card	264,756	-	(2,848)	(2,848)	261,908
Finance Lease (note 23c)	1,821,023	-	(8,115)	(8,115)	1,812,908
Mortgage Loan	74,260	(46,391)	(317)	(46,708)	27,552
Overdraft	188,628,138	(7,027,040)	(6,639,141)	(13,666,181)	174,961,957
Term Loan	753,319,155	(1,400,831)	(9,018,452)	(10,419,283)	742,899,872
Time Loan	286,861,982	(448,337)	(1,164,900)	(1,613,237)	285,248,745
	1,270,121,392	**(9,173,223)**	**(17,732,860)**	**(26,906,083)**	**1,243,215,309**

Impairment on loans and advances to customers

In thousands of Naira	**Specific Impairment** June 2016	**Specific Impairment** December 2015	**Collective Impairment** June 2016	**Collective Impairment** December 2015
Balance beginning of year	9,173,223	6,340,159	17,732,860	10,665,978
Impairment loss for the period:				
- Charge for the period	3,869,004	2,833,064	3,781,140	7,066,882
Write-offs		-		-
Balance end of period	**13,042,227**	**9,173,223**	**21,514,000**	**17,732,860**

23(c) Advances under Finance Leases

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

In thousands of Naira	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Gross investment in finance lease, receivable	9,666,206	8,963,579	9,387,348	8,657,125
Unearned finance income on finance leases	(2,055,939)	(1,631,622)	(2,005,979)	(1,552,925)
Net investment in finance leases	7,610,267	7,331,957	7,381,369	7,104,200
Gross investment in finance leases, receivable:				
Less than one year	1,736,955	4,094,867	1,681,221	3,932,588
Between one and five years	7,929,061	4,868,711	7,706,127	4,724,537
Later than five years		-		-
	9,666,016	8,963,578	9,387,348	8,657,125
Unearned finance income on finance leases	(1,877,856)	(1,631,622)	(1,827,896)	(1,552,925)
Present value of minimum lease payments				
	7,788,160	7,331,956	7,559,452	7,104,200
Present value of minimum lease payments may be analysed as:				
- Less than one year	1,654,605	3,230,261	1,614,438	3,108,297
- Between one and five years	6,133,555	4,101,695	5,945,014	3,995,903
- Later than five years				

24 Pledged assets

In thousands of Naira	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Treasury bills	148,967,847	106,934,817	143,825,918	103,684,044
Government bonds	120,209,676	96,780,580	120,209,676	96,780,580
	269,177,523	**203,715,397**	**264,035,594**	**200,464,624**
The related liability for assets pledged as collateral include:				
Bank of Industry (BOI)	20,807,345	29,227,231	20,807,345	29,227,231

(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 N12.508bn (31 December 2015: N25.78Bn) 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 June 2016	Group December 2015	Bank June 2016	Bank December 2015
Debt securities				
Government bonds	11,699,701	51,205,831	11,310,755	51,205,831
Treasury bills	52,946,566	28,996,006	15,375,143	10,436,981
Eurobonds	6,248,990	6,524,859	5,565,313	6,016,748
Corporate bonds	3,481,900	3,473,524	3,481,900	3,473,524
Equity securities				
Equity securities with readily determinable fair values (i)	60,794,697	44,772,710	60,578,641	44,755,565
Unquoted equity securities at cost (ii)	3,145,697	3,145,697	3,145,697	3,145,697
	138,317,551	138,118,627	99,457,449	119,034,346
Specific allowance for impairment on equity securities	(3,381,481)	(3,326,077)	(3,381,481)	(3,326,077)
	134,936,070	**134,792,550**	**96,075,968**	**115,708,269**

(i) Equity securities with readily determinable fair values (carrying amount)

MTN Nigeria	11,809,616	8,317,689	11,809,616	8,317,689
Central securities clearing system limited	1,447,113	1,775,756	1,447,113	1,775,756
Nigeria interbank settlement system plc.	1,141,579	1,027,168	1,141,579	1,027,168
IBTC pension managers limited	669,580	1,144,748	669,580	1,144,748
Unified payment services limited	2,452,323	2,518,309	2,452,323	2,518,309
Africa finance corporation	41,079,816	28,658,942	41,079,816	28,658,942
Juli pharmacy plc	-	11,358	-	11,358
E-Tranzact	1,376,864	729,738	1,376,864	729,738
African export-import bank	10,625	2,675	10,625	2,675
FMDQ OTC Plc	111,484	147,746	111,484	137,746
Nigerian mortage refinance company plc.	202,346	200,000	202,346	200,000
Credit reference company	277,295	231,436	277,295	231,436
Others	216,056	7,145	-	-
	60,794,697	44,772,710	60,578,641	44,755,565

(ii) 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.

Held to maturity investment securities
In thousands of Naira

Debt securities				
Treasury bills	8,095,495	7,687,281	-	-
Federal government bonds	56,190,672	31,962,858	54,654,895	31,044,676
State government bonds	5,320,871	6,550,060	5,320,871	6,550,060
Corporate bonds	1,653,484	3,580,595	1,653,484	1,684,150
Eurobonds	-	1,649,782	-	1,007,643
	71,260,522	51,430,576	61,629,250	40,286,529
Total	**206,196,592**	**186,223,126**	**157,705,218**	**155,994,798**

Specific allowance for impairment on available for sale investment securities at cost

In thousands of Naira	**Group June 2016**	**Group December 2015**	**Bank June 2016**	**Bank December 2015**
Balance, beginning of year	3,326,077	3,145,697	3,326,077	3,145,697
Translation difference	55,404	-	55,404	-
Additional allowance	-	180,380	-	180,380
Balance, end of period	**3,381,481**	**3,326,077**	**3,381,481**	**3,326,077**

26 Other assets

In thousands of Naira	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Financial assets				
Accounts receivable	24,977,152	37,555,560	18,630,716	34,067,809
Receivable on E-business channels	6,113,240	9,163,800	6,113,240	9,163,800
Receivable from disposal of Non-current asset	21,970,818	22,578,046	21,970,818	22,578,046
Receivable from AMCON	5,498,909	5,498,909	5,498,909	5,498,909
Subscription for investment	25,001	25,001	1,780,344	861,759
	58,585,120	74,821,316	53,994,027	72,170,323
Non-financial assets				
Prepayments	34,589,777	10,234,249	30,377,762	8,494,119
Inventory	713,669	619,515	713,669	619,516
	35,303,446	10,853,764	31,091,431	9,113,635

Inventory consists of blank debit cards, cheque leaves, computer consumables and other stationery held by the Bank.

Increase in prepayments resulted from services that have been paid in advance for the year for which the amortization will be over the relevant period of service. These include NDIC premium, rents, AMCON surcharge, 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.

	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Gross other assets	93,888,566	85,675,080	85,085,458	81,283,958
Allowance for impairment on financial assets				
Accounts receivable	(2,815,242)	(2,635,576)	(2,815,241)	(2,635,576)
Subscription for investment	(25,001)	(25,001)	(25,001)	(25,001)
	91,048,323	**83,014,503**	**82,245,216**	**78,623,381**

The increase in the other assets is attributed to receivable from disposal of non- current assets held for sale. The bank's non-current assets held for sale (Maiyegun landed property) was disposed in 2015. An agreement was entered into with the buyers to pay instalmentally over a period of time. Risks and rewards have been transferred to the buyers.

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 2015	22,296,170	25,001	22,296,170	25,001
Impairment loss for the year:				
- Additional provision	3,276,197	-	3,276,197	-
- Provision no longer required	(71,655)	-	(71,655)	-
Net impairment	3,204,542	-	3,204,542	-
Allowance written off	(22,865,136)	-	(22,865,136)	-
Balance as at 31 December 2015/1 January 2016	2,635,576	25,001	2,635,576	25,001
Impairment loss for the year:				
- Additional provision	906,933	-	906,933	-
- Provision no longer required				
Net impairment	906,933	-	906,933	-
Allowance written off	(727,268)	-	(727,268)	-
Balance as at 30 June 2016	2,815,241	25,001	2,815,241	25,001

During the course of the year, the bank wrote off N727Mn of other assets. The receivables largely arose from the business combination with erstwhile Intercontinental Bank Plc and full provisions had been made. Having been outstanding for a prolonged period of time, the bank deemed it appropriate to write them off

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

Set out below are the group's subsidiaries as at 30 June 2016. 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

			Ownership interest	
	Nature of business	**Country of incorporation**	**June 2016**	**December 2015**
Access Bank Gambia Limited	Banking	Gambia	64%	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	74%	74%
Access Bank Ghana	Banking	Ghana	92%	92%
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.

(ii) Subsidiaries undergoing liquidation

			Ownership interest	
	Nature of business	**Country of incorporation**	**June 2016**	**December 2015**
Flexmore Technologies Limited	IT Services	Nigeria	0%	0%

This subsidiary is currently undergoing a winding-down process through the appointment of a court ordered receiver manager to manage their affairs. As a result of this event, the Bank has lost control without a change in absolute or relative ownership level. The loss of control in these subsidiaries, have been accounted for in the financial statements.

On 13 April 2016, the Corporate Affairs Commission (CAC) gave approval for the liquidation of the entity with a three month notice period starting 1 April 2016. At the expiration of the notice period, the entity is considered liquidated.

(iii) Structured entities:

			Ownership interest	
	Nature of business	**Country of incorporation**	**June 2016**	**December 2015**
Restricted Share Performance Plan (RSPP)	Financial services	Nigeria	100%	100%

27(b) Investment in subsidiaries

In thousands of Naira	Bank June 2016	Bank December 2015
Subsidiaries with continuing operations		
Access Bank, UK	18,501,269	18,501,269
Access Bank, Ghana	13,704,428	13,704,428
Access Bank Rwanda	1,578,825	1,578,825
Access Bank, Congo	2,779,650	2,779,650
Access Bank, Zambia	4,274,925	4,274,925
Access Bank, Gambia	1,853,756	1,853,756
Access Bank, Sierra Leone	1,019,951	1,019,951
Investment in RSPP scheme	2,907,674	1,722,350
Access Bank Finance B.V.	4,092	4,092
Subsidiaries undergoing liquidation		
Flexmore Technologies Limited	100,000	100,000
	46,724,570	45,539,246
Specific allowances for impairment on investment in subsidiaries	(100,000)	(100,000)
Balance, end of period	**46,624,570**	**45,439,246**

Specific allowances for impairment on investment in subsidiaries

In thousands of Naira	Bank June 2016	Bank December 2015
Balance, beginning of year	100,000	100,000
Allowance written off	-	-
Balance, end of year	100,000	100,000

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 30 June 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	4,025,567	12,429,093	1,210,466	992,359	927,816	503,243	443,206	59,193	3,261,433
Operating expenses	(2,531,313)	(8,840,135)	(927,729)	(772,723)	(801,079)	(382,166)	(381,569)	-	(2,524,088)
Net impairment on financial assets	-	(1,456,159)	(24,955)	(895)	(101,872)	(3,203)	-	-	-
Profit before tax	1,494,254	2,132,799	257,782	218,741	24,865	117,874	61,637	59,193	737,345
Taxation	(298,851)	(747,644)	(96,522)	-	-	(8,370)	(4,043)		(4,354)
Profit for the period	1,195,403	1,385,155	161,260	218,741	24,865	109,504	57,594	59,193	732,991
Assets									
Cash and balances with banks	180,249,774	36,237,936	11,358,358	5,703,893	7,597,050	1,930,475	1,414,689	-	3,308,325
Pledged assets	-	-	-	-	-	5,141,929	-	-	-
Derivative financial instruments	243,726	-	-	-	-	-	-	-	-
Loans and advances to banks	97,993,995	-	-	-	-	-	-	-	98,576,490
Loans and advances to customers	62,180,545	85,971,455	11,884,102	11,252,979	4,194,898	1,031,373	606,187	-	-
Investment securities	3,277,752	35,842,720	3,815,736	-	2,091,176	-	3,463,990	-	-
Other assets	1,066,052	6,904,049	581,086	1,004,683	1,655,220	218,015	385,618	-	-
Investment in associates	-	-	-	-	-	-	-	-	-
Investment in subsidiaries	-	-	-	-	-	-	-	2,907,675	-
Property and equipment	109,611	7,746,854	302,681	1,242,428	636,943	759,092	359,158	-	-
Intangible assets	341,610	336,081	469,044	61,546	46,606	105,496	24,552	-	-
Deferred tax assets	-	715,324	-	-	375,760	-	114,635	-	-
	345,463,065	173,754,419	28,411,007	19,265,529	16,597,653	9,186,380	6,368,829	2,907,675	101,884,815
Financed by:									
Deposits from banks	207,882,342	9,739,786	-	-	682,497	-	-	-	-
Deposits from customers	102,789,610	131,708,380	22,074,476	13,493,311	12,846,175	5,376,926	4,422,547	-	-
Derivative Liability	1,589,794	-	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-	100,974,039
Retirement benefit obligations	-	-	-	-	-	-	7,073	-	-
Current income tax liability	46,291	823,021	39,485	35,568	-	-	-	-	44,207
Other liabilities	2,061,250	3,887,069	2,165,277	911,228	145,799	916,585	521,299	-	(155,453)
Borrowings	-	103,523	57,174	-	-		-	-	-
Deferred tax liability	-	203,030	198,524	-	-	74,508	-	-	-
Equity	31,093,778	27,289,610	3,876,071	4,825,422	2,923,182	2,818,361	1,417,910	2,907,675	1,022,022
	345,463,065	173,754,419	28,411,007	19,265,529	16,597,653	9,186,380	6,368,829	2,907,675	101,884,815
Net cashflow from investing activities	1,994,406	(8,643,815)	(989,210)	(135,946)	1,059,644	(639,740)	(19,873)	-	-
Net cashflow from financing activities	-	200,199	920,894	-	-	-	-	-	1,372,464
Increase in cash and cash equivalents	122,257,654	29,226,974	463,224	(1,365,535)	1,201,421	(264,891)	(724,689)	-	(9,008)
Cash and cash equivalent, beginning of year	44,642,519	27,916,021	7,867,697	5,165,455	4,108,425	1,792,049	1,318,767	-	223,305
Effect of exchange rate fluctuations on cash held	12,666,055	-	3,027,437	1,896,295	1,922,220	551,128	(59,049)	-	98,494
Cash and cash equivalent, end of period	179,566,228	57,142,995	11,358,358	5,696,215	7,232,066	2,078,286	535,029	-	312,791

27 (d) Condensed results of consolidated entities
(i) The condensed financial data of the consolidated entities, are as follows:

Condensed income statement for the period ended 30 June 2015

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	3,105,122	9,728,974	939,477	898,579	912,616	578,970	409,492	29,331	3,152,654
Operating expenses	(2,029,735)	(6,746,575)	(836,190)	(702,515)	(896,785)	(351,275)	(311,758)	-	2,760,797
Net impairment on financial assets	-						-	-	-
Profit before tax	1,075,387	2,982,399	103,287	196,064	15,831	227,695	97,734	29,331	5,913,451
Taxation	(225,831)	(1,308,913)	(35,688)	(68,622)	(57,129)	(8,271)	(29,015)		24,969
Profit for the year	849,556	1,673,486	67,599	127,442	(41,297)	219,424	68,720	29,331	5,938,420
Financial Position as at 31 December 2015									
Assets									
Cash and balances with banks	45,245,533	34,911,799	7,637,323	5,171,427	4,375,250	1,762,148	2,133,665	-	2,327,751
Derivative financial instruments	63,528	-	-	-	-	-	-	-	-
Loans and advances to banks	86,554,437	-	-	-	-	-	-	-	69,584,024
Loans and advances to customers	42,761,574	62,251,287	6,669,073	6,262,020	3,100,601	824,185	746,783	-	-
Pledged assets	-	-	-	-	-	3,250,773	-	-	-
Investment securities	4,181,497	18,313,343	2,008,702	-	2,042,227	-	3,763,874	-	-
Other assets	714,834	3,604,904	239,902	559,934	1,252,686	124,350	262,785	-	-
Investment in subsidiaires	-	-	-	-	-	-	-	1,722,350	-
Property and equipment	292,135	4,780,307	42,002	916,619	425,257	619,042	354,179	-	-
Intangible assets	29,644	276,988	307,609	32,550	44,055	59,861	30,994	-	-
Deferred tax assets	-	266,434	-	-	277,836		120,510	-	-
	179,843,182	**124,405,062**	**16,904,611**	**12,942,550**	**11,517,912**	**6,640,359**	**7,412,790**	**1,722,350**	**71,911,775**
Financed by:									
Deposits from banks	103,782,307	13,714,385	-	-	583,834	-	-	-	-
Deposits from customers	50,042,098	88,548,465	13,440,311	8,904,983	9,426,433	4,103,594	5,033,441	-	-
Derivative Liability	672,406	-	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-	71,336,985
Retirement benefit obligations	-	-	-	-	-	-	8,471	-	-
Current income tax liability	482,483	756,851	(5,372)	23,834	28,989	-	-	-	51,728
Other liabilities	1,837,532	2,701,530	937,044	672,699	(481,930)	438,292	942,628	-	(164,701)
Contingent settlement provisions	-	55,186	-	-	-	-	-	-	-
Deferred tax liability	-	149,719	61,570	-	-	55,355	-	-	-
Equity	23,026,356	18,478,926	2,471,058	3,341,034	1,960,586	2,043,118	1,428,250	1,722,350	687,763
	179,843,182	**124,405,062**	**16,904,611**	**12,942,550**	**11,517,912**	**6,640,359**	**7,412,790**	**1,722,350**	**71,911,775**
Net cashflow from investing activities	17,935,552	(2,660,525)	761,628	(122,315)	(442,024)	(119,630)	(786,315)	-	-
Net cashflow from financing activities	4,400,100	(830,053)	583,202	-	-	-	-	-	6,914,832
Increase/(Decrease) in cash and cash equivalents	25,849,261	2,343,374	1,318,540	1,284,155	1,565,905	423,797	(486,379)	-	74,738
Cash and cash equivalent, beginning of year	19,396,272	28,250,473	6,490,163	3,511,969	7,794,994	1,144,460	1,630,878	-	76,333
Cash and cash equivalent, end of period	-	-	-	-	-	-	-	-	117,168
Cash and cash equivalent, end of period	45,245,533	30,593,847	7,808,703	4,796,124	9,360,900	1,568,257	1,144,498	-	268,239

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 2016	57,073,875	17,762,955	29,241,820	9,898,894	7,755,533	121,733,077
Acquisitions	2,594,537	2,803,044	2,845,460	665,338	759,541	9,667,920
Disposals	(4,682)	(165,225)	(289,243)	(208,975)	(3,250)	(671,375)
Transfers	2,904,569	74,812	58,191	-	(3,353,802)	(316,230)
Write-offs	-	-	(117)	-	(64,925)	(65,042)
Translation difference	1,266,520	403,761	699,265	260,679	661,490	3,291,715
Balance at 30 June 2016	**63,834,819**	**20,879,347**	**32,555,376**	**10,615,936**	**5,754,587**	**133,640,065**
Balance at 1 January 2015	54,681,145	15,712,421	25,564,194	8,366,282	7,016,361	111,340,403
Acquisitions	2,968,814	1,874,068	4,683,327	2,155,869	2,212,955	13,895,033
Disposals	(629,392)	(672,148)	(587,871)	(870,818)	(404,199)	(3,164,428)
Transfers	122,018	711,695	69,259	52,446	(955,418)	-
Write offs	-	-	-	-	(58,394)	(58,394)
Translation difference	(68,710)	136,919	(487,089)	195,115	(55,772)	(279,537)
Balance at 31 December 2015	57,073,875	17,762,955	29,241,820	9,898,894	7,755,533	121,733,077

Depreciation and impairment losses	Leasehold improvement and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Balance at 1 January 2016	9,286,024	12,318,555	20,442,415	6,356,156	-	48,403,150
Charge for the period	809,547	1,155,724	1,657,998	561,252	-	4,184,521
Disposal	(562)	(164,292)	(296,088)	(191,607)	-	(652,549)
Write-Offs	-	-	(117)	-	-	(117)
Translation difference	359,180	510,638	413,953	319,523	-	1,603,294
Balance at 30 June 2016	**10,454,189**	**13,820,625**	**22,218,161**	**7,045,324**	**-**	**53,538,299**
Balance at 1 January 2015	7,723,192	10,955,180	17,509,380	5,492,944	-	41,680,695
Charge for the year	1,652,283	1,841,749	3,589,272	1,531,833	-	8,615,138
Disposal	(66,157)	(671,981)	(579,859)	(804,134)	-	(2,122,131)
Translation difference	(23,294)	193,607	(76,378)	135,513	-	229,448
Balance at 31 December 2015	9,286,024	12,318,555	20,442,415	6,356,156	-	48,403,150
Carrying amounts:						
Balance at 30 June 2016	**53,380,630**	**7,058,722**	**10,337,215**	**3,570,612**	**5,754,587**	**80,101,766**
Balance at 31 December 2015	47,787,851	5,444,400	8,799,405	3,542,738	7,755,533	73,329,927

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 2016	52,737,674	15,863,065	26,748,469	8,644,919	5,388,964	109,383,091
Acquisitions	1,758,993	2,317,489	2,366,175	348,037	3,874	6,794,568
Disposals	(1,047)	(165,225)	(289,243)	(130,923)	(3,250)	(589,688)
Transfers	1,504,158	-	29,306	-	(1,533,464)	-
Write-Offs	-	-	-	-	(64,925)	(64,925)
Balance at 30 June 2016	**55,999,778**	**18,015,329**	**28,854,707**	**8,862,033**	**3,791,199**	**115,523,046**
Balance at 1 January 2015	50,672,751	14,220,988	23,331,037	7,457,145	6,185,630	101,867,551
Acquisitions	2,648,337	1,601,863	3,975,251	1,870,477	496,193	10,592,121
Disposals	(629,392)	(668,870)	(587,831)	(735,149)	(396,944)	(3,018,186)
Transfers	45,979	709,084	30,012	52,446	(837,521)	-
Write-Offs	-	-	-	-	(58,394)	(58,394)
Balance at 31 December 2015	52,737,675	15,863,065	26,748,469	8,644,919	5,388,964	109,383,092

Depreciation and impairment losses	Leasehold improvement and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Balance at 1 January 2016	8,207,291	10,985,168	18,767,401	5,522,848	-	43,482,708
Charge for the period	706,949	1,059,982	1,422,885	473,234	-	3,663,050
Disposal	(562)	(164,292)	(288,135)	(114,722)	-	(567,711)
Balance at 30 June 2016	**8,913,678**	**11,880,858**	**19,902,151**	**5,881,360**	**-**	**46,578,047**
Balance at 1 January 2015	6,782,532	9,982,857	16,071,183	4,870,652	-	37,707,223
Charge for the year	1,476,578	1,671,014	3,276,037	1,338,662	-	7,762,292
Disposal	(51,819)	(668,703)	(579,819)	(686,466)	-	(1,986,806)
Balance at 31 December 2015	8,207,291	10,985,168	18,767,401	5,522,848	-	43,482,708
Carrying amounts:						
Balance at 30 June 2016	**47,086,100**	**6,134,471**	**8,952,556**	**2,980,673**	**3,791,199**	**68,944,999**
Balance at 31 December 2015	44,530,384	4,877,897	7,981,068	3,122,071	5,388,964	65,900,384

(a) The amount of contractual commitments for the acquisition of property and equipment as at 30 June 2016 is N1,797,201,553 (31 Dec 2015: N330,891,261)

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

29 Intangible assets

Group

In thousands of Naira	Goodwill	WIP	Purchased Software	Total
Cost				
June 2016				
Balance at 1 January 2016	681,007	-	12,060,445	12,741,452
Acquisitions	-	231,569	716,924	948,493
Transfer	-	-	316,229	316,229
Write off	-	-	-	-
Translation difference	-	-	598,960	598,960
Balance at 30 June 2016	**681,007**	**231,569**	**13,692,558**	**14,605,134**
December 2015				
Balance at 1 January 2015	681,007	740,711	9,946,474	11,368,192
Acquisitions	-	-	2,146,643	2,146,643
Transfer	-	(740,711)	740,711	-
Write off	-	-	(512,802)	(512,802)
Translation difference			(260,581)	(260,581)
Balance at 31 December 2015	681,007	-	12,060,445	12,741,452
Amortization and impairment losses				
Balance at 1 January 2016	-	-	6,300,836	6,300,836
Amortization for the period	-	-	930,809	930,809
Write off	-	-	-	-
Translation difference	-	-	346,603	346,603
Balance at 30 June 2016	-	-	**7,578,248**	**7,578,248**
Balance at 1 January 2015	-	-	5,775,201	5,775,201
Amortization for the period	-	-	1,483,193	1,483,193
Write off	-	-	(512,802)	(512,802)
Translation difference	-	-	(444,756)	(444,756)
Balance at 31 December 2015	-	-	6,300,836	6,300,836
Net Book Value				
Balance at 30 June 2016	**681,007**	**231,569**	**6,114,310**	**7,026,886**
Balance at 31 December 2015	681,007	-	5,759,609	6,440,616

Bank

In thousands of Naira	WIP	Purchased Software	Total
Cost			
June 2016			
Balance at 1 January 2016	-	10,348,678	10,348,678
Acquisitions	231,569	568,818	800,387
Reclassification	-	-	-
Transfers	-	-	-
Write off	-	-	-
Balance at 30 June 2016	231,569	10,917,496	11,149,065
December 2015			
Balance at 1 January 2015	740,711	8,255,600	8,996,311
Acquisitions	-	1,865,169	1,865,169
Reclassification	-	-	-
Transfers	(740,711)	740,711	-
Write off		(512,802)	(512,802)
Balance at 31 December 2015	-	10,348,678	10,348,678
Amortization and impairment losses			
Balance at 1 January 2016	-	5,370,770	5,370,770
Amortization for the period	-	817,351	817,351
Write off	-	-	-
Balance at 30 June 2016	-	6,188,121	6,188,121
Balance at 1 January 2015	-	4,559,497	4,559,497
Amortization for the period	-	1,324,075	1,324,075
Write off		(512,802)	(512,802)
Balance at 31 December 2015	-	5,370,770	5,370,770
Carrying amounts			
Balance at 30 June 2016	**231,569**	**4,729,375**	**4,960,944**
Balance at 31 December 2015	-	4,977,908	4,977,908

There were no capitalised borrowing costs related to the internal development of software during the period under review, 30 June 2016 (2015: nil). Computer software has a definite useful life of not more than five years in line with the Bank's accounting policy, while Goodwill has an indefinite useful life and is annually assessed for impairment.

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	June 2016	December 2015
Access Bank Rwanda	681,007	681,007
	681,007	681,007

The recoverable amount of Goodwill as at 30 June 2016 is greater than its carrying amount and is thus not impaired.

(ii) Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. Impairment assessment has been performed for the period, while no losses on goodwill were recognized during the period under review 30 June 2016 (31 December 2015: Nil)

The recoverable amount of Goodwill as at 30 June 2016 was greater than its carrying amount and is thus not impaired.
The recoverable amount was determined using a value-in-use computation as N5.25bn

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)	7.96%
Long term growth rate (ii)	2.80%
Discount rate (ii)	19.10%
Revenue Growth	17.10%

(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 period.
(ii) Pre-tax discount rate applied to the cash flow projections.

Cash Flow Forecast
Cash flows were projected based on past experience, actual operating results and the 4-year business plan. These cashflows are based on the expected revenue growth for the entity over this 4-year period.

Discount Rate
Pre-tax discount rate of 19.10% 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 17.1% 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	(563,166)	712,611
Impact of change in growth rate on value-in-use computation	60,273	(58,238)
Impact of change in revenue growth on value-in-use computation	288,817	(288,817)

30 Deferred tax assets and liabilities

(a) Group

Deferred tax assets and liabilities are attributable to the following:

In thousands of Naira	June 2016			December 2015		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property and equipment, and software	11,579,838		11,579,838	11,259,522	-	11,259,522
Allowances/(Reversal) for loan losses	9,742,955	-	9,742,955	10,791,440	-	10,791,440
Tax loss carry forward	331,135	-	331,135	9,385,122	-	9,385,122
Exchange gain/(loss) unrealised	-	(19,046,404)	(19,046,404)	-	(22,630,791)	(22,630,791)
Fair value gain on investment property	-	-	-	-	(13,349)	(13,349)
Employee benefits	11,522	(2,373)	9,149	4,452	(111,469)	(107,017)
Actuarial loss on retirement benefit obligation	1,894,041	-	1,894,041	1,894,041	-	1,894,041
Deferred tax assets (net)	23,559,491	(19,048,777)	4,510,714	33,334,577	(22,755,609)	10,578,968

(b) Bank

Deferred tax assets and liabilities are attributable to the following:

In thousands of Naira	June 2016			December 2015		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property and equipment, and software	11,586,704	-	11,586,704	11,092,769	-	11,092,769
Allowances/(Reversal) for loan losses	9,690,556	-	9,690,556	10,496,790	-	10,496,790
Tax loss carry forward	-	-	-	9,328,023	-	9,328,023
Exchange gain/(loss) unrealised	-	(19,390,243)	(19,390,243)	-	(22,630,791)	(22,630,791)
Fair value gain on investment property	-	-	-	-	-	-
Actuarial loss on retirement benefit obligation	1,894,040	-	1,894,040	1,894,041	-	1,894,041
Net deferred tax assets/(liabilities)	23,171,300	(19,390,243)	3,781,057	32,811,623	(22,630,791)	10,180,832

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

There were no unrecognized deferred tax assets or liabilities as at 30 June 2016 (31 December 2015: nil)

	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Deferred income tax assets				
– Deferred income tax asset to be recovered after more than 12 months	10,074,090	20,176,562	9,690,556	19,824,813
– Deferred income tax asset to be recovered within 12 months	13,485,401	13,158,015	13,480,744	12,986,810
	23,559,491	33,334,578	23,171,300	32,811,623
Deferred income tax liabilities				
– Deferred income tax liability to be recovered after more than 12 months	(19,046,404)	(22,630,791)	(19,390,243)	(22,630,791)
– Deferred income tax liability to be recovered within 12 months	(2,373)	(124,818)	-	-
	(19,048,777)	(22,755,609)	(19,390,243)	(22,630,791)

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

In thousands of Naira	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Balance, beginning of year	10,578,968	10,822,946	10,180,831	10,128,537
Tax charge	(6,466,457)	(684,222)	(6,399,774)	(402,545)
Translation adjustments	398,202	(14,595)	-	-
Items included in OCI	-	454,839	-	454,839
Net deferred tax assets/(liabilities)	4,510,713	10,578,968	3,781,057	10,180,831
Out of which				
Deferred tax assets	23,559,491	33,334,577	23,171,300	32,811,623
Deferred tax liabilities	(19,048,777)	(22,755,609)	(19,390,243)	(22,630,791)

Temporary difference relating to the Group's Investment in subsidiaries as at June 2016 is Nxxxbillion (Dec 2015: N3.0 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 June 2016	Group December 2015	Bank June 2016	Bank December 2015
Actuarial gain/loss on retirement benefit obligation				
Gross loss on retirement benefit obligation	-	1,516,131	-	1,516,131
Deferred tax @ 30%	-	(454,839)	-	(454,839)
Net balance loss after tax	-	1,061,292	-	1,061,292

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 period. This amount has been presented in Note 7 as unallocated segment in accordance with IFRS 8. These Assets have been valued by reputable estate surveyors and valuers using the comparable transactions method of valuation to arrive at the open market value. The valuers used bythe bank are Azuka Iheabunike & Partners and the Valuation was done in 2013
The Valuation Technique used by the valuer is Market Approach using Level 2 Inputs
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 June 2016	Group December 2015	Bank June 2016	Bank December 2015
Balance at 1 January 2016	179,843	23,438,484	179,843	23,438,484
Transfer from investment properties	-	-	-	-
Disposals	(39,116)	(23,258,641)	(39,116)	(23,258,641)
Fair value gain on assets held for sale	-	-	-	-
Balance at 30 June 2016	**140,727**	**179,843**	**140,727**	**179,843**

In the course of the year , the Bank disposed 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 June 2016	Group December 2015	Bank June 2016	Bank December 2015
Money market deposits	149,874,136	35,923,012	62,241,706	1,522,968
Trade related obligations to foreign banks	59,108,522	36,991,409	55,219,040	61,820,817
	208,982,658	**72,914,421**	**117,460,746**	**63,343,785**

33 Deposits from customers

In thousands of Naira	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Term deposits	794,485,671	706,327,211	705,864,471	632,818,563
Demand deposits	1,021,490,528	838,954,263	880,644,584	767,609,081
Saving deposits	154,447,507	137,962,846	139,518,398	127,786,239
	1,970,423,706	**1,683,244,320**	**1,726,027,453**	**1,528,213,883**

34 Other liabilities

In thousands of Naira	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Financial liabilities				
Certified and bank cheques	3,325,126	1,780,404	2,117,012	1,676,220
E-banking payables	5,892,421	8,925,439	5,767,262	8,920,286
Collections account balances	18,924,101	28,271,575	18,788,411	28,249,768
Due to subsidiaries	-	-	252,604	914,789
Accruals	4,762,409	2,214,382	3,013,362	747,829
Creditors	5,667,268	1,904,665	3,185,008	1,622,762
Customer deposits for foreign exchange	22,174,824	7,973,447	21,431,256	7,973,447
Agency services	76,393	9,506	32,089	9,506
Unclaimed dividend	10,976,875	10,350,486	10,976,875	10,350,486
Security deposit on Swap deal	8,490,000	-	8,490,021	-
Other financial liabilities	9,846,421	3,847,417	6,867,122	2,406,392
	90,135,838	65,277,321	80,921,022	62,871,485
Non-financial liabilities				
Litigation claims provision (see (i)below)	613,886	1,220,780	613,886	1,220,780
Other current non-financial liabilities	1,211,696	2,857,846	623,613	2,093
Total other liabilities	**91,961,420**	**69,355,947**	**82,158,521**	**64,094,358**

Increase in customer deposits for foreign exchange is attributable to the change in the Bank's process which requires all customers with foreign obligations to deposit foreign currency to back these transactions due to the prevailing FX environment.

(i) Movement in litigation claims provision	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Opening balance	1,220,780	311,120	1,220,780	311,120
Additions	49,496	920,200	49,496	920,200
Payment	(656,390)	-	(656,390)	-
Provision no longer required	-	(10,540)	-	(10,540)
Closing balance	**613,886**	**1,220,780**	**613,886**	**1,220,780**

35 Debt securities issued

In thousands of Naira	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Debt securities at amortized cost:				
Eurobond debt from Access Bank B.V (see (i) below)	100,974,039	71,336,985	-	-
Eurobond debt security (see (ii) below)	111,510,594	78,516,655	111,510,594	78,516,655
	212,484,633	**149,853,640**	**111,510,594**	**78,516,655**

(i) This refers to US$350,000,000 guaranteed notes with amortized cost of N101,720,453 as at 30 June 2016 issued on 25 July 2012 by Access Finance B.V., Netherlands with a maturity date of 25 July 2017;

(ii) This refers to US$400,000,000 subordinate notes with amortized cost of N111,510,594 of 9.25% resettable interest issued on 24 June 2014 by Access Bank Nigeria with a maturity date of 24 June 2021.

The principal amount on both notes are payable at maturity, whilst interest is payable on a semi-annual basis at their respective interest rates.

36 Interest bearing borrowings

In thousands of Naira	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
African Development Bank (see note (a))	30,883,605	18,920,425	30,883,605	18,920,425
Netherlands Development Finance Company (see note (b))	1,671,071	1,363,990	1,671,071	1,363,990
French Development Finance Company (see note (c))	12,605,954	10,212,950	12,605,954	10,212,950
European Investment Bank (see note (d))	27,227,162	14,237,242	27,227,162	14,237,242
International Finance Corporation (see note (e))	4,732,955	4,997,286	4,732,955	4,997,286
Central Bank of Nigeria under the Commercial Agriculture Credit Scheme (see note (f))	5,388,789	5,544,920	5,388,789	5,544,920
Bank of Industry-Intervention Fund for SMEs (see note (g))	6,679,273	7,193,737	6,679,273	7,193,737
Bank of Industry-Power & Airline Intervention Fund (see note (h))	14,128,072	15,188,861	14,128,072	15,188,861
Access Finance B.V. (see note (i))	-	-	101,720,734	71,523,252
Special Refinancing & Restructuring Intervention fund (SRRIF) see note	6,844,633	6,844,633	6,844,633	6,844,633
Central Bank of Nigeria - Salary Bailout facilities (see note (k))	66,062,201	56,442,213	66,062,201	56,442,213
Central Bank of Nigeria - Excess Crude Account (see note (l))	127,136,233	90,000,000	127,136,233	90,000,000
Other loans and borrowings	710,243	520,904	549,546	450,478
	304,070,191	**231,467,161**	**405,630,228**	**302,919,987**

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

(a) The amount of N30,883,604,577 (USD 109, 140,915) represents the outstanding balance in the on-lending facility granted to the Bank by ADB (Africa Development Bank) in two tranches one in August 2007 (USD 35m)for a period of 9 years, another in August 2014 (USD 90m) for a period of 10years and the other in June 2016 (USD 10m) . The principal amount is repayable semi-annually from February 2010 for the first tranche and February 2017 for the second and third tranche. Interest is paid semi annually at 3% above 6 months LIBOR. The annual effective interest rate is 4.28% ,2.00% and 2.04% respectively. From this creditor, the bank has nil undrawn balance as at 30 June 2016.

(b) The amount of N1,671,070,878 (USD 5,905,470) represents the outstanding balance in the on-lending facility granted to the Bank by the Netherlands Development Finance Company effective from 15 December 2012 and disbursed in February 2013 (USD 10m) 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 30 June 2016.

(c) The amount of N12,605,954,079 (USD 44,548,730) represents the outstanding balance in the on-lending facility granted to the Bank by the French Development Finance Company effective from 15 December 2012 and disbursed in four tranches; February 2013 (USD 6m) , October 2013 (USD 15m) , October 2013 (USD 9m) and November 2014 (USD 30m) for a period of 6.5 years 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 bank has nil undrawn balance as at 30 June 2016.

(d) The amount of N22,227,162,311 (USD 96,219,254) represents the outstanding balance on five on-lending facilities granted to the Bank by the European Investment Bank (EIB) in May 2013(USD 25m), September 2013 (USD 26.75m) , June 2014 (USD 14.7m) , September 2015 (USD 29.75m) 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 bank has nil undrawn balance as at 30 June 2016.

(e) The amount of N4,732,955,078 (USD 16,725,996) represents the outstanding balance on the on-lending facilities granted to the Bank 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 30 June 2016.

(f) The amount of N5,388,788,828 represents the outstanding balance in the on-lending facility granted to the Bank by Central Bank of Nigeria in collaboration with the Federal Government of Nigeria (FGN) in respect of Commercial Agriculture Credit Scheme (CACS) established by both CBN and the FGN for promoting commercial agricultural enterprises in Nigeria. The facility is for a maximum period of 7 years at a zero percent interest rate to the Bank. The Bank did not provide security for this facility.From this creditor, the bank has nil undrawn balance as at 31 December 2015.

(g) The amount of N6,679,272,729 represents an outstanding balance on the intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria for the purpose of refinancing or restructuring existing loans to Small and Medium Scale Enterprises (SMEs) and manufacturing companies. The total has a 15 year tenor. A management fee of 1% deductible at source is paid by the Bank under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. Though the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 30 June 2016.

(h) The amount of N14,128,072,432 represents the outstanding balance on intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria, to be applied to eligible power and airline projects. The total facility has a maximum tenor of 15 years. A management fee of 1% deductible at source is paid by the Bank under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. Though the facility is meant for on-lending to borrowers within the power and aviation sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 30 June 2016.

(i) The amount of N101,720,734,353 (USD350,000,000) represents the borrowings of Access Bank Plc from Access Finance BV in respect of the dollar guaranteed notes issued by Access Finance B.V., Netherlands which is due on 25 July 2017. The notes were issued on 25 July 2012 for a period of 5 years with the principal amount repayable at the end of the tenor while interest on the Notes is payable semi-annually at 7.34%, in arrears on 25 January and 25 July in each year. The annual effective interest rate is 7.65%. From this creditor, the bank has nil undrawn balance as at 30 June 2016.

(j) The amount of N6,844,633,258 represents the outstanding balance on intervention credit granted to the bank by the Bank of Industry (BOI) under the Special refinancing and Restructuring intervention fund, with a 10 year tenor which is due on the 31 August 2024. The bank has a 36 months moratorium on the facility after which principal repayment will be charged quarterly. Though the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 30 June 2016.

(k) The amount of N66,062,200,500 represents the outstanding balance on the state salary bailout facilities granted to the bank by the Central Bank of Nigeria for onward disbursements to state governments for payments of salary of workers of the states. The facility has a tenor of 20 years with a 2% interest payable to the CBN. The Bank is under obligation to on-lend to the states at an all-in interest rate of 9% per annum. From this creditor, the bank has nil undrawn balance as at 30 June 2016.

(l) The amount of N127,136,232,842 represents the outstanding balance on the excess crude account loans granted to the bank by the Central Bank of Nigeria for onward disbursements to state governments. The facility has a tenor of 20 years with a 2% interest payable to the CBN. The Bank is under obligation to on-lend to the states at an all-in interest rate of 9% per annum. From this creditor, the bank has nil undrawn balance as at 30 June 2016.

37 Retirement benefit Obligation

In thousands of Naira	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Recognised liability for defined benefit obligations (see note (a) below)	6,164,500	5,567,800	6,157,427	5,567,800
Liability for defined contribution obligations	-	-	-	-
	6,164,500	**5,567,800**	**6,157,427**	**5,567,800**

(a) **Defined benefit obligations**

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

In thousands of Naira	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Post employment benefit plan (see note (i) below)	6,164,500	5,567,800	6,157,427	5,567,800
Recognised liability	**6,164,500**	**5,567,800**	**6,157,427**	**5,567,800**

(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 June 2016	Group December 2015	Bank June 2016	Bank December 2015
Deficit on defined benefit obligations at 1 January	5,567,800	3,267,364	5,567,800	3,267,364
Charge for the period:				
-Interest costs	344,336	466,121	337,263	466,121
-Current service cost	252,364	318,184	252,364	318,184
-Past service cost	-		-	
-Benefits paid	-	-	-	-
Net actuarial loss for the period remeasured in OCI	-		-	
Remeasurements - Actuarial gains and losses arising from changes in demographic assumptions	-	(415,090)	-	(415,090)
Remeasurements - Actuarial gains and losses arising from changes in financial assumption	-	1,931,221	-	1,931,221
Balance, end of period	**6,164,500**	**5,567,800**	**6,157,427**	**5,567,800**
Expense recognised in income statement:				
Current service cost	252,364	318,184	252,364	318,184
Interest on obligation	344,336	466,121	337,263	466,121
Total expense recognised in profit and loss (see Note 14)	**596,700**	**784,305**	**589,627**	**784,305**

The weighted average duration of the defined benefit obligation is 10.86years. The information on the maturity profile of the defined benefit plan includes the maturity analysis and the distribution of the timing of payment. The estimated contribution to the plan for the next annual reporting period is: N1.2Bn

30 June 2016

In thousands of Naira	Impact on defined benefit obligation		
	Decrease in assumption by 1%	**Liability changes to**	**Total comprehensive income**
Effect of changes in the assumption to the discount rate	Increase in liability by 7.7%	6,631,981	474,554
Effect of changes in assumption to the salary growth	Decrease in liability by 6.75%	5,744,433	(412,994)
Effect of changes in assumption to the mortality rate	Decrease in liability by 6.75%	6,155,756	(1,671)

	Impact on defined benefit obligation		
	Increase in assumption by 1%	**Liability changes to**	**Total comprehensive income**
Effect of changes in the assumption to the discount rate	Increase in liability by 6.9%	5,729,532	(427,895)
Effect of changes in assumption to the salary growth	Increase in the liability by 7.3%	6,608,778	451,351
Effect of changes in assumption to the mortality rate	Increase in the liability by 0.03%	6,159,275	1,848

31 December 2015

In thousands of Naira	Impact on defined benefit obligation		
	Decrease in assumption by 1%	**Liability changes to**	**Total comprehensive income**
Effect of changes in the assumption to the discount rate	Increase in liability by 7.7%	5,996,911	429,111
Effect of changes in assumption to the salary growth	Decrease in liability by 6.75%	5,194,354	(373,446)
Effect of changes in assumption to the mortality rate	Decrease in liability by 6.75%	5,566,289	(1,511)

	Impact on defined benefit obligation		
	Increase in assumption by 1%	**Liability changes to**	**Total comprehensive income**
Effect of changes in the assumption to the discount rate	Increase in the liability by 6.9%	5,180,880	(386,920)
Effect of changes in assumption to the salary growth	Increase in the liability by 7.3%	5,975,830	408,030
Effect of changes in assumption to the mortality rate	Increase in the liability by 0.03%	5,569,471	1,671

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

Actuarial assumptions:
Principal actuarial assumptions at the reporting date (expressed as weighted averages):
The most recent valuation was performed by Alexander Forbes as at 30 June 2016.

	June 2016	December 2015
Discount rate	11.40%	11.40%
Future salary increases	10.00%	10.00%
Retirement age for both male and female	60 years	60 years
Retirement rate: 50 – 59 (average rate)	3.40%	3.40%
Withdrawal rate: 16 – 29	4.50%	4.50%
Withdrawal rate: 30 – 44	6.00%	6.00%
Withdrawal rate: 45 – 50	5.00%	5.00%
Withdrawal rate: 51 – 55 (average rate)	3.50%	3.50%

Assumptions regarding future mortality before retirement are based on A49/52 ultimate table published by the Institute of Actuaries of United Kingdom. The rate used to discount post employment benefit obligations has been determined by reference to the yield on Nigerian Government bonds of medium duration. This converts into an effective yield of 11.4% as at 30 June 2016. For members in active service as at the valuation date, the projected unit credit method of valuation as required under the IFRS has been adopted.

38 Capital and reserves

A Share capital

In thousands of Naira	Bank June 2016	Bank December 2015
(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 June 2016	Bank December 2015
(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 reporting period.

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

In thousands of Naira	Bank June 2016	Bank December 2015
Balance, beginning of year	14,463,986	11,441,460
Additions through issuance of rights	-	3,022,526
Balance, end of period	14,463,986	14,463,986

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

In thousands of units	Group June 2016	Group December 2015
Balance, beginning of year	28,927,972	22,882,919
Additions through issuance of rights	-	6,045,053
Balance, end of year	28,927,972	28,927,972

B Share premium

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

In thousands of Naira	Group June 2016	Group December 2015
Balance, beginning of year	197,974,816	161,036,211
Additions through issuance of rights	-	36,938,605
Balance, end of year	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 reducte to 5% of profit after tax

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

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

(ii) Share scheme reserve

This represents the total expenses incurred in providing the Bank's shares to its qualifying staff members under the RSPP scheme.

(iii) Treasury shares

This represents the shares held by the new RSPP scheme which have not yet been allocated to staff based on the pre-determined vesting conditions.

(iv) Capital reserve

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

(v) Fair value reserve

The fair value reserve comprises the net cumulative change in the fair value of available-for-sale investments until the investment is derecognised or impaired.

(vi) Foreign currency translation reserve

This balance appears only in the Group accounts and represents the foreign currency exchange difference arising from translating the results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency.

(vii) Regulatory risk reserve

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

(viii) Retained earnings

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

D Non-controlling interest

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

In thousands of Naira	Group June 2016	Group December 2015
Access Bank, Gambia	1,014,610	735,523
Access Bank, Sierra Leone	42,537	42,848
Access Bank Zambia	233,855	156,847
Access Bank, Rwanda	969,018	617,765
Access Bank, Congo	1,254,609	868,669
Access Bank, Ghana	2,183,169	1,478,314
	5,697,798	**3,899,966**

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

In thousands of Naira	Group June 2016	Group December 2015
Access Bank, Gambia	39,421	106,232
Access Bank, Sierra Leone	1,728	1,876
Access Bank Zambia	1,989	1,140
Access Bank, Rwanda	40,315	25,066
Access Bank, Congo	56,873	68,906
Access Bank, Ghana	110,812	333,013
	251,138	**536,233**

	Group June 2016	Group December 2015
Proportional Interest of NCI in subsidiaries	%	%
Access Bank, Gambia	19%	19%
Access Bank, Sierra Leone	1%	1%
Access Bank Zambia	4%	4%
Access Bank, Rwanda	16%	16%
Access Bank Congo	22%	22%
Access Bank, Ghana	38%	38%

E Dividends

In thousands of Naira	Bank June 2016	Bank December 2015
Interim dividend paid (2016: 25k, 2015: 25k)	-	7,231,993
Final dividend paid (2015: 30k)	8,678,392	-
	8,678,392	7,231,993
Number of shares	28,927,972	28,927,972

The Directors proposed a interim dividend of N0.25 for the period ended 30 June 2016

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 30 June 2016

Contingent liability and commitments

In common with other banks, Group conducts business involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise acceptances, endorsements, guarantees and letters of credit.

Nature of instruments

An acceptance is undertaken by a bank to pay a bill of exchange drawn on a customer. The Group expects most acceptances to be presented, but reimbursement by the customer is normally immediate. Endorsements are residual liabilities of the Group in respect of bills of exchange, which have been paid and subsequently rediscounted.

Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Group will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

Other contingent liabilities include transaction related custom and performance bonds and are generally short term commitments to third parties which are not directly dependent on the customer's credit worthiness. Commitments to lend are agreements to lend to a customer in the future, subject to certain conditions. Such commitments are either made for a fixed period, or have no specific maturity dates but are cancellable by the lender subject to notice requirements. Documentary credits commit the Group to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers.

The table below summarises the fair value amount of contingent liabilities and commitments off-financial position risk:
Acceptances, bonds, guarantees and other obligations for the account of customers:

a. These comprise:

In thousands of Naira	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Contingent liabilities:				
Transaction related bonds and guarantees	203,127,570	221,127,530	165,432,166	218,067,025
Financial guarantees	98,215,929	94,135,927	53,540,881	91,640,933
Commitments:				
Clean line facilities for letters of credit, unconfirmed letters of credit and other commitments	782,105,112	657,586,492	685,633,718	600,895,192
	1,083,448,611	**972,849,949**	**904,606,765**	**910,603,150**

The Bank granted clean line facilities for letters of credit during the year to guarantee the performance of customers to third parties.
Contractual capital commitments undertaken by the Bank during the period amounted to N1.797Bn (31 Dec 2015: N330.9Bn)

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 June 2016	Group December 2015	Bank June 2016	Bank December 2015
Cash on hand and balances with banks	106,092,926	80,060,004	54,933,310	52,307,364
Unrestricted balances with central banks	24,764,193	90,721,388	6,262,913	74,158,434
Money market placements	147,627,901	52,433,982	19,914,222	26,111,216
Investment under management	11,403,713	10,403,608	11,403,713	10,403,608
Treasury bills with original maturity of 90days	-	425,128	-	425,128
	289,888,733	**234,044,110**	**92,514,158**	**163,405,750**

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.

41 Contraventions of the Banks and Other Financial Institutions Act of Nigeria and CBN circulars

There were no contraventions during the period ended 30 June 2016, therefore no penalties were paid.

42 Events after reporting date

Subsequent to the end of the reporting period, the Board of Directors proposed an interim dividend of N0.25k each payable to shareholders on register of shareholding at the closure date.
There are no other post balance sheet event that require disclosure in these consolidated financial statements.

43 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes subsidiaries, associates, joint ventures and the Group's pension schemes, as well as key management personnel.

Transactions with key management personnel
The Group's key management personnel, and persons connected with them, are also considered to be related parties. The definition of key management includes the close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the Group. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Access Bank Plc and its subsidiaries.

Parent
The parent company, which is also the ultimate parent company, is Access Bank Plc.

(a) Loans and advances to related parties
The bank granted various credit facilities to its subsidiary companies and key management personnel. Key Management Personnel is defined as members of the Board of Directors of the bank, including their close members of family and any entity over which they exercise control. Close member of family are those who may be expected to influence or be influenced by that individual in dealings with the bank.
The rates and terms agreed are comparable to other facilities being held in the bank's portfolio. Details of these are described below:

Period ended 30 June 2016	**Directors and other key management personnel (and close family members)**	**Subsidiaries**	**Total**
In thousands of Naira			
Balance, beginning of year	3,473,640	59,780,277	**63,253,917**
Net movement during the period	(2,294,935)	25,159,307	**22,864,372**
Balance, end of period	1,178,705	84,939,584	86,118,289
Interest income earned	94,066	229,204	323,270
Bad or doubtful debts due from related parties expense	-	-	-

The loans issued to directors and other key management personnel (and close family members) as at 30 June 2016 of N1.17Bn are repayable in various cycles ranging from monthly to annually over the tenor, and have average interest rates of 7.98% and a tenor of 4 years. The loans advanced to the directors during the year are collateralised by a combination of lien on shares of quoted companies, fixed and floating debentures, corporate guarantee, negative pledge, domiciliation of proceeds of company's receivables, legal mortgages and cash.

The loan to subsidiaries relates to a foreign interbank placements of USD299M granted during the period. It is a non-collateralised placement advanced at an average interest rate of 1.02% and a tenor less than 12 months. This loan has been eliminated on consolidation and does not form part of the reported Group loans and advances balance.

No impairment losses have been recorded against balances outstanding during the year with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at the period end.

(b) Deposits from related parties

	Directors (and close family members and related entities)	Subsidiaries	Total
Period Ended 30 June 2016			
In thousands of Naira			
Balance, beginning of year	1,011,482	60,994,350	**62,005,832**
Net movement during the period	732,191	22,134,779	**22,866,970**
Balance, end of period	1,743,673	83,129,129	**84,872,802**
Interest expenses on deposits	35,219	3,047,904	**3,083,123**

The deposits are majorly term deposit with an average approximately 2.02% and a tenor of 6months while average rate on deposit from subsidiaries are majorly demand deposits was approximately3.67% and a tenor of 3 months.

(c) Borrowings from related parties

In thousands of Naira	Subsidiaries	Total
Borrowings at 1 January 2016	71,523,252	71,523,252
Net movement during the period	29,450,787	29,450,787
Borrowings at 30 June 2016	100,974,039	100,974,039
Interest expenses on borrowings	2,672,926	2,672,926

The borrowings from subsidiaries represent the borrowings of Access Bank Plc from Access Finance BV in respect of the dollar guaranteed notes issued by Access Finance B.V, Netherlands which is due on 25 July 2017. The notes were issued on 25 July 2012 for a period of 5 years with the principal amount repayable at the end of the tenor while interest on the Notes is payable semi-annually at 7.34%, in arrears on 25 January and 25 July in each year. The annual effective interest rate is 7.65%.

(d) Other balances and transactions with related parties

In thousands of Naira	Directors (and close family members and related entities)	Subsidiaries	Total
Cash and cash equivalent	-	25,960,671	25,960,671
Derivative financial instruments	-	23,962	23,962
Deposit for Investments	-	1,755,341	1,755,341
Deposit from financial institutions	-	30,553,083	30,553,083
Receivables	-	968,993	968,993
Payables	-	287,196	287,196
Other Liabilities	-	606,120	606,120
Fee and commission expense	-	157,289	157,289
Off balance sheet exposures	-	50,477,046	50,477,046

(e) Key management personnel compensation for the period comprises:

Directors' remuneration

In thousands of Naira	June 2016	June 2015
Non-executive Directors		
Fees	25,938	29,063
Other emoluments:		
Allowances	177,127	156,257
	203,065	185,320
Executive directors		
Short term employee's benefit	340,218	340,218
Defined contribution plan	20,025	20,025
Share based payment	-	-
Long term incentive plan	500,000	500,000
	860,243	**860,243**
Total compensation to key management personnel	**1,063,308**	**1,045,563**

(f) Directors remuneration:

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

In thousands of LCY	June 2016	June 2015
Fees as Directors	25,938	29,063
Other emoluments	-	-
Executives Directors	132,110	132,110
Allowances	177,127	156,257

The Directors remuneration show above includes

	June 2016	June 2015
Chairman	20,053	17,384
Highest paid Director	42,580	42,580

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

	June 2016	June 2015
N1,000,000 -N9,000,000	-	-
N9,000,001 - N13,000,000	-	-
N13,000,001 -N20,000,000	6	6
N20,000,001 - N37,000,000	10	10
Above N37,000,000	-	-
	16	16

44 Director-related exposures

Access Bank has some exposures that are related to its Directors. The Bank however follows a strict process before granting such credits to its Directors. The requirements for creating and managing this category of risk assets include the following amongst others:

a. Complete adherence to the requirements for granting insider-related exposure as stated in the Bank's Credit Policy Guidelines, the Insider-related Policy as well as the Bank's duly approved Standard Operating Procedure for managing insider-related exposures.
b. Full compliance with the relevant CBN policies on insider-related lending.
c. All affected Directors are precluded from taking part in the approval process of credit request wherein they have interest.
d. The related Director is required to execute a document authorizing the Bank to use their accruable dividends to defray any related-obligor's delinquent exposures.
e. The Directors are required to execute documents for the transfer of their shares to the Bank's nominated broker to ensure effective control as required by the CBN policy to enhance the bank's Corporate Governance structure.
f. Section 89 of the Bank's Article of Association also reiterated that "a related Director shall vacate office or cease to be a Director, if the Director directly or indirectly enjoys a facility from the Bank that remains non-performing for a period of more than 12months."

The Bank's gross exposure to all its directors as at 30 June 2016 is N2.78bn. However, the relevant obligors under this category also have credit balances and deposits maintained in their bank accounts which mitigate the risks to the bank.

Below is a schedule showing the details of the Bank's director-related lending:

S/N	Name of borrower	Relationship to reporting institution	Name of related Directors	Facility type	Outstanding Principal	Status	Nature of security
1	Combined Industrial Agro	Ex-Chairman	Mr. Gbenga Oyebode	Overdraft	143,750,000	Performing	Corporate Guarantee of Assets Management Group Limited.
2	Asset Management Group Limited	Ex-Chairman	Mr. Gbenga Oyebode	Time loan	1,437,292,099	Performing	1. Pledged properties at Ikoyi Lagos 2. Personal guarantee
4	Sic Property And Investment Company Ltd	Non-executive director	Mr Ortisedere Otubu	Term Loan	496,466,538	Performing	1. Pledged properties (being constructed) at Ikoyi Lagos.
				Time loan	552,500,000	Performing	2. Lien on property under construction
5	Paul Usoro & Company	Non-executive director	Mr Paul Usoro	Overdraft	145,917,832	Performing	Cash collateral
				Credit Card	14,279	Performing	Cash collateral
	Balance, end of period				**2,775,940,748**		

45 Non-audit services

During the period, the bank's auditor, PricewaterHouseCoopers, rendered non-audit services to the bank. Below are the details of the services

	Service	Description	Contractual sum N'000	Amount Paid N'000
1	Recovery and resolution plan	Advisory services on development of recovery and resolution plan to be submitted to the Central Bank of Nigeria and Nigeria Deposit Insurance Corporation as part of regulatory requirements for systemically important financial institutions.	60,000	30,000
2	Feasibility study on Custodian Bank Business	Feasibility study on Custodian Banking Business in Nigeria, operating in Money Market and Fixed Income securities.	35,000	21,000
			95,000	**51,000**

In the bank's opinion, the provision of these services to the bank did not impair the independence and objectivity of the external auditor.

OTHER NATIONAL DISCLOSURES

Value Added Statement

In thousands of Naira

	Group June 2016	%	Group December 2015	%
Gross earnings	174,069,317		337,404,230	
Interest expense				
Foreign	(4,757,519)		(2,448,292)	
Local	(32,641,777)		(86,104,533)	
	136,670,021		248,851,405	
Net impairment (loss) on financial assets	(9,305,372)		(10,839,793)	
Net impairment loss on other financial assets	(906,933)		(4,284,977)	
Bought-in-materials and services				
Foreign	(1,421,484)		(2,044,934)	
Local	(41,387,250)		(90,330,010)	
Value added	**83,648,982**		**141,351,691**	
Distribution of Value Added				
To Employees:				
Employees costs	22,068,132	26%	42,346,952	30%
To government				
Government as taxes	10,536,217	13%	9,169,344	6%
To providers of finance				
Interest on borrowings	6,442,591	8%	13,868,293	10%
Dividend to shareholders	8,678,391	10%	15,241,014	11%
Retained in business:				
For replacement of property and equipment and intangible assets	4,184,521	5%	10,098,330	7%
For replacement of equipment on lease	930,809	1%		
Retained profit (including Statutory and regulatory risk reserves	30,808,321	37%	50,627,759	36%
	83,648,982	**100%**	**141,351,691**	**100%**

OTHER NATIONAL DISCLOSURES

Value Added Statement

In thousands of Naira	Bank June 2016	%	Bank December 2015	%
Gross earnings	153,509,208		302,061,975	
Interest expense				
Foreign	(6,619,599)		(2,448,292)	
Local	(27,763,123)		(76,069,175)	
	119,126,486		223,544,508	
Net impairment (loss) on financial assets	(7,650,144)		(9,902,690)	
Net impairment loss on other financial assets	(906,933)		(4,284,977)	
Bought-in-materials and services				
Foreign	(1,421,484)		(2,044,934)	
Local	(37,740,388)		(81,863,745)	
Value added	**71,407,537**		**125,448,162**	
Distribution of Value Added				
To Employees:				
Employees costs	18,521,260	26%	35,699,471	28%
To government				
Government as taxes	9,380,476	13%	6,253,168	5%
To providers of finance				
Interest on borrowings	3,769,666	5%	15,484,411	12%
Dividend to shareholders	8,678,391	12%	15,241,014	12%
Retained in business:				
For replacement of property and equipment	3,663,050	5%	9,086,366	7%
For replacement of equipment on lease	817,351	1%		
Retained profit (including Statutory and regulatory risk reserves	26,577,343	37%	43,683,732	35%
	71,407,537	**100%**	**125,448,162**	**100%**

OTHER NATIONAL DISCLOSURES
Other financial Information
Five-year Financial Summary

	IFRS				
	June 2016	**December 2015**	**December 2014**	**December 2013**	**December 2012**
Group					
	6 months	**12 months**	**12 months**	**12 months**	**12 months**
In thousands of Naira	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Assets					
Cash and balances with banks	612,253,609	478,409,336	405,014,793	439,459,541	405,292,241
Investment under management	11,403,713	10,403,608	-	-	-
Non pledged trading assets	23,778,607	52,298,422	28,411,644	3,877,969	27,906,803
Pledged assets	269,177,523	203,715,397	87,072,147	63,409,851	60,949,856
Derivative financial instruments	155,550,018	77,905,020	24,866,681	102,123	30,949
Loans and advances to banks	69,059,407	42,733,910	12,435,659	24,579,875	4,564,943
Loans and advances to customers	1,746,863,344	1,365,830,831	1,110,464,442	786,169,703	604,073,399
Trading properties	-	-	-	-	2,693,227
Investment securities	206,196,592	186,223,126	270,211,388	353,811,348	447,281,811
Insurance receivables	-	-	-	-	627,337
Other assets	91,048,323	83,014,503	56,310,620	52,019,723	67,935,352
Investment properties	-	-	-	23,974,789	14,360,567
Investments in equity accounted investee	-	-	-	3,623,326	2,774,647
Investment in subsidiary	-	-	-	-	-
Property and equipment	80,101,766	73,329,927	69,659,707	67,243,305	64,634,438
Intangible assets	7,026,886	6,440,616	5,592,991	3,659,072	3,404,945
Deferred tax assets	4,986,776	10,845,612	10,881,984	10,687,635	8,113,973
Assets classified as held for sale	140,727	179,843	23,438,484	2,847,740	30,827,257
Total assets	3,277,587,291	2,591,330,151	2,104,360,539	1,835,466,000	1,745,471,746
Liabilities					
Deposits from financial institutions	208,982,658	72,914,421	119,045,423	72,147,956	96,893,015
Deposits from customers	1,970,423,706	1,683,244,320	1,454,419,052	1,331,418,659	1,201,481,996
Derivative financial instruments	48,090,028	3,077,927	1,989,662	32,955	35,515
Claims payable	-	-	-	-	118,226
Current tax liabilities	6,317,489	7,780,824	8,180,969	6,899,558	8,937,964
Other liabilities	91,961,420	69,355,947	21,689,079	56,847,216	58,418,260
Deferred tax liabilities	476,062	266,644	59,038	37,861	-
Liabilities on investment contracts	-	-	-	-	65,591
Liabilities on insurance contracts	-	-	-	-	3,351,234
Debt securities issued	212,484,633	149,853,640	138,481,179	55,828,248	54,685,891
Interest-bearing borrowings	304,070,191	231,467,161	79,816,309	64,338,982	48,369,849
Retirement benefit obligations	6,164,500	5,567,800	3,269,100	1,933,021	2,487,589
Contingent settlement provisions	-	-	-	-	3,548,250
Liabilities classified as held for sale	-	-	-	1,499,495	25,793,512
Total liabilities	2,848,970,687	2,223,528,684	1,826,949,811	1,590,983,951	1,504,186,892
Equity					
Share capital and share premium	212,438,802	212,438,802	172,477,671	172,477,671	176,628,255
Retained earnings	70,691,647	51,730,369	34,139,453	22,232,374	17,856,630
Other components of equity	139,788,357	99,732,330	67,262,761	48,003,894	38,700,374
Non controlling interest	5,697,798	3,899,966	3,530,843	1,768,110	8,099,594
Total equity	428,616,605	367,801,467	277,410,728	244,482,049	241,284,853
Total liabiities and Equity	3,277,587,292	2,591,330,151	2,104,360,539	1,835,466,000	1,745,471,746
Gross earnings	174,069,317	337,404,230	245,383,536	206,891,219	197,081,930
Profit before income tax	50,022,929	75,038,117	52,022,290	44,996,410	46,534,979
Profit from continuing operations	39,486,712	65,868,773	43,063,479	36,101,830	44,839,636
Discontinued operations	-	-	(87,267)	265,760	(5,511,361)
Profit for the period	39,486,712	65,868,773	42,976,212	36,367,590	39,328,275
Non controlling interest	251,138	536,233	560,883	195,762	(191,904)
Profit attributable to equity holders	39,235,574	65,332,540	42,415,329	36,171,828	39,520,179
Dividend paid	8,678,391	15,910,384	13,729,777	13,729,777	12,588,538
Earning or (loss) per share -Basic	161k	265k	189k	159k	172k
- Adjusted	158k	262k	189k	159k	172k
Number of ordinary shares of 50k	28,927,971,631	28,927,971,631	22,882,918,908	22,882,918,908	22,882,918,908

OTHER NATIONAL DISCLOSURES

Other financial Information
Five-year Financial Summary

	IFRS				
	June 2016	December 2015	December 2014	December 2013	December 2012
Bank					
	6 months	12 months	12 months	12 months	12 months
In thousands of Naira	N'000	N'000	N'000	N'000	N'000
Assets					
Cash and balances with banks	412,162,161	405,998,636	351,174,879	395,808,747	284,062,159
Investment under management	11,403,713	10,403,608	-	-	-
Non pledged trading assets	23,778,607	52,298,422	28,411,644	3,877,969	3,769,260
Pledged assets	264,035,594	200,464,624	85,183,353	63,347,823	60,949,856
Derivative financial instruments	155,306,292	77,852,349	24,831,145	72,675	-
Loans and advances to banks	100,992,370	60,414,721	55,776,837	13,048,651	3,054,520
Loans and advances to customers	1,569,741,806	1,243,215,309	1,019,908,848	735,300,741	554,592,199
Trading properties	-	-	-	-	-
Investment securities	157,705,218	155,994,798	226,137,983	309,071,802	420,346,295
Insurance receivables	-	-	-	-	-
Other assets	82,245,216	78,623,381	48,246,307	44,326,360	61,431,658
Investment properties	-	-	-	23,974,789	14,072,673
Investments in equity accounted investee	-	-	-	1,521,812	1,980,808
Investment in subsidiary	46,624,570	45,439,246	40,120,572	38,029,992	43,209,688
Property and equipment	68,944,999	65,900,384	64,160,327	63,203,245	58,938,450
Intangible assets	4,960,944	4,977,908	4,436,814	2,661,553	2,339,510
Deferred tax assets	3,781,057	10,180,832	10,128,537	9,847,853	7,007,387
Assets classified as held for sale	140,727	179,843	23,438,484	-	-
Total assets	2,901,823,274	2,411,944,061	1,981,955,730	1,704,094,012	1,515,754,463
Liabilities					
Deposits from banks	117,460,746	63,343,785	134,509,662	61,295,352	16,312,516
Deposits from customers	1,726,027,453	1,528,213,883	1,324,800,611	1,217,176,793	1,093,979,220
Derivative financial instruments	46,500,234	2,416,378	1,737,791	-	-
Debt securities issued	111,510,594	78,516,655	73,155,391	-	-
Claims payable		-	-	-	-
Current tax liabilities	5,328,917	6,442,311	7,113,226	6,075,590	7,686,568
Other liabilities	82,158,521	64,094,358	16,870,132	52,092,559	50,246,164
Retirement benefit obligations	6,157,427	5,567,800	3,267,364	-	2,485,093
Liabilities on investment contracts		-	-	-	-
Liabilities on insurance contracts	-	-	-	-	-
Interest-bearing borrowings	405,630,228	302,919,987	146,345,767	120,342,026	103,872,441
Contingent settlement provisions	-	-	-	1,929,695	3,548,250
Deferred tax liabilities	-	-	-	-	-
Liabilities classified as held for sale		-	-	-	-
Total liabilities	2,500,774,120	2,051,515,157	1,707,799,944	1,458,912,015	1,278,130,252
Equity					
Share capital and share premium	212,438,802	212,438,802	172,477,671	172,477,671	176,628,255
Retained earnings	70,748,085	49,459,102	36,499,779	23,095,392	18,880,711
Other components of equity	117,862,267	98,531,000	65,178,336	49,608,934	42,115,245
Total equity	401,049,154	360,428,904	274,155,786	245,181,997	237,624,211
Total liabilities and Equity	2,901,823,274	2,411,944,061	1,981,955,730	1,704,094,012	1,515,754,463
Gross earnings	153,509,208	302,061,975	221,610,769	182,888,906	172,719,708
Profit before income tax	44,636,210	65,177,914	46,142,422	31,365,396	36,259,530
Profit for the period	39,486,712	65,868,773	39,941,126	26,211,844	35,815,611
Dividend paid	8,009,022	15,910,384	13,729,777	13,729,777	12,588,538
Earning or (loss) per share -Basic	141k	237k	174k	114k	157k
- Adjusted	141k	237k	174k	114k	157k
Number of ordinary shares of 50k	28,927,971,631	28,927,971,631	22,882,918,908	22,882,918,908	22,882,918,908

Access Bank Plc

Consolidated and separate financial statement for the year ended 31 December 2015

ACCESS BANK PLC
Index to the consolidated financial statements
For the year ended 31 December 2015

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

Report on the financial statements

We have audited the accompanying financial statements of Access Bank ("the bank") and its subsidiaries (together, "the group"). These financial statements comprise the statement of financial position as at 31 December 2015 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act and for such internal control, as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the accompanying consolidated and separate financial statements give a true and fair view of the state of the financial affairs of the bank and group at 31 December 2015 and of the financial performance and cash flows of the group for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act.

pwc

Report on other legal requirements

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

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

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

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

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

v) except for the contraventions disclosed in Note 42 to the financial statements, the bank has complied with the requirements of the relevant circulars issued by the Central Bank of Nigeria.

Anthony Oputa

For: PricewaterhouseCoopers
Chartered Accountants
Lagos, Nigeria

16 March 2016

Engagement Partner: Anthony Oputa
FRC/2013/ICAN/00000000980

Statement of comprehensive income

In thousands of Naira	*Notes*	Group December 2015	Group December 2014	Bank December 2015	Bank December 2014
Continuing operations					
Interest income	8	207,802,768	176,918,223	184,047,834	159,578,184
Interest expense	8	(102,421,118)	(76,901,080)	(94,001,878)	(70,911,063)
Net interest income		105,381,650	100,017,143	90,045,956	88,667,121
Net impairment charge	9	(14,224,715)	(11,652,271)	(13,287,613)	(10,609,300)
Net interest income after impairment charges		91,156,935	88,364,872	76,758,343	78,057,821
Fee and commission income	10	33,463,887	30,796,798	25,892,284	23,044,946
Fee and commission expense		(151,118)	(36,763)	-	-
Net fee and commission income		33,312,769	30,760,035	25,892,284	23,044,946
Net gains on investment securities	11a,b	62,738,014	23,406,363	62,699,600	23,287,274
Net foreign exchange income/(loss)	12	26,501,682	563,922	23,205,265	(3,398,120)
Other operating income	13	6,897,879	12,948,230	6,216,992	12,698,034
Fair value gain on asset held for sale	33	-	750,000	-	750,000
Personnel expenses	14	(42,346,952)	(31,293,540)	(35,699,471)	(25,611,051)
Prepaid rent expenses		(1,739,857)	(1,541,417)	(1,405,716)	(1,344,883)
Depreciation	28	(8,615,137)	(7,922,841)	(7,762,291)	(7,118,932)
Amortization	29	(1,483,193)	(1,315,332)	(1,324,075)	(1,218,710)
Other operating expenses	15	(91,384,023)	(62,698,002)	(83,403,018)	(55,422,255)
Gain on disposal of associate and subsidiaries	16a,b	-	-	-	2,418,298
Profit before tax		75,038,117	52,022,290	65,177,914	46,142,422
Income tax	17	(9,169,344)	(8,958,811)	(6,253,169)	(6,201,296)
Profit from continuing operations		65,868,773	43,063,479	58,924,745	39,941,126
Discontinued operations					
Loss from discontinued operations	16a,b	-	(87,267)	-	-
Profit for the year		**65,868,773**	**42,976,212**	**58,924,745**	**39,941,126**
Other comprehensive income (OCI) net of income tax :					
items that will not be subsequently reclassified to income statement:					
Remeasurements of post-employment benefit obligations		(1,061,292)	(991,475)	(1,061,292)	(991,475)
Items that may be subsequently reclassified to the income statement:					
Foreign currency translation differences for foreign subsidiaries					
- Unrealised (losses)/gains during the year		(1,987,684)	1,409,686	-	-
- Realised gains during the year		-	97,187	-	-
Net changes in fair value of AFS financial instruments					
-Fair value changes during the year		3,387,680	3,604,150	3,457,636	3,571,278
Fair value changes on AFS financial instruments from associates		-	21,492	-	-
Other comprehensive gain, net of related tax effects:		338,704	4,141,040	2,396,344	2,579,803
Total comprehensive income for the year		**66,207,477**	**47,117,252**	**61,321,089**	**42,520,929**
Profit attributable to:					
Owners of the bank		65,332,540	42,415,329	58,924,745	39,941,126
Non-controlling interest		536,233	560,883	-	-
Profit for the year		**65,868,773**	**42,976,212**	**58,924,745**	**39,941,126**
Total comprehensive income attributable to:					
Owners of the bank		65,798,664	46,152,431	61,321,089	42,520,929
Non-controlling interest		408,813	964,821	-	-
Total comprehensive income for the year		**66,207,477**	**47,117,252**	**61,321,089**	**42,520,929**
Total comprehensive income for the period attributable to parent:					
Continuing operations		65,798,664	46,239,698	61,321,089	42,520,929
Discontinued operations		-	(87,267)	-	-
		65,798,664	**46,152,431**	**61,321,089**	**42,520,929**
Earnings per share attributable to ordinary shareholders					
Basic (kobo)	18	265	186	237	175
Diluted (kobo)		262	185	237	175
Continuing operations					
Basic (kobo)	18	265	186	237	175
Diluted (kobo)		262	185	237	175

Statement of financial position
As at 31 December 2015

In thousands of Naira	*Notes*	Group December 2015	Group December 2014	Bank December 2015	Bank December 2014
Assets					
Cash and balances with banks	19a	478,409,336	405,014,793	405,998,636	351,174,879
Investment under management	19b	10,403,608	-	10,403,608	-
Non pledged trading assets	20	52,298,422	28,411,644	52,298,422	28,411,644
Derivative financial assets	21	77,905,020	24,866,681	77,852,349	24,831,145
Loans and advances to banks	22	42,733,910	12,435,659	60,414,721	55,776,837
Loans and advances to customers	23	1,365,830,831	1,110,464,441	1,243,215,309	1,019,908,848
Pledged assets	24	203,715,397	87,072,147	200,464,624	85,183,353
Investment securities	25	186,223,126	270,211,388	155,994,798	226,137,983
Other assets	26	83,014,503	56,310,620	78,623,381	48,246,307
Investment in subsidiaries	27b	-	-	45,439,246	40,120,572
Property and equipment	28	73,329,927	69,659,707	65,900,384	64,160,327
Intangible assets	29	6,440,616	5,592,991	4,977,908	4,436,814
Deferred tax assets	30	10,845,612	10,881,984	10,180,832	10,128,537
		2,591,150,308	2,080,922,055	2,411,764,218	1,958,517,246
Asset classified as held for sale	31	179,843	23,438,484	179,843	23,438,484
Total assets		**2,591,330,151**	**2,104,360,539**	**2,411,944,061**	**1,981,955,730**
Liabilities					
Deposits from financial institutions	32	72,914,421	119,045,423	63,343,785	134,509,662
Deposits from customers	33	1,683,244,320	1,454,419,052	1,528,213,883	1,324,800,611
Derivative financial liabilities	21	3,077,927	1,989,662	2,416,378	1,737,791
Current tax liabilities	17	7,780,824	8,180,969	6,442,311	7,113,226
Other liabilities	34	69,355,947	21,689,079	64,094,358	16,870,132
Deferred tax liabilities	30	266,644	59,038	-	-
Debt securities issued	35	149,853,640	138,481,179	78,516,655	73,155,391
Interest-bearing borrowings	36	231,467,161	79,816,309	302,919,987	146,345,767
Retirement benefit obligations	37	5,567,800	3,269,100	5,567,800	3,267,364
Total liabilities		**2,223,528,684**	**1,826,949,811**	**2,051,515,157**	**1,707,799,944**
Equity					
Share capital and share premium	38	212,438,802	172,477,671	212,438,802	172,477,671
Retained earnings		51,730,369	34,139,453	49,459,102	36,499,779
Other components of equity		99,732,330	67,262,761	98,531,000	65,178,336
Total equity attributable to owners of the Bank		**363,901,501**	**273,879,885**	**360,428,904**	**274,155,786**
Non controlling interest	38	3,899,966	3,530,843	-	-
Total equity		**367,801,467**	**277,410,728**	**360,428,904**	**274,155,786**
Total liabilities and equity		**2,591,330,151**	**2,104,360,539**	**2,411,944,061**	**1,981,955,730**

Signed on behalf of the Board of Directors on 28 January 2016 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	Attributable to owners of the Bank												
Group	**Share capital**	**Share premium**	**Regulatory risk reserve**	**Other regulatory reserves**	**Share Scheme reserve**	**Treasury Shares**	**Capital Reserve**	**Fair value reserve**	**Foreign currency translation reserve**	**Retained earnings**	**Total**	**Non Controlling interest**	**Total Equity**
Balance at 1 January 2015	**11,441,460**	**161,036,211**	**21,205,031**	**37,078,604**	**295,419**	**(976,127)**	**3,489,080**	**9,881,402**	**(3,710,648)**	**34,139,453**	**273,879,885**	**3,530,843**	**277,410,728**
Total comprehensive income for the period:													
Profit for the period										65,332,540	65,332,540	536,233	65,868,773
											-		
Other comprehensive income, net of tax											-		
Unrealised foreign currency translation difference	-	-	-	-	-	-	-	-	(1,860,071)	-	(1,860,071)	(127,613)	(1,987,684)
Actuarial loss on remeasurement of retirement benefit (net of tax)	-	-	-	-	-	-	-	-	-	(1,061,292)	(1,061,292)		(1,061,292)
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	-	3,387,487	-	-	3,387,487	193	3,387,680
Total other comprehensive (loss)/income	**-**	**-**	**-**	**-**		**-**	**-**	**3,387,487**	**(1,860,071)**	**(1,061,292)**	466,124	(127,420)	**338,704**
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,387,487**	**(1,860,071)**	**64,271,248**	65,798,664	408,813	**66,207,477**
Transactions with equity holders, recorded directly in equity:													
Transfers during the period	-	-	18,420,011	13,019,307	-	-	-	-	-	(31,439,318)	-	-	-
Additonal shares	-	-	-	-	-	(1,061,058)	-	-	-	-	(1,061,058)	-	(1,061,058)
Share scheme expense for the period	-	-	-	-	563,893	-	-	-	-	-	563,893	-	563,893
Vested Shares	-	-	-	-	(304,414)	304,414	-	-	-	-	-	-	-
Proceed from right issue	3,022,526	36,938,605									39,961,131		39,961,131
Dividend paid to equity holders	-	-	-	-	-	-	-	-	-	(15,241,014)	(15,241,014)	(39,690)	(15,280,704)
Total contributions by and distributions to equity holders	**3,022,526**	**36,938,605**	**18,420,011**	**13,019,307**	**259,479**	**(756,644)**	**-**	**-**	**-**	**(46,680,332)**	**24,222,952**	**(39,690)**	**24,183,262**
Balance at 31 December 2015	**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**	**367,801,466**

Consolidated statement of changes in equity

In thousands of Naira	Attributable to owners of the Bank												
Group	**Share capital**	**Share premium**	**Regulatory risk reserve**	**Other regulatory reserves**	**Share Scheme reserve**	**Treasury Shares**	**Capital Reserve**	**Fair value reserve**	**Foreign currency translation reserve**	**Retained earnings**	**Total**	**Non Controlling interest**	**Total Equity**
Balance at 1 January 2014	**11,441,460**	**161,036,211**	**13,074,748**	**30,365,409**	**112,783**	**(460,580)**	**3,489,080**	**6,237,939**	**(4,815,485)**	**22,232,374**	**242,713,939**	**1,768,110**	**244,482,049**
Total comprehensive income for the period:													
Profit for the period										42,415,329	42,415,329	560,883	42,976,212
Other comprehensive income, net of tax													
Unrealised foreign currency translation difference	-	-	-	-	-	-	-	-	1,007,650	-	1,007,650	402,036	1,409,686
Realised foreign currency translation difference								-	97,187	-	97,187	-	97,187
Actuarial loss on remeasurement of retirement benefit	-	-	-	-	-	-	-	-	-	(991,475)	(991,475)	-	(991,475)
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	-	3,602,248	-	-	3,602,248	1,902	3,604,150
Fair value changes on AFS financial instruments from associates	-	-	-	-	-	-	-	21,492	-	-	21,492	-	21,492
Cancelled fair value reserve from associates	-	-	-	-	-	-	-	19,723	-	(19,723)	-	-	-
Total other comprehensive (loss)/income	**-**	**-**	**-**	**-**		**-**	**-**		**1,104,837**	**(1,011,198)**	93,639	403,938	**497,577**
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,104,837**	**41,404,131**	42,508,968	964,821	**43,473,789**
Transactions with equity holders, recorded directly in equity:													
Transfers during the period	-	-	8,130,283	6,740,957	-	-	-	-	-	(14,871,240)	-		-
Scheme shares	-	-	-	-	182,636	(515,547)	-	-	-	-	(332,911)		(332,911)
Deemed disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(945,792)	(945,792)	945,792	-
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(103,735)	(103,735)
Transfer from disposed subsidiaries	-	-	-	(27,762)	-	-	-	-	-	27,762	-	-	-
Dividend paid to equity holders	-	-	-	-	-	-	-	-	-	(13,707,782)	(13,707,782)	(44,145)	(13,751,927)
Total contributions by and distributions to equity holders	**-**	**-**	**8,130,283**	**6,713,195**	**182,636**	**(515,547)**	**-**	**-**	**-**	**(29,497,052)**	**(14,986,485)**	**797,912**	**(14,188,573)**
Balance at 31 December 2014	**11,441,460**	**161,036,211**	**21,205,031**	**37,078,604**	**295,419**	**(976,127)**	**3,489,080**	**6,237,939**	**(3,710,648)**	**34,139,453**	**270,236,422**	**3,530,843**	**273,767,265**

Access Bank Plc

Consolidated financial statements
For the year ended 31 December 2015

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 2015	11,441,460	161,036,211	17,001,981	34,558,437	295,419	3,489,081	9,833,418	36,499,779	274,155,786
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	-	-	58,924,745	**58,924,745**
Other comprehensive income, net of tax									
Actuarial loss on remeasurement of retirement benefit (net of tax)	-	-	-	-	-	-	-	(1,061,292)	**(1,061,292)**
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	3,457,636	-	**3,457,636**
Total other comprehensive (loss)	-	-	-	-	-	-	3,457,636	(1,061,292)	2,396,344
Total comprehensive (loss)/income	-	-	-	-	-	-	3,457,636	57,863,453	61,321,089
Transactions with equity holders, recorded directly in equity:									
Transfers for the period	-	-	20,824,401	8,838,715	-	-	-	(29,663,116)	-
Dividend paid to equity holders	-	-			-	-	-	(15,241,014)	**(15,241,014)**
Proceed from right issue	3,022,526	36,938,605	-	-	-	-	-	-	**39,961,131**
Share scheme expense for the period	-	-	-	-	536,326	-	-	-	**536,326**
Vested Shares	-	-	-	-	(304,414)	-	-	-	**(304,414)**
Total contributions by and distributions to equity holders	3,022,526	36,938,605	20,824,401	8,838,715	231,912	-	-	(44,904,130)	24,952,029
Balance at 31 December 2015	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

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 2014	11,441,460	161,036,211	11,177,662	28,567,268	112,783	3,489,081	6,262,140	23,095,393	245,181,998
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	-	-	39,941,126	**39,941,126**
Other comprehensive income, net of tax									
Actuarial loss on remeasurement of retirement benefit	-	-	-	-	-	-	-	(991,475)	**(991,475)**
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	3,571,278	-	**3,571,278**
Total other comprehensive (loss)	-	-	-	-	-	-	3,571,278	(991,475)	2,579,803
Total comprehensive (loss)/income	-	-	-	-	-	-	3,571,278	38,949,651	42,520,929
Transactions with equity holders, recorded directly in equity:									
Transfers for the period	-	-	5,824,319	5,991,169	-	-	-	(11,815,488)	-
Dividend paid to equity holders	-	-	-	-	-	-	-	(13,729,777)	**(13,729,777)**
Scheme shares	-	-	-	-	182,636	-	-	-	**182,636**
Total contributions by and distributions to equity holders	-	-	5,824,319	5,991,169	182,636	-	-	(25,545,265)	(13,547,141)
Balance at 31 December 2014	11,441,460	161,036,211	17,001,981	34,558,437	295,419	3,489,081	9,833,418	36,499,779	274,155,786

Consolidated statement of cash flows

In thousands of Naira	Group December 2015	Group December 2014	Bank December 2015	Bank December 2014
Cash flows from operating activities				
Profit before income tax and discontinued operations	75,038,117	51,935,023	65,177,914	46,142,422
Adjustments for:				
Depreciation of property and equipment	8,615,137	7,922,841	7,762,291	7,118,930
Amortization of intangible assets	1,483,193	1,315,332	1,324,075	1,218,710
Gain on disposal of property and equipment	(151,937)	(905,884)	(138,975)	(874,372)
Gain on disposal of investment properties	-	(263,694)	-	(263,694)
Loss/(Gain) on disposal of investment securities	2,014,413	497,818	2,014,249	378,729
Fair value Loss/(gain) on assets held for sale	741,360	(750,000)	741,357	(750,000)
Impairment/(writeback) on financial assets	14,224,715	11,652,271	13,287,613	10,609,300
Additional gratuity provision	784,305	421,276	784,305	421,275
Loss on disposal of subsidiaries	-	486,827	-	104,266
Equity share-based payment expense	536,326	182,636	536,327	182,636
Property and equipment written off	571,196	7,688	58,394	7,688
Share of profit of equity accounted investee		(485,576)	-	-
Net interest income	(94,381,272)	(100,017,143)	(90,045,956)	(88,667,120)
Unrealised foreign exchange loss on revaluation	4,679,257	17,243,781	16,040,232	12,001,637
Loss/(Profit) on disposal of of investment in associate	-	86,018	-	(2,522,564)
Dividend income	(3,734,392)	(3,382,399)	(4,190,824)	(3,861,439)
	10,420,418	(14,053,185)	13,351,002	(18,753,596)
Changes in operating assets				
Change in non-pledged trading assets	(23,886,778)	(26,743,758)	(23,886,778)	(24,483,557)
Change in derivative financial instruments	(51,949,881)	(22,807,851)	(53,486,956)	(23,020,679)
Change in pledged assets	(116,643,250)	(23,662,296)	(115,281,271)	(21,835,530)
Change in restricted deposits	7,427,992	(79,938,705)	7,211,760	(78,411,893)
Change in loans and advances to banks and customers	(279,812,242)	(323,558,429)	(224,681,237)	(334,057,356)
Change in other assets	(14,804,293)	2,142,138	(15,255,636)	1,194,274
Changes in operating liabilities				
Change in deposits from banks	(41,152,364)	46,634,809	(71,650,088)	73,313,314
Change in deposits from customers	297,556,876	116,304,944	201,866,013	105,717,069
Change in other liabilities	55,607,305	(35,396,285)	47,224,229	(35,171,613)
Payment to gratuity benefit holders		(500,000)	-	(500,000)
Interest paid on deposits and borrowings	(162,225,080)	(61,159,165)	(76,485,997)	(60,328,145)
Interest received on loans and advances	148,061,291	150,514,646	133,954,047	130,150,849
	(171,400,006)	(272,223,137)	(177,120,912)	(286,186,863)
Income tax paid	(6,259,617)	(7,187,506)	(4,125,701)	(5,070,241)
Net cash used in operating activities	(177,659,623)	(279,410,643)	(181,246,613)	(291,257,104)
Cash flows from investing activities				
Acquisition of investment securities	(587,338,468)	(294,682,509)	(572,059,332)	(250,387,738)
Interest received on investment securities	76,711,827	15,004,844	35,576,603	11,931,402
Dividend received	3,734,392	3,382,399	4,190,824	3,861,439
Acquisition of property and equipment	(13,895,033)	(13,595,552)	(10,592,121)	(11,311,805)
Proceeds from the sale of property and equipment	1,194,234	4,154,505	1,170,354	4,102,477
Acquisition of intangible assets	(2,146,643)	(3,358,695)	(1,865,169)	(2,993,971)
Proceeds from matured investment securities	194,615,199	195,086,682	177,242,122	179,324,629
Proceeds from sale of subsidiary and associates	-	543,340	-	543,340
Additional investment in subsidiary of subsidiaries	-	-	(4,572,450)	(2,455,500)
Proceeds from sale of investment securities	435,616,351	200,774,291	459,439,815	171,835,186
Cash lost on loss of control of subsidiaries	-	(956,473)	-	-
Net cash generated from investing activities	**108,491,858**	**106,352,832**	**88,530,645**	**104,449,459**
Cash flows from financing activities				
Interest paid on borrowings and debt securities issued	(20,522,742)	(12,892,950)	(14,930,520)	(8,572,781)
Proceeds from interest bearing borrowings	163,229,774	29,035,545	162,647,155	
Repayment of interest bearing borrowings	(15,331,150)	(17,191,939)	(15,331,150)	(16,967,222)
Proceeds from right issues	39,961,131	-	39,961,131	-
Purchase of own shares	(1,033,491)	(515,547)	(1,033,491)	(515,547)
Dividends paid to owners	(15,280,704)	(13,751,927)	(15,241,014)	(13,729,777)
Debt securities issued	-	73,083,823	-	73,083,823
Net cash provided by/(used in) financing activities	**151,022,818**	**57,767,005**	**156,072,111**	**33,298,496**
Net (decrease)/increase in cash and cash equivalents	81,855,052	(115,290,806)	63,356,144	(153,509,149)
Cash and cash equivalents at end of year	234,044,111	152,748,398	163,405,749	100,897,056
Cash and cash equivalents at beginning of year	152,748,398	266,756,741	100,897,058	223,567,707
Effect of exchange rate fluctuations on cash held	(559,339)	1,282,463	(847,452)	1,802,953
Net (decrease)/increase in cash and cash equivalents	81,855,052	(115,290,806)	63,356,144	(124,473,604)

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 year ended 31 December 2015 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 28 January 2016. 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 Summary of significant accounting policies

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

3.1 Basis of preparation

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

(a) Functional and presentation currency

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

(b) Basis of measurement

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

- derivative financial instruments are measured at fair value.
- non-derivative financial instruments at fair value through profit or loss are measured at fair value.
- available-for-sale financial assets are measured at fair value.
- investment property is measured at fair value.
- the liability for defined benefit obligations is recognised as the present value of the defined benefit obligation 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 judgements

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Information about significant areas of estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated and separate financial statements are described in note 4.

3.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the group

Below are the IFRSs and International Financial Reporting Interpretations Commitee (IFRIC) interpretations that are effective for the first time for the financial year beginning on or after 1 January 2015 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 (FRC).

(i) Ammendments to IFRS 8, 'Operating segments' effective for annual periods after 01 July 2014

The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported. Entities would have to disclose the factors they have considered in identifying reportable segments, including the basis of their organization in the financial statement.

(ii)Ammendments to IFRS 13, 'Fair value measurement', effective for annual periods after 01 July 2014

The amendment clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9. Entities are required to apply this amendment prospectively from the beginning of the first annual period in which IFRS 13 is applied.

(iii)Ammendments to IFRS 2, 'Share-based payment'

The amendment clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'. Previously, IFRS did not separately define these concepts. The amendment is effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

There is no material impact of these amendments to the group

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

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

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

Other IFRS that are relevant to the group include:

IFRS	Effective Date	Subject of amendment
Ammendments 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.
IFRS 15, 'Revenue from contracts with customers'	Annual periods beginning on or after 1 January 2017	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.
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.
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.

Management has not assessed the impact of the amendments on the group. Other standards not listed are not cosidered relevant or would have no impact to the group.

3.3 Basis of consolidation

(a) Subsidiaries

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.

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

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

[i] a contractual arrangement between the investor and other vote holders
[ii] rights arising from other contractual arrangements
[iii] the investor's voting rights (including voting patterns at previous shareholders' meetings)
[iv] potential voting rights

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

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

(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 bargain purchase gain is recognised immediately in statement of comprehensive income,after a re-assessment to ensure correctness.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in 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) Acquisitions from entities under common control

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

(d) 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.

(e) Disposal of subsidaries

When the group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in 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.

(f) 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.

(g) Associates

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

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

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

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

Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.
Investments in associates are measured at cost less impairment in the separate financial statement.

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Changes in the fair value of monetary securities denominated in foreign currency classified as 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 and points paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

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

(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.

(c) Net gains/losses on financial instuments classified held for trading

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

(d) Foreign exchange income

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

(e) Dividends

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

3.7 Lease payments

Payments made under operating leases are recognised in 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 derviative financial insturments) 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)	Sub classes
Financial assets	Financial assets at fair value through profit or loss		Non pledged trading assets	Equity securities
				Debt securities
			Derivative financial assets	
	Loans and receivables		Cash and balances with banks	Cash on hand and balances with banks
				Unrestricted balances with central banks
				Restricted balances with central banks
				Money market placements
			Investment under management	
			Loans and advances to banks	Loans and advances to banks
			Loans and advances to customers	Loans to individuals
				Loans to corporate entities and other organisations
			Other assets	
	Held to maturity		Investment securities - debt securities (pledged and non pledged)	Listed
	Available for sale financial assets		Investment securities - debt securities (pledged and non pledged)	Listed
				Unlisted
			Investment securities - equity securities	Listed
				Unlisted
			Investment under management	

	Category (as defined by IAS 39)		Class (as determined by the Group)	Sub classes
Financial liabilities	Financial liabilities at fair value through profit or		Derivatives	
	Financial liabilities at amortised cost		Deposits from banks	
			Deposits from customers	Demand deposits
				Term deposits
				Term deposits
			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 cash consideration to originate or purchase the loan including any transaction costs – and measured subsequently at amortised cost using the effective interest rate method. Loans and receivables are reported in the consolidated statement of financial position as loans and advances to banks or customers or as investment securities. Interest on loans is included in the consolidated income statement and is reported as 'Interest income'. In the case of an impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognised in the consolidated income statement under "net impairment loss on financial assets"

[iii] Held-to-maturity

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

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

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

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

[v] Investments under management

Investement 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 accurable 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 impairment.

[ii] Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

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

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

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases, the fair value of a financial instrument on initial recognition may be different to its transaction price. If such fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in 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 modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate. Losses are recognised in 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 seperately 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 years

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

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

(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 year 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 goodwil impairment testing, CGUs to which goodwill has been allcated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to the groups of CGUs that are expected to benefit from the synergies of the combination.

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

3.15 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 are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are initially recognised at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable). Financial guarantees are included within other liabilities.

3.19 Employee benefits

(a) Defined contribution plans

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions into a seperate entity and will have no legal or constructive obliagtion to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in 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 immidiately 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 avergae 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 riks assets. Assets are classified as performing or non-performing. Non performing assets are further clased as substandard, doubtful or lost with attendant provisions per the table below based on objective criteria

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

A more accelerated provision may be done using the subjective criteria. A 1% 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 alwayss 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.

Had there been no expected cashflows from all the significant impaired loans, there would have been an additional impairment of N21.4Bn in the financial statements relating to this. In addition, if the PDs and LGDs were increased by 2%, there would have been an additional impairment charge of N6.1Bn and if the PDs and LGDs decreased by 2%, there would have been a write back of impairment of N5.6Bn.

Statement of prudential adjustments

Provisions under prudential guidelines are determined using the time based provisioning regime prescribed by the Revised Central Bank of Nigeria (CBN) Prudential Guidelines. This is at variance with the incurred loss model required by IFRS under IAS 39. As a result of the differences in the methodology/provision regime, there will be variances in the impairments allowances required under the two methodologies.

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

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

• Prudential Provisions is greater than IFRS provisions; the excess provision resulting should be transferred from the general reserve account to a "regulatory risk reserve".

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

b) The non-distributable reserve should be classified under Tier 1 as part of the core capital.
The Bank has complied with the requirements of the guidelines as follows:

Statement of prudential adjustments *In thousands of Naira*		**December 2015**	**December 2014**
Bank	Note		
Loans & advances:			
Specific impairment allowances on loans to customers			
- Loans to Individuals	23(b)	250,624	-
- Loans to Corporate	23(b)	8,922,599	6,340,159
Specific impairment allowances on loans to banks	22		-
Collective impairment allowances on loans to customers			
- Loans to Individuals	23(b)	861,632	674,227
- Loans to Corporates	23(b)	16,871,228	9,991,751
Collective impairment allowances on loans to banks	22	9,086	6,341
Total impairment allowances on loans per IFRS		**26,915,169**	**17,012,478**
Total regulatory impairment based on prudential gudielines		**64,741,551**	**34,014,459**
Balance, beginning of the year		17,001,981	11,177,662
Additional transfers to regulatory risk reserve		20,824,401	5,824,319
Balance, end of the period		**37,826,382**	**17,001,981**

During the course of the year, the central bank of Nigeria (CBN) via cicrular BSD/DIR/GEN/LAB/08/052 dated 11 November 2015, directed banks in Nigeria to increase the general provision on performing loans from 1 percent to 2 percent for prudential review of credit portfolios in order to ensure adequate buffer against unexpected loan losses.

4.1 *Valuation of financial instruments*

The table below analyses financial and non-financial instruments measured at fair value at the end of the financial 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
December 2015

	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Investment under management	3,093,403	7,309,287	-	10,402,690
Non pledged trading assets				
Treasury bills	31,738,748	18,470,695	-	50,209,443
Bonds	2,025,000	-	-	2,025,000
Equity	63,979	-	-	63,979
Derivative financial instrument	-	77,905,020	-	77,905,020
Pledged assets				
Treasury bills	96,614,984	7,069,060	-	103,684,044
Bonds	18,669,957	-	-	18,669,957
Investment securities				
Available for sale	-	-	-	-
Treasury bills	28,996,006	-	-	28,996,006
Bonds	56,842,367	4,361,847	-	61,204,214
Equity	9,068,864	35,523,466	-	44,592,330
Assets held for sale	-	179,843	-	179,843
	247,113,308	150,819,218	-	397,932,526
Liabilities				
Derivative financial instrument		3,077,927	-	3,077,927
	-	3,077,927	-	3,077,927

Group
December 2014

	Level 1	Level 2	Level 3	Total
Assets				
Non pledged trading assets				
Treasury bills	24,546,032	-	-	24,546,032
Bonds	3,786,172	-	-	3,786,172
Equity	79,440	-	-	79,440
Derivative financial instrument	-	24,866,681	-	24,866,681
Pledged assets				
Treasury bills	4,495,403	-	-	4,495,403
Investment securities				
Available for sale				
Treasury bills	92,046,032	-	-	92,046,032
Bonds	46,931,249	818,129	-	47,749,378
Equity	11,017,140	34,070,282	-	45,087,422
Assets held for sale	-	23,438,484	-	23,438,484
	182,901,468	83,193,576	-	266,095,044
Liabilities				
Derivative financial instrument	-	1,989,662	-	1,989,662
	-	1,989,662	-	1,989,662

Bank
December 2015
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Investment under management	3,093,403	7,309,287	-	10,402,690
Non pledged trading assets				
Treasury bills	31,738,748	18,470,695	-	50,209,443
Bonds	2,025,000	-	-	2,025,000
Equity	63,979	-	-	63,979
Pledged assets				
Treasury bills	96,614,984	7,069,060		103,684,044
Bonds	18,669,957	-	-	18,669,957
Derivative financial instrument	-	77,852,349	-	77,852,349
Investment securities				
Available for sale				
Treasury bills	10,436,981	-	-	10,436,981
Bonds	56,842,367	3,853,736	-	60,696,103
Equity	9,058,784	35,516,671	-	44,575,455
Asset held for sale	-	179,843	-	179,843
	228,544,203	150,251,641	-	378,795,844
Liabilities				
Derivative financial instrument	-	2,416,378	-	2,416,378
	-	2,416,378	-	2,416,378

Bank
December 2014
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Non pledged trading assets				
Treasury bills	24,546,032	-	-	24,546,032
Bonds	3,786,172	-	-	3,786,172
Equity	79,440	-	-	79,440
Pledged assets				
Treasury bills	4,495,403	-	-	4,495,403
Derivative financial instrument	-	24,831,145	-	24,831,145
Investment securities				
Available for sale				
Treasury bills	61,656,952	-	-	61,656,952
Bonds	44,725,755	818,129	-	45,543,884
Equity	11,017,140	34,035,134	-	45,052,274
Asset held for sale		23,438,484		23,438,484
	150,306,894	83,122,892	-	233,429,786
Liabilities				
Derivative financial instrument		1,737,791		1,737,791
	-	1,737,791	-	1,737,791

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

4.1.2 Financial instruments not measured at fair value

Group
December 2015
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	478,409,336	-	478,409,336
Investment under management	918	-	-	918
Loans and advances to banks	-	43,117,434	-	43,117,434
Loans and advances to customers	-	1,364,822,146	-	1,364,822,146
Pledged assets				
Treasury bills	-	-	-	-
Bonds	58,349,639	-	-	58,349,639
Investment securities				
Held to Maturity				
Treasury bills	7,665,767	-	-	7,665,767
Bonds	58,349,638	5,559,182	-	63,908,820
Other assets	-	72,160,739	-	72,160,739
	124,365,962	1,964,068,837	-	2,088,434,799
Liabilities				
Deposits from financial institutions	-	72,910,858	-	72,910,858
Deposits from customers	-	1,682,766,276	-	1,682,766,276
Other liabilities	-	65,277,321	-	65,277,321
Debt securities issued	137,841,311	-	-	137,841,311
Interest-bearing borrowings	-	236,648,640	-	236,648,640
	137,841,311	2,057,603,095	-	2,195,444,406

Group
December 2014
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	405,014,793	-	405,014,793
Loans and advances to banks	-	12,584,887	-	12,584,887
Loans and advances to customers	-	1,068,909,228	-	1,068,909,228
Pledged assets				
Treasury bills	10,543,214	-	-	10,543,214
Bonds	43,005,034	-	-	43,005,034
Investment securities				
Held to Maturity				
Treasury bills	15,826,830	7,532,437	-	23,359,267
Bonds	18,112,104	18,027,415	-	36,139,519
Other assets	-	36,030,750	-	36,030,750
	87,487,182	1,548,099,510	-	1,635,586,692
Liabilities				
Deposits from financial institutions	-	115,765,391	-	115,765,391
Deposits from customers	-	1,455,710,695	-	1,455,710,695
Other liabilities	-	20,201,802	-	20,201,802
Debt securities issued	135,517,192	-	-	135,517,192
Interest-bearing borrowings	-	78,369,011	-	78,369,011
	135,517,192	1,670,046,899	-	1,805,564,091

Bank
December 2015
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	405,998,636	-	405,998,636
Investment under management	918	-	-	918
Loans and advances to banks	-	60,276,940	-	60,276,940
Loans and advances to customers	-	1,242,206,624	-	1,242,206,624
Pledged assets				
Treasury bills	-	-	-	-
Bonds	58,573,185	-	-	58,573,185
Investment securities				
Held to maturity				
Treasury bills	-	-	-	-
Bonds	35,949,492	2,750,701	-	38,700,193
Other Assets	-	69,509,746	-	69,509,746
	94,523,595	1,780,742,647	-	1,875,266,242
Liabilities				
Deposits from financial institutions	-	63,342,003	-	63,342,003
Deposits from customers	-	1,527,735,839	-	1,527,735,839
Other liabilities	-	62,871,485	-	62,871,485
Debt securities issued	69,591,973	-	-	69,591,973
Interest-bearing borrowings	68,249,338	236,066,022	-	304,315,360
	137,841,311	1,890,015,349	-	2,027,856,660

Bank
December 2014
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	351,174,879	-	351,174,879
Loans and advances to banks	-	55,837,270	-	55,837,270
Loans and advances to customers	-	933,545,177	-	933,545,177
Pledged assets				
Treasury bills	8,660,933	-	-	8,660,933
Bonds	42,729,652	-	-	42,729,652
Investment securities				
Held to maturity				
Treasury bills	15,829,500	-	-	15,829,500
Bonds	30,667,663	18,027,415	-	48,695,078
Other Assets	-	30,513,159	-	30,513,159
	97,887,748	1,389,097,900	-	1,486,985,648
Liabilities				
Deposits from financial institutions	-	131,229,630	-	131,229,630
Deposits from customers	-	1,324,796,070	-	1,324,796,070
Other liabilities	-	15,678,189	-	15,678,189
Debt securities issued	70,949,501	-	-	70,949,501
Interest-bearing borrowings	64,567,691	78,369,011	-	142,936,702
	135,517,192	1,550,072,900	-	1,685,590,092

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

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

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

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

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

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

(ii) Determination of fair value of financial instruments.

Valuation techniques used to derive Level 2 fair values

Level 2 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. Below is a table showing sensitivity analysis of material unquoted investments categorised as Level 2 fair values.

Description	Fair value at 31 December 2015	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 African Finance Corpooration	28,658,942	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	30,091,889	27,225,995	The higher the P/B ratio of similar trading companies, the higher the fair value
Investment in Unified Payment System	2,518,309	Adjusted fair value comparison approach	Median of Enterprise value to EBITDA ratio (EV/EBITDA) of similar comparable companies	2,644,224	2,392,393	The higher the EV/EBITDA ratio of similar trading companies, the higher the fair value
Investment in CSCS	1,775,756	Adjusted fair value comparison approach	Median of Enterprise value to EBITDA ratio (EV/EBITDA) of similar comparable companies	1,864,544	1,686,968	The higher the EV/EBITDA ratio of similar trading companies, the higher the fair value
Investment in Stanbic IBTC Pension managers	1,144,748	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	1,201,985	1,087,511	The higher the P/B ratio of similar trading companies, the higher the fair value
Investment in NIBSS	1,027,168	Adjusted fair value comparison approach	Weighted Price to earnings (P/E) ratio of similar comparable companies	1,078,527	975,810	The higher the P/E ratio of similar trading companies, the higher the fair value
Investment in Afrexim	2,675	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	2,808	2,541	The higher the P/B ratio of similar trading companies, the higher the fair value
Investment in FMDQ	137,746	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	144,634	130,859	The higher the P/B ratio of similar trading companies, the higher the fair value
Investment in CRC	231,437	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	243,009	219,865	The higher the P/B ratio of similar trading companies, the higher the fair value

(iii) *Determination of fair value of investment property classified as asset held for sale*

Management employed the services of estate surveyors and valuers expert to value its investment properties. The estimated open market value is deemed to be the fair value based on the assumptions that there will be willing buyers and sellers. Recent market prices of neighborhood properties were also considered in deriving the open market values. A variation of -/+5% will result in N37.5Mn fair value loss/gain respectively.

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

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

(v) ***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 19.10% and a cash flow growth rate of 7.96% over a period of four years. The Group determined the appropriate discount rate at the end of the reporting period. See note 29b for further details.

(vi) ***Defined benefit plan***

The present value of the long term incentive plan depends on a number of factors that are determined in an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of obligations. The assumptions used in determining the net cost (income) for pensions include the discount rate. The Group determines the appropriate discount rate at the end of the reporting period. In determining the appropriate discount rate, reference is made to the yield on Nigerian Government Bonds that have maturity dates approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions. 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 December 2015**	**Trading**	**Derivatives held for trading**	**Held-to-maturity**	**Loans and receivables at amortized cost**	**Available-for-sale**	**Financial Liabilities measured at amortized cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	-	-	-	478,409,336	-	-	478,409,336	478,409,336
Investment under management	-	-	918	-	10,402,690	-	10,403,608	10,406,579
Non pledged trading assets	-	-	-	-	-	-	-	
Treasury bills	50,209,443	-	-	-	-	-	50,209,443	50,209,443
Bonds	2,025,000	-	-	-	-	-	2,025,000	2,025,000
Equity	63,979	-	-	-	-	-	63,979	63,979
Derivative financial instruments	-	77,905,020	-	-	-	-	77,905,020	77,905,020
Loans and advances to banks	-	-	-	42,733,910	-	-	42,733,910	43,117,434
Loans and advances to customers	-	-	-	1,365,830,831	-	-	1,365,830,831	1,364,822,146
Pledged assets								
Treasury bills		-	3,250,773	-	103,684,044	-	106,934,817	106,934,817
Bonds	-	-	78,110,623		18,669,957	-	96,780,580	77,019,596
Investment securities								
- Available for sale								
Treasury bills	-	-	-	-	28,996,006	-	28,996,006	28,996,006
Bonds	-	-	-	-	61,204,214	-	61,204,214	61,204,214
Equity	-	-	-	-	44,592,330	-	44,592,330	44,592,330
- Held to Maturity								
Treasury bills	-	-	7,687,281	-	-	-	7,687,281	7,665,767
Bonds		-	43,743,295	-	-	-	43,743,295	44,320,781
Other assets	-	-	-	72,160,739	-	-	72,160,739	72,160,739
	52,298,422	**77,905,020**	**132,792,890**	**1,959,134,816**	**267,549,241**	**-**	**2,489,680,389**	**2,469,853,187**
Deposits from financial institutions	-	-	-	-	-	72,914,421	72,914,421	72,910,858
Deposits from customers	-	-	-	-	-	1,683,244,320	1,683,244,320	1,682,766,276
Other liabilities	-	-	-	-	-	65,277,321	65,277,321	65,277,321
Derivative financial instruments	-	3,077,927		-	-	-	3,077,927	3,077,927
Debt securities issued	-	-	-	-	-	149,853,640	149,853,640	137,841,311
Interest bearing borrowings	-	-	-	-	-	231,467,161	231,467,161	236,648,640
	-	**3,077,927**	**-**	**-**	**-**	**2,202,756,863**	**2,205,834,790**	**2,198,522,334**

Group *In thousands of Naira* **31 December 2014**	**Trading**	**Derivatives held for trading**	**Held-to-maturity**	**Loans and receivables at amortized cost**	**Available-for-sale**	**Financial Liabilities measured at amortized cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	-	-	-	405,014,793	-	-	405,014,793	405,014,793
Non pledged trading assets								
Treasury bills	24,546,032	-	-	-	-	-	24,546,032	24,546,032
Bonds	3,786,172	-	-	-	-	-	3,786,172	3,786,172
Equity	79,440	-	-	-	-	-	79,440	79,440
Derivative financial instruments	-	24,866,681	-	-	-	-	24,866,681	24,866,681
Loans and advances to banks	-	-	-	12,435,659	-	-	12,435,659	12,584,887
Loans and advances to customers	-	-	-	1,110,464,441	-		1,110,464,441	1,068,909,228
Pledged assets								
Treasury bills	188,923	-	10,629,919	-	4,306,480	-	15,125,322	15,038,617
Bonds	-	-	71,946,825	-	-	-	71,946,825	43,005,034
Investment securities								
- Available for sale								
Treasury bills	-	-	-	-	92,046,032	-	92,046,032	92,046,032
Bonds	-	-	-	-	47,749,378		47,749,378	47,749,378
Equity	-	-	-	-	45,087,422	-	45,087,422	45,087,422
- Held to Maturity								
Treasury bills	-	-	23,495,446	-	-	-	23,495,446	23,359,267
Bonds	-	-	61,833,110	-	-	-	61,833,110	36,139,519
Other assets	-		-	36,030,750	-	-	36,030,750	36,030,750
	28,600,567	**24,866,681**	**167,905,300**	**1,563,945,643**	**189,189,312**	**-**	**1,974,507,502**	**1,878,243,253**
Deposits from financial institutions	-	-	-	-	-	119,045,423	119,045,423	115,765,391
Deposits from customers	-	-	-	-	-	1,454,419,052	1,454,419,052	1,455,710,695
Other liabilities	-	-	-	-	-	20,201,802	20,201,802	20,201,802
Derivative financial instruments	-	1,989,662	-	-	-	-	1,989,662	1,989,662
Debt securities issued	-		-	-	-	138,481,179	138,481,179	135,517,192
Interest bearing borrowings	-	-	-	-	-	79,816,309	79,816,309	78,369,011
	-	**1,989,662**	**-**	**-**	**-**	**1,811,963,765**	**1,813,953,427**	**1,807,553,753**

Bank *In thousands of Naira* **31 December 2015**	**Trading**	**Derivatives held for trading**	**Held-to-maturity**	**Loans and receivables at amortised cost**	**Available-for-sale**	**Financial Liabilities measured at amortized cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	-	-	-	405,998,636	-	-	405,998,636	405,998,636
Investment under management	-	-	918	-	10,402,690	-	10,403,608	10,406,579
Non pledged trading assets								
Treasury bills	50,209,443	-	-	-	-	-	50,209,443	50,209,443
Bonds	2,025,000	-	-	-	-	-	2,025,000	2,025,000
Equity	63,979						63,979	63,979
Derivative financial instruments	-	77,852,349	-	-	-	-	77,852,349	77,852,349
Loans and advances to banks	-	-	-	60,414,721	-	-	60,414,721	60,276,940
Loans and advances to customers	-	-	-	1,243,215,309	-	-	1,243,215,309	1,242,206,624
Pledged assets								
Treasury bills		-		-	103,684,044	-	103,684,044	103,684,044
Bonds	-	-	78,110,623		18,669,957	-	96,780,580	77,243,142
Investment securities								
Available for sale								
Treasury bills	-	-	-	-	10,436,981	-	10,436,981	10,436,981
Bonds	-	-	-	-	60,696,103	-	60,696,103	60,696,103
Equity	-	-	-	-	44,575,185	-	44,575,185	44,755,565
Held to maturity	-	-	-	-	-	-		
Treasury bills	-	-	-	-	-	-	-	-
Bonds	-	825,225,321	40,286,529	-	-	-	865,511,850	38,700,193
Other assets	-	-	-	69,509,746	-		69,509,746	69,509,746
	52,298,422	**903,077,670**	**118,398,070**	**1,779,138,412**	**248,464,960**	**-**	**3,101,377,534**	**2,254,065,324**
Deposits from financial institutions	-	-	-	-	-	63,343,785	63,343,785	63,342,003
Deposits from customers	-	-	-	-	-	1,528,213,883	1,528,213,883	1,527,735,839
Derivative financial instruments	-	2,416,378	-	-	-	-	2,416,378	2,416,378
Other liabilities	-	-	-	-	-	62,871,485	62,871,485	62,871,485
Debt securities issued						78,516,655	78,516,655	69,591,973
Interest bearing borrowings	-	-	-	-	-	302,919,987	302,919,987	304,315,360
	-	**2,416,378**	**-**	**-**	**-**	**2,035,865,795**	**2,038,282,173**	**2,030,273,038**

Bank *In thousands of Naira* **31 December 2014**	**Trading**	**Derivatives held for trading**	**Held-to-maturity**	**Loans and receivables at amortised cost**	**Available-for-sale**	**Financial Liabilities measured at amortized cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	-	-	-	351,174,879	-	-	351,174,879	351,174,879
Non pledged trading assets								
Treasury bills	24,546,032	-	-	-	-	-	24,546,032	24,546,032
Bonds	3,786,172	-	-	-	-	-	3,786,172	3,786,172
Equity	79,440						79,440	79,440
Derivative financial instruments		24,831,145	-	-	-	-	24,831,145	24,831,145
Loans and advances to banks	-	-	-	55,776,837	-	-	55,776,837	55,837,270
Loans and advances to customers	-	-	-	1,019,908,848	-	-	1,019,908,848	933,545,177
Pledged assets								
Treasury bills	188,923	-	8,741,125	-	4,306,480	-	13,236,528	13,156,336
Bonds	-	-	71,946,825	-	-	-	71,946,825	42,729,652
Investment securities								
Available for sale								
Treasury bills	-	-	-	-	61,656,952	-	61,656,952	61,656,952
Bonds	-	-	-	-	45,543,884	-	45,543,884	45,543,884
Equity					45,052,274		45,052,274	45,052,274
Held to maturity								
Treasury bills	-	-	15,963,009	-	-	-	15,963,009	15,829,500
Bonds	-	-	73,884,873	-	-	-	73,884,873	48,695,078
Other assets	-	-	-	30,513,159	-	-	30,513,159	30,513,159
	28,600,567	**24,831,145**	**170,535,832**	**1,457,373,723**	**156,559,590**	**-**	**1,837,900,857**	**1,696,976,951**
Deposits from financial institutions	-	-	-	-	-	134,509,662	134,509,662	131,229,630
Deposits from customers	-	-	-	-	-	1,324,800,611	1,324,800,611	1,324,796,070
Derivative financial instruments	-	1,737,791	-	-	-	-	1,737,791	1,737,791
Other liabilities	-	-	-	-	-	15,678,189	15,678,189	15,678,189
Debt securities issued						73,155,391	73,155,391	70,949,501
Interest bearing borrowings	-	-	-	-	-	146,345,767	146,345,767	142,936,702
	-	**1,737,791**	**-**	**-**	**-**	**1,694,489,620**	**1,696,227,411**	**1,687,327,883**

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 (less than 3months) 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 assets in other liabilities is a reasonable approximation of fair value.

(vii) Interest bearing borrowings

The estimated fair value of fixed interest-bearing borrowings not quoted in an active market is based on discounted cash flows using the contractual interest rates 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 December 2015	Group December 2014	Bank December 2015	Bank December 2014
Cash and balances with banks				
- Current balances with banks outside Nigeria	49,423,809	15,109,636	27,989,703	9,351,944
- Unrestricted balances with central banks	90,721,388	32,060,575	74,158,434	22,262,582
- Restricted balances with central banks	249,954,817	257,591,933	248,182,477	255,603,361
- Money market placements	52,433,982	65,813,241	26,111,216	36,965,179
Investment under management	10,403,608	-	10,403,608	-
Non pledged trading assets				
Treasury bills	50,209,443	24,546,032	50,209,443	24,546,032
Bonds	2,025,000	3,786,172	2,025,000	3,786,172
Derivative financial instruments	77,905,020	24,866,681	77,852,349	24,831,145
Loans and advances to banks	42,733,910	12,435,659	60,414,721	55,776,837
Loans and advances to customers	1,365,830,831	1,110,464,442	1,243,215,309	1,019,908,848
Pledged assets				
Treasury bills	106,934,817	15,125,322	103,684,044	13,236,528
Bonds	96,780,580	71,946,825	96,780,580	71,946,825
Investment securities				
Available for sale				
Treasury bills	28,996,006	92,046,032	10,436,981	61,656,952
Bonds	61,204,214	47,749,378	60,696,103	45,543,884
Held to Maturity				
Treasury bills	7,687,281	23,495,446	-	15,963,009
Bonds	43,743,295	61,833,110	40,286,529	57,921,864
Other assets	72,160,739	36,030,750	69,509,746	30,513,159
Total	**2,409,148,740**	**1,894,901,234**	**2,201,956,243**	**1,749,814,321**
Off balance sheet exposuress			-	
Transaction related bonds and guarantees	221,127,530	165,466,393	218,067,025	145,831,160
Guaranteed facilities	94,135,927	91,373,327	91,640,933	72,221,845
Clean line facilities for letters of credit and other commitments	657,586,492	377,152,396	600,895,192	372,652,653
Total	**972,849,949**	**633,992,116**	**910,603,150**	**590,705,658**

Balances included in Other Assets above are those subject to credit risks. The table above shows a worst-case scenario of credit risk exposure to the Group as at 31 December 2015 and 31 December 2014, without taking account of any collateral held or other credit enhancements attached.

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

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

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

In thousands of Naira	Group December 2015	Group December 2014	Bank December 2015	Bank December 2014
Agriculture	19,176,019	14,740,963	15,937,248	14,483,622
Capital market	-	1,316,637	-	1,316,637
Construction	87,879,130	65,583,095	76,829,699	55,747,139
Education	2,113,599	1,482,317	2,016,754	1,482,317
Finance and insurance	21,037,838	22,537,038	18,642,306	22,091,245
General	53,774,970	27,709,205	52,277,961	26,521,378
General commerce	159,870,596	170,977,055	133,869,178	148,635,603
Government	169,073,246	55,409,711	168,626,536	54,100,558
Information And communication	121,177,114	111,394,390	118,922,511	108,560,585
Other Manufactiring (Industries)	72,850,211	75,553,584	57,301,618	53,534,031
Basic Metal Products	2,682,493	2,271,646	2,682,493	2,271,646
Cement	26,147,216	28,528,775	26,147,216	28,528,775
Conglomerate	14,766,577	6,924,579	14,766,577	6,924,579
Steel Rolling Mills	53,920,584	66,843,130	53,920,584	66,843,130
Flourmills And Bakeries	13,642	4,795,238	13,642	4,795,238
Food Manufacturing	15,094,847	19,386,264	14,642,665	19,386,264
Oil And Gas - Downstream	137,651,684	128,040,641	115,343,768	108,160,569
Oil And Gas - Services	117,106,760	89,343,529	115,659,696	89,343,529
Oil And Gas - Upstream	61,020,646	63,154,069	61,020,646	63,154,069
Crude oil refining	28,860,271	26,157,810	28,860,271	26,157,810
Real estate activities	104,749,765	66,444,681	100,157,931	65,943,853
Transportation and storage	74,287,655	47,154,949	70,899,610	45,393,168
Power and energy	15,955,628	23,236,149	8,099,644	15,502,705
Professional, scientific and technical activities	7,474,460	2,106,274	6,727,525	2,106,274
Others	27,836,687	8,354,537	6,755,312	5,930,261
	1,394,521,639	**1,129,446,266**	**1,270,121,392**	**1,036,914,985**

5.1.3(a) Group
Credit quality by class
In thousands of Naira

	Loans and advances to Individuals		Loans and advances Corporates		Loans and advances to banks		Off balance sheet	
	December 2015	December 2014	December 2015	December 2014	December 2015	December 2014	December 2015	December 2014
Carrying amount	52,778,622	27,799,373	1,313,052,209	1,082,665,068	42,733,910	12,435,659	972,849,949	633,992,116
Neither past due nor impaired								
Grade 1 - 3:	51,287,214	24,626,118	1,285,783,522	1,025,873,153	42,730,953	12,417,088	972,620,530	633,424,581
Grade 4 -5:	114,909	1,901,440	21,376,676	37,399,652		-	229,419	80,573
Gross amount	51,402,123	26,527,558	1,307,160,198	1,063,272,805	42,730,953	12,417,088	972,849,949	633,505,154
Impairment	(465,739)	(381,006)	(15,241,871)	(8,757,115)	-	(1,655)	-	-
Carrying amount	50,936,384	26,146,552	1,291,918,327	1,054,515,690	42,730,953	12,415,433	972,849,949	633,505,154
Past due but not impaired:								
Grade 6:	182,541	117,669	351,679	1,851,029	-	15,918	-	-
Grade 7:	953,436	724,616	1,033,145	3,050,021	12,043	8,994	-	-
Grade 8:	1,050,093	1,227,641	7,971,888	7,413,786	-	-		486,962
Gross amount	2,186,069	2,069,926	9,356,712	12,314,836	12,043	24,912	-	486,962
Impairment	(475,439)	(417,104)	(2,025,081)	(1,459,071)	(9,086)	(4,686)	-	-
Carrying amount	1,710,630	1,652,822	7,331,631	10,855,765	2,957	20,226	-	486,962
Past due and impaired:								
Grade 6: Impaired	203,207	-	4,991,809	573,858	-	-	-	-
Grade 7: Impaired	18,240	-	5,091,934	16,004,792	-	-	-	-
Grade 8: Impaired	160,784		13,950,562	8,682,492	-	-	-	-
Gross amount	382,231	-	24,034,305	25,261,143	-	-	-	-
Allowance for impairment	(250,624)		(10,232,054)	(7,967,529)	-	-	-	-
Carrying amount	131,607	-	13,802,251	17,293,614	-	-	-	-

Bank
Credit quality by class
In thousands of Naira

	Loans and advances to Individuals		Loans and advances Corporates		Loans and advances to banks		Off balance sheet	
	December 2015	December 2014	December 2015	December 2014	December 2015	December 2014	December 2015	December 2014
Carrying amount	34,661,649	20,474,332	1,198,193,634	999,434,516	60,414,721	55,776,837	910,603,150	590,705,657
Neither past due nor impaired								
Grade 1 - 3:	33,175,710	19,064,106	1,183,914,409	947,196,486	60,411,764	55,758,266	910,373,731	590,218,383
Grade 4 -5:	114,909	14,528	21,376,676	36,288,582		-	229,419	313
Gross amount	33,290,619	19,078,634	1,205,291,085	983,485,068	60,411,764	55,758,266	910,603,150	590,218,695
Impairment	(386,193)	(257,123)	(14,429,082)	(8,532,679)	-	(1,655)	-	-
Carrying amount	32,904,426	18,821,511	1,190,862,003	974,952,389	60,411,764	55,756,611	910,603,150	590,218,695
Past due but not Impaired:								
Grade 6:	182,541	117,668	351,679	1,851,028		15,918	-	-
Grade 7:	953,436	724,616	1,033,145	3,050,021	12,043	8,994	-	-
Grade 8:	1,050,093	1,227,641	7,971,888	7,413,786				486,962
Gross amount	2,186,069	2,069,925	9,356,712	12,314,835	12,043	24,912	-	486,962
Impairment	(475,439)	(417,104)	(2,025,081)	(1,459,071)	(9,086)	(4,686)		-
Carrying amount	1,710,630	1,652,821	7,331,631	10,855,764	2,957	20,226	-	486,962

Past due and Impaired:								
Grade 6: Impaired	154,959	-	4,927,701	169,051	-	-	-	-
Grade 7: Impaired	-	-	4,559,254	15,268,156	-	-	-	-
Grade 8: Impaired	142,257	-	10,212,735	4,529,315	-	-	-	-
Gross amount	297,216	-	19,699,690	19,966,522	-	-	-	-
Allowance for impairment	(250,624)	-	(9,339,664)	(6,340,160)	-	-	-	-
Carrying amount	46,593	-		13,626,362	-	-	-	-

5.1.3

(b) Aging analysis of credit quality

	Group		Bank	
31 December 2015	**Loans to individuals**	**Loans to Corporates and Banks**	**Loans to individuals**	**Loans to Corporates and Banks**
Past due & not impaired				
Past due up to 30days	182,542	363,722	182,542	363,722
Past due up 30 - 60 days	953,436	1,033,145	953,436	1,033,145
Past due up 60 - 90 days	1,050,093	7,971,888	1,050,093	7,971,888
Total	2,186,070	9,368,755	2,186,070	9,368,755
Past due & impaired	203,206	4,991,809	154,959	4,927,701
Past due up to 91 - 180days	18,240	5,091,934	-	4,559,254
Past due up 180 - 360 days	160,784	13,950,562	142,257	10,212,735
Above 360days				
Total	382,230	24,034,305	297,216	19,699,690
31 December 2014				
Past due & not impaired				
Past due up to 30days	117,669	1,866,947	117,669	1,866,947
Past due up 30 - 60 days	724,616	3,059,015	724,616	3,059,015
Past due up 60 - 90 days	1,227,641	7,413,786	1,227,641	7,413,786
Total	2,069,926	12,339,748	2,069,926	12,339,748
Past due & impaired				
Past due up to 91 - 180days	-	573,858	-	169,051
Past due up 180 - 360 days	-	16,004,792	-	15,268,156
Above 360days		8,682,492	-	4,529,315
Total	-	25,261,143	-	19,966,522

(c) Debt securities

Grade 1-3: Low-fair risk

	December 2015			December 2014		
Group	**Treasury bills**	**Bonds**	**Total**	**Treasury bills**	**Bonds**	**Total**
Investment under management	5,171,750	-	5,171,750	-	-	-
Available-for-sale assets	28,996,006	61,204,214	90,200,220	92,046,032	47,749,378	139,795,410
Held to maturity assets	7,687,281	43,743,295	51,430,576	23,495,446	61,833,110	85,328,556
Non pledged trading assets	50,209,443	2,025,000	52,234,443	24,546,032	3,786,172	28,332,204
Pledged assets	106,934,817	96,780,580	203,715,397	15,125,322	71,946,825	87,072,147
Carrying amount	193,827,547	203,753,089	397,580,636	155,212,832	185,315,485	340,528,317
Bank	**Treasury bills**	**Bonds**	**Total**	**Treasury bills**	**Bonds**	**Total**
Investment under management	5,171,750	-	5,171,750	-	-	-
Available-for-sale assets	10,436,981	60,696,103	71,133,084	61,656,952	45,543,884	107,200,836
Held to maturity assets	-	40,286,529	40,286,529	15,963,009	57,921,864	73,884,873
Non pledged trading assets	50,209,443	2,025,000	52,234,443	24,546,032	3,786,172	28,332,204
Pledged assets	103,684,044	96,780,580	200,464,624	13,236,528	71,946,825	85,183,353
Carrying amount	164,330,468	199,788,212	364,118,680	115,402,521	179,198,745	294,601,266

There are bonds worth N180Mn that are past due and impaired (past due up to 180-360 days), a full provision has been made for this balance.

The credit risk associated with Cash and balances with banks, derivatives and other assets (all neither past due nor impaired) are considered to be low at 31 December 2015.

5.1.3 Credit quality
(d) Credit quality by risk rating class

Group

In thousands of Naira

External Rating Equivalent	Grade	Risk Rating	Loans and advances to Individuals December 2015	Loans and advances to Individuals December 2014	Loans and advances Corporates December 2015	Loans and advances Corporates December 2014	Loans and advances to banks December 2015	Loans and advances to banks December 2014
AAA	Investment	1	-	-	164,056,674	103,410,318	42,095,369	12,290,573
AA	Investment	2+	-	-	126,296,312	160,138,302	-	-
A	Investment	2	-	-	161,182,597	125,585,058	631,423	-
BBB	Investment	2-	-	-	239,624,041	205,089,767	-	-
BB+	Standard	3+	1,168,452	1,289,875	104,007,186	184,994,108	-	-
BB	Standard	3	49,450,682	20,688,668	429,130,854	174,611,584	-	126,515
BB-	Standard	3-	668,080	2,646,939	61,485,857	72,043,380	-	-
B	Non-Investment	4	15,970	1,107,304	19,720,718	34,754,218	-	-
B-	Non-Investment	5	98,939	794,136	1,655,959	2,645,434	-	-
CCC	Non-Investment	6	385,748	117,669	5,343,488	2,424,888	-	-
C	Non-Investment	7	971,675	724,616	6,125,079	19,054,813	12,043	15,918
D	Non-Investment	8	1,210,877	1,228,277	21,922,451	16,096,914	-	8,994
Gross amount			53,970,424	28,597,483	1,340,551,215	1,100,848,783	42,738,836	12,442,000
Collective Impairment			(941,178)	(798,110)	(17,266,952)	(10,216,186)	(9,086)	(6,341)
Specific Impairment			(250,624)	-	(10,232,054)	(7,967,529)	-	-
Carrying amount			**52,778,622**	**27,799,373**	**1,313,052,209**	**1,082,665,068**	**42,729,751**	**12,435,659**

Derivative Financial Instruments

External Rating Equivalent	Grade	Risk Rating	Gross Nominal December 2015	Gross Nominal December 2014	Fair Value December 2015	Fair Value December 2014
AAA-A	Investment	1	304,214,019	221,399,500	74,568,887	24,761,064
A	Investment	2	25,178,482	-	1,523,619	-
BBB-B	Non-Investment	5	18,599,431	5,242,089	1,812,514	105,617
Gross amount			347,991,932	226,641,589	77,905,020	24,866,681
Collective Impairment			-	-	-	-
Specific Impairment			-	-	-	-
Carrying amount			**347,991,932**	**226,641,589**	**77,905,020**	**24,866,681**

The external rating equivalent refers to the equivalent ratings for loans and advances by credit rating agencies. These instruments are neither past due or impaired

Credit quality by risk rating class

Bank

In thousands of Naira

External Rating Equivalent	Grade	Risk Rating	Loans and advances to Individuals December 2015	Loans and advances to Individuals December 2014	Loans and advances Corporates December 2015	Loans and advances Corporates December 2014	Loans and advances to banks December 2015	Loans and advances to banks December 2014
AAA	Investment	1	-	-	163,854,025	101,796,663	59,780,341	55,631,752
AA	Investment	2+	-	-	126,296,312	145,945,811	-	-
A	Investment	2	-	-	161,182,597	117,107,385	-	-
BBB	Investment	2-	-	-	239,624,041	200,318,443	-	-
BB+	Standard	3+	1,168,452	920,644	104,007,186	170,052,461	-	-
BB	Standard	3	31,339,177	17,438,164	327,464,392	143,399,733	631,423	126,515
BB-	Standard	3-	668,080	705,298	61,485,857	68,575,990	-	-
B	Non-Investment	4	15,970	14,528	19,720,718	34,515,625	-	-
B-	Non-Investment	5	98,939	-	1,655,959	1,772,958	-	-
CCC	Non-Investment	6	337,501	117,668	5,279,380	2,020,080	-	-
C	Non-Investment	7	953,436	724,616	5,592,399	18,318,177	12,043	15,918
D	Non-Investment	8	1,192,350	1,227,641	18,184,623	11,943,100	-	8,994
Gross amount			35,773,905	21,148,559	1,234,347,487	1,015,766,425	60,423,807	55,783,178
Collective Impairment			(861,632)	(674,227)	(16,871,228)	(9,991,751)	(9,086)	(6,341)
Specific Impairment			(250,624)	-	(8,922,599)	(6,340,159)	-	-
Carrying amount			**34,661,649**	**20,474,332**	**1,208,553,660**	**999,434,515**	**60,414,721**	**55,776,837**

Derivative Financial Instruments

External Rating Equivalent	Grade	Risk Rating	Gross Nominal December 2015	Gross Nominal December 2014	Fair Value December 2015	Fair Value December 2014
AAA-A	Investment	1	296,865,582	221,399,500	74,516,216	24,761,064
A	Investment	2	25,178,482	-	1,523,619	-
BBB-B	Non-Investment	3	18,599,431	3,096,726	1,812,514	70,081
Gross amount			340,643,495	224,496,226	77,852,349	24,831,145
Collective Impairment			-	-	-	-
Specific Impairment			-	-	-	-
Carrying amount			**340,643,495**	**224,496,226**	**77,852,349**	**24,831,145**

The external rating equivalent refers to the equivalent ratings for loans and advances by credit rating agencies.

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

Group *In thousands of Naira*	**Loans and advances to customers**		**Loans and advances to banks**	
	December 2015	**December 2014**	**December 2015**	**December 2014**
Against neither past due and not impaired				
Property	422,253,462	394,328,852	-	-
Equities	43,337,372	5,343,810	-	-
Cash	70,869,009	29,996,336	-	-
Pledged goods/receivables	-	-	-	-
Others	360,496,371	45,395,427	-	-
Total	**896,956,214**	**475,064,425**	-	
Against past due but not impaired:				
Property	15,638,209	11,445,304	-	-
Equities	86,000	2,539	-	-
Cash	-	-	-	-
Pledged goods/receivables	-	-	-	-
Others	103,477	-	-	-
Total	**15,827,686**	**11,447,843**	-	-
Against past due and impaired				
Property	8,202,229	8,471,685	-	-
Equities	170,081	4,129	-	-
Others		947,815	-	-
	8,372,310	**9,423,629**	-	-
Total	**921,156,210**	**495,935,897**	-	-

Bank *In thousands of Naira*	**Loans and advances to customers**		**Loans and advances to banks**	
	December 2015	**December 2014**	**December 2015**	**December 2014**
Against neither past due and not impaired				
Property	366,344,483	375,551,288	-	-
Equities	27,350,697	5,188,165	-	-
Cash	65,062,698	26,083,771	-	-
Others	319,328,348	40,172,943	-	-
Total	**778,086,226**	**446,996,167**	-	-
Against past due but not impaired:				
Property	15,398,480	11,445,304	-	-
Equities	-	2,539	-	-
Cash	-	-	-	-
Others	-	-	-	-
Total	**15,398,480**	**11,447,843**	-	-
Against past due and impaired				
Property	4,319,362	6,777,347	-	-
Equities	65,138	4,129		
Cash	-			
Others	5,552,733	653,666	-	-
Total	**9,937,233**	**7,435,142**	-	-
Total	**803,421,939**	**465,879,152**	-	-

There are no collaterals held against other financial assets. There were also no repossessed collateral during the year

Collateral held and other credit enhancements, and their financial effect
The general creditworthiness of a customer tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional security and the Group generally requests that corporate borrowers provide it. The Group may take collateral in the form of a first charge over real estate, floating charges over all corporate assets and other liens and guarantees. The bank does not sell or repledge the collateral in the absence of default by the owner of the collateral. In addition to the Group's focus on credit worthiness, the group aligns with its credit policy guide to periodically update the validation of colaterals held against all loans to customers. For impaired loans, the Group obtains appraisals of collateral because the fair value of the collateral is an input to the impairment measurement.

5.1.4 Offsetting financial assets and financial liabilities

As at 31 December 2015

In thousands of Naira

The following financial assets are subject to offsetting	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
Financial assets			
Loans and advances to banks	43,711,424	490,836	43,220,588
Total	**43,711,424**	**490,836**	**43,220,588**

As at 31 December 2015

	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
Financial liabilities			
Interest bearing borrowing	231,957,997	490,836	231,467,161
Total	**231,957,997**	**490,836**	**231,467,161**

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

The gross amounts of financial assets and financial liabilities disclosed in the above tables have been measured in the statement of financial position on the following bases:
(1) Loans and advances to customers – amortised cost; and
(2) Interest bearing borrowings – amortised cost.

A master netting arrangement exists for the financial derivatives entered into but there is no instrument offsetting the financial derivatives recorded in the financial statements.

5.1.5 (a) Credit concentration

The Group monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of net credit risk at the reporting date is shown below:

Group
By Sector

December 2015

In thousands of Naira	Corporate	Commercial	Bank	Retail	Government	Others	Total
Cash and balances with banks	-	-	442,533,996	-	-	-	442,533,996
Investment under management	2,385,288	-	4,927,888	-	3,090,432	-	10,403,608
Non pledged trading assets	-	-	-	-	-	-	
Treasury bills	-	-	-	-	50,209,443	-	50,209,443
Bonds	-	-	63,645	-	1,961,355	-	2,025,000
Derivative financial instruments	3,495,428	-	904,524	-	73,505,068	-	77,905,020
Loans and advances to banks			42,733,910				42,733,910
Loans and advances to customers							-
Auto Loan	193,144	3,155,221	-	2,149,761	20,922		5,519,048
Credit Card	6,564	264,721	-	2,580,135	-		2,851,420
Finance Lease	983,460	829,448	-	-	-		1,812,908
Mortgage Loan	4,266,174	1,895,685	-	17,903,280	-		24,065,139
Overdraft	74,793,376	117,756,480	-	4,466,895	1,302,179		198,318,930
Personal Loan	-	-	-	20,183,608	-		20,183,608
Term Loan	332,372,252	277,769,051	-	4,702,425	164,362,411		779,206,139
Time Loan	165,686,382	164,171,032	-	792,518	3,223,707		333,873,639
Pledged assets							-
Treasury bills	-	-	-	-	106,934,817	-	106,934,817
Bonds	-	-	-	-	96,780,580	-	96,780,580
Investment securities							-
- Available for sale							-
Treasury bills	-	-	-	-	28,996,006	-	28,996,006
Bonds	-	-	6,524,859	-	54,679,355	-	61,204,214
- Held to Maturity						-	-
Treasury bills	-	-	-	-	7,687,281	-	7,687,281
Bonds	3,580,595	-	1,649,782	-	38,512,918	-	43,743,295
Other assets	15,529,608	798,290	2,116,791	5,340,515	17,564,186	30,811,349	72,160,739
Total	**603,292,271**	**566,639,929**	**501,455,395**	**58,119,136**	**648,830,659**	**30,811,349**	**2,409,148,739**
Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	40,597,349	180,530,181					221,127,530
Guaranteed facilities	12,764,903	78,944,392		23,484	2,403,148		94,135,927
Clean line facilities for letters of credit and other commitments	101,837,487	161,274,499	105,881,006		288,593,500		657,586,492
Total	**155,199,739**	**420,749,072**	**105,881,006**	**23,484**	**290,996,648**	**-**	**972,849,949**

Group
By Sector

December 2014

In thousands of Naira	Corporate	Commercial	Bank	Retail	Government	Others	Total
Cash and balances with banks	-	-	370,575,385	-		-	370,575,385
Non pledged trading assets							
Treasury bills	-	-	-	-	24,546,032	-	24,546,032
Bonds	-	-	-		3,786,172	-	3,786,172
Derivative financial instruments	52,388	-	24,814,293	-	-	-	24,866,681
Loans and advances to banks	-	-	12,435,659	-		-	12,435,659
Loans and advances to customers	-	-	-	-		-	-
Auto Loan	407,110	1,414,713	-	1,121,666	252,306	-	3,195,795
Credit Card	23,884	130,420	-	1,764,825	-	-	1,919,129
Finance Lease	1,109,580	1,555,628	-	67,558	-	-	2,732,767
Mortgage Loan	-	35,480	-		-	-	35,480
Overdraft	127,191,153	107,822,624	-	6,274,984	8,120,785	-	249,409,546
Personal Loan	-	-	-	8,099,089	-	-	8,099,089
Term Loan	285,000,294	212,988,576	-	4,224,648	37,768,413	-	539,981,931
Time Loan	114,911,265	172,334,423	-	4,458,742	9,012,378	-	300,716,808
Pledged assets							
Treasury bills	-	-	-	-	15,125,322	-	15,125,322
Bonds	-	-	-	-	71,946,825	-	71,946,825
Investment securities							
- Available for sale	-	-	-	-	92,046,032	-	92,046,032
Treasury bills	11,941,140	-	9,171,430	-	26,636,808	-	47,749,378
Bonds							
- Held to Maturity							
Treasury bills	-	-	-	-	23,495,446	-	23,495,446
Bonds	5,225,169	-	1,031,974	-	55,575,967	-	61,833,110
Other assets	8,304,219	702,502	2,407,285	3,833,245	10,100,525	10,682,974	36,030,750
Total	**554,166,202**	**496,984,366**	**420,436,026**	**29,844,755**	**378,413,010**	**10,682,974**	**1,890,527,337**
Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	23,601,545	115,996,127	-	346,462	24,882,433	639,826	165,466,393
Guaranteed facilities	27,622,038	59,530,706	-	259,327	3,648,713	312,543	91,373,327
Clean line facilities for letters of credit and other commitments	64,015,860	57,639,456	1,886,733	128,746	253,481,601	-	377,152,396
Total	**115,239,443**	**233,166,289**	**1,886,733**	**734,535**	**282,012,747**	**952,369**	**633,992,116**

5.1.5(a)i **Concentration by location for loans and advances is measured based on the location of the Group entity holding the asset, which has a high correlation with the location of the borrower. Concentration by location for investment securities is measured based on the location of the issuer of the security.**

By geography

Group

December 2015 *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Others**	**Total**
Cash and balances with banks	376,441,830	27,540,483	38,551,683	-	442,533,996
Investment under management	10,403,608	-	-	-	10,403,608
Non pledged trading assets					-
Treasury bills	50,209,442				50,209,442
Bonds	2,025,000				2,025,000
Derivative financial instruments	77,852,349		52,671		77,905,020
Loans and advances to banks	634,381		42,099,529		42,733,910
Loans and advances to customers					
Auto Loan	5,291,292	227,756		-	5,519,048
Credit Card	2,812,544	38,876		-	2,851,420
Finance Lease	1,812,908	-		-	1,812,908
Mortgage Loan	4,359,784	2,378,877	17,326,478	-	24,065,139
Overdraft	179,077,197	19,241,733		-	198,318,930
Personal Loan	17,863,574	2,320,034		-	20,183,608
Term Loan	746,115,794	20,515,466	12,574,879	-	779,206,139
Time Loan	285,882,216	35,131,205	12,860,217	-	333,873,639
Pledged assets					-
Treasury bills	103,684,044	3,250,774			106,934,818
Bonds	96,780,580				96,780,580
Investment securities					-
- Available for sale					-
Treasury bills	10,436,980	18,559,026			28,996,006
Bonds	54,679,355		6,524,859		61,204,214
- Held to Maturity					-
Treasury bills		6,008,800	1,678,481		7,687,281
Bonds	39,278,886	1,560,321	2,904,088		43,743,295
Other assets	68,256,292	3,600,119	304,328		72,160,739
Total	**2,133,898,056**	**140,373,471**	**134,877,213**	**-**	**1,956,211,136**
Credit risk exposures relating to othr credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	210,432,185	10,695,345	-		221,127,530
Guaranteed facilities	86,113,061	7,132,642	890,224		94,135,927
Clean line facilities for letters of credit and other commitments	619,274,612	9,805,121	28,506,759		657,586,492
Total	**915,819,858**	**27,633,108**	**29,396,983**	**-**	**972,849,949**

By geography

Group
December 2014
In thousands of Naira

	Nigeria	Rest of Africa	Europe	Others	Total
Cash and balances with banks	316,735,471	31,931,324	21,908,590	-	370,575,385
Non pledged trading assets					
Treasury bills	3,786,172	-	-	-	3,786,172
Bonds	24,546,032	-	-	-	24,546,032
Derivative financial instruments	24,761,064	-	105,617	-	24,866,681
Loans and advances to banks	12,435,659	-	-	-	12,435,659
Loans and advances to customers					
Auto Loan	3,186,276	9,519	-	-	3,195,795
Credit Card	1,836,830	82,299	-	-	1,919,129
Finance Lease	2,462,536	270,231	-	-	2,732,767
Mortgage Loan	3,696,833	712,544	-	-	4,409,376
Overdraft	220,076,033	29,333,513	-	-	249,409,546
Personal Loan	6,771,929	1,327,160	-	-	8,099,089
Term Loan	507,949,921	18,296,164	13,735,847	-	539,981,932
Time Loan	273,928,489	26,255,890	532,429	-	300,716,808
Pledged assets					
Treasury bills	13,236,528	1,888,794	-	-	15,125,322
Bonds	71,946,825	-	-	-	71,946,825
Investment securities					
- Available for sale					
Treasury bills	61,656,952	13,703,364	16,685,716	-	92,046,032
Bonds	37,193,593	-	10,555,785	-	47,749,378
- Held to Maturity					
Treasury bills	22,819,121	-	676,325	-	23,495,446
Bonds	60,088,642	-	1,744,468	-	61,833,110
Other assets	30,513,159	2,652,048	2,865,543	-	36,030,750
Total	**1,699,628,066**	**126,462,850**	**68,810,319**	**-**	**1,894,901,234**

Credit risk exposures relating to othr credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	145,828,839	19,636,482	1,072	-	165,466,393
Guaranteed facilities	72,209,932	19,163,395	-	-	91,373,327
Clean line facilities for letters of credit and other commitments	372,652,651	4,455,746	43,999	-	377,152,396
Total	**590,691,422**	**43,255,623**	**45,071**	**-**	**633,992,116**

Credit risk management

5.1.5 (b) By Sector

Bank
December 2015
In thousands of Naira

	Corporate	Commercial	Bank	Retail	Government	Others	Total
Cash and balances with banks	-	-	376,441,830	-	-	-	376,441,830
Investment under management	2,385,288	-	4,927,888	-	3,090,432	-	10,403,608
Non pledged trading assets							
Treasury bills	-		-		50,209,443		50,209,443
Bonds	4,568		59,077		1,961,355		2,025,000
Derivative financial instruments	3,485,545		861,736		73,505,068		77,852,349
Loans and advances to banks			60,414,721				60,414,721
Loans and advances to customers							
Auto Loan	173,144	1,020,277	-	4,076,948	20,922		5,291,292
Credit Card	-	-	-	2,812,544	-		2,812,544
Finance Lease	983,461	829,447	-	-	-		1,812,908
Mortgage Loan	-	27,552	-	4,332,232	-		4,359,784
Overdraft	61,513,770	112,064,079	-	4,381,653	1,302,179		179,261,680
Personal Loan	-	-	-	17,863,573	-		17,863,573
Term Loan	310,192,916	268,549,705	-	3,272,990	163,915,701		745,931,312
Time Loan	132,203,718	149,821,320	-	633,471	3,223,707		285,882,216
Pledged assets							
Treasury bills	-	-	-	-	103,684,044		103,684,044
Bonds	-	-	-	-	96,780,580		96,780,580
Investment securities							
Available for sale							
Treasury bills	-	-	-	-	10,436,981		10,436,981
Bonds	-	-	6,016,748	-	54,679,355		60,696,103
Held to Maturity							
Treasury bills	-	-	-	-			-
Bonds	1,684,150	-	1,007,643	-	37,594,736		40,286,529
Other assets	22,790,400	6,047,003	2,116,917	11,235,870	27,278,697	40,859	69,509,746
Total	**535,416,961**	**538,359,382**	**451,846,559**	**48,609,282**	**627,683,202**	**40,859**	**2,201,956,245**
Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	29,902,003	188,165,021					218,067,025
Guaranteed facilities	4,742,037	84,472,264		23,484	2,403,148		91,640,933
Clean line facilities for letters of credit and other commitments	80,604,444	125,816,242	105,881,006		288,593,500		600,895,192
Total	**115,248,484**	**398,453,527**	**105,881,006**	**23,484**	**290,996,648**	**-**	**910,603,149**

By Sector

Bank
December 2014

In thousands of Naira	Corporate	Commercial	Bank	Retail	Government	Others	Total
Cash and balances with banks	-	-	324,183,066			-	324,183,066
Non pledged trading assets							
Treasury bills	-	-	-	-	24,546,032	-	24,546,032
Bonds	-	-	-	-	3,786,172	-	3,786,172
Derivative financial instruments	52,388	-	17,693	-	24,761,064	-	24,831,145
Loans and advances to banks	-	-	55,776,837	-		-	55,776,837
Loans and advances to customers	-	-	-	-		-	-
Auto Loan	407,111	1,414,713	-	1,112,147	252,306	-	3,186,277
Credit Card	23,884	130,420	-	1,682,526	-	-	1,836,831
Finance Lease	998,111	1,464,425	-	-	-	-	2,462,536
Mortgage Loan	-	34,844	-	3,661,352	-	-	3,696,197
Overdraft	111,864,392	95,283,183	-	4,808,309	8,120,785	-	220,076,668
Personal Loan	-	-	-	6,771,929	-	-	6,771,929
Term Loan	267,921,588	200,116,138	-	3,244,831	36,667,365	-	507,949,921
Time Loan	101,651,047	161,485,154	-	1,779,910	9,012,378	-	273,928,489
Pledged assets							
Treasury bills	-	-	-	-	13,236,528	-	13,236,528
Bonds	-	-	-	-	71,946,826	-	71,946,826
Investment securities							
Available for sale							
Treasury bills	-	-	-	-	61,656,952	-	61,656,952
Bonds	1,384,355	-	6,965,935	-	37,193,593	-	45,543,884
Held to Maturity							
Treasury bills	-	-	-	-	15,963,009	-	15,963,009
Bonds	2,886,419	-	1,031,974	-	54,003,471	-	57,921,864
Other assets	6,777,687	140,437	1,100,860	2,836,891	9,763,994	9,893,290	30,513,159
Total	**493,966,983**	**460,069,314**	**389,076,365**	**25,897,895**	**370,910,475**	**9,893,290**	**1,749,814,324**
Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	13,964,545	105,997,893	-	346,462	24,882,433	639,826	145,831,160
Guaranteed facilities	20,122,038	47,902,619	-	255,932	3,638,713	302,543	72,221,845
Clean line facilities for letters of credit and other commitments	60,015,860	57,139,712	1,886,733	128,746	253,481,602	-	372,652,653
Total	**94,102,443**	**211,040,224**	**1,886,733**	**731,140**	**282,002,748**	**942,369**	**590,705,658**

5.1.5 (b)i By geography

Bank **December 2015** *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Others**	**Total**
Cash and balances with banks	405,998,636	-	-	-	405,998,636
Investment under management	10,403,608	-	-	-	10,403,608
Non pledged trading assets					
Treasury bills	50,209,443				50,209,443
Bonds	1,961,355		63,645		2,025,000
Derivative financial instruments	76,970,769		867,235	14,345	77,852,349
Loans and advances to banks	634,098		59,780,624		60,414,722
Loans and advances to customers					
Auto Loan	5,291,292				5,291,292
Credit Card	2,812,544				2,812,544
Finance Lease	1,812,908				1,812,908
Mortgage Loan	4,359,784				4,359,784
Overdraft	179,261,680				179,261,680
Personal Loan	17,863,573				17,863,573
Term Loan	745,931,312				745,931,312
Time Loan	285,882,216				285,882,216
Pledged assets					
Treasury bills	103,684,044				103,684,044
Bonds	96,780,580				96,780,580
Investment securities					
Available for sale					
Treasury bills	10,436,981				10,436,981
Bonds	54,679,356		5,857,725	159,022	60,696,103
Held to Maturity					
Treasury bills					-
Bonds	39,278,886		1,007,643		40,286,529
Other assets	68,076,063	1,409,196	24,487		69,509,746
Total	**2,162,329,129**	**1,409,196**	**67,601,359**	**173,367**	**2,231,513,051**
Credit risk exposures relating to othr credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	218,067,025				218,067,025
Guaranteed facilities	91,640,933				91,640,933
Clean line facilities for letters of credit and other commitments	600,895,192				600,895,192
Total	**910,603,150**	**-**	**-**	**-**	**910,603,150**

By geography

Bank **December 2014** *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Others**	**Total**
Cash and balances with banks	307,912,599	3,624,876	2,737,562	9,908,029	324,183,066
Non pledged trading assets					
Treasury bills	24,546,032	-	-	-	24,546,032
Bonds	3,786,172	-	-	-	3,786,172
Derivative financial instruments	24,813,452	-	17,693	-	24,831,145
Loans and advances to banks	55,776,837	-	-	-	55,776,837
Loans and advances to customers					
Auto Loan	3,186,277	-	-	-	3,186,277
Credit Card	1,836,831	-	-	-	1,836,831
Finance Lease	2,462,536	-	-	-	2,462,536
Mortgage Loan	3,696,197	-	-	-	3,696,197
Overdraft	220,076,668	-	-	-	220,076,668
Personal Loan	6,771,929	-	-	-	6,771,929
Term Loan	507,949,921	-	-	-	507,949,921
Time Loan	273,928,489	-	-	-	273,928,489
Pledged assets					
Treasury bills	13,236,528	-	-	-	13,236,528
Bonds	71,946,826	-	-	-	71,946,826
Investment securities					
Available for sale					
Treasury bills	61,656,952	-	-	-	61,656,952
Bonds	36,672,871	-	8,871,013	-	45,543,884
Held to Maturity					
Treasury bills	15,963,009	-	-	-	15,963,009
Bonds	57,921,864	-	-	-	57,921,864
Other assets	29,490,011	1,023,148	-	-	30,513,159
Total	**1,723,631,999**	**4,648,024**	**11,626,268**	**9,908,029**	**1,749,814,323**

Credit risk exposures relating to othr credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	145,831,160	-	-	-	145,831,160
Guaranteed facilities	72,221,845	-	-	-	72,221,845
Clean line facilities for letters of credit and other commitments	372,652,653	-	-	-	372,652,653
Total	**590,705,658**	**-**	**-**	**-**	**590,705,658**

5.2.1 A summary of the Group's interest rate gap position on financial instruments is as follows:

Group

	Re-pricing period						
In thousands of Naira **31 December 2015**	**Less than 3 months**	**4 - 6 months**	**7 - 12 months**	**1 - 5 years**	**More than 5 years**	**Non-Interest bearing**	**Total**
Non-derivative assets							
Cash and balances with banks	52,433,982	-	-	-	-	425,975,354	478,409,336
Investment under management	10,403,608	-	-	-	-	-	10,403,608
Non pledged trading assets							
Treasury bills	7,378,205	9,653,535	33,177,703	-	-	-	50,209,443
Bonds	-	-	42,554	1,182,521	799,925	-	2,025,000
Loans and advances to banks	543,309	-	42,099,529	91,072	-	-	42,733,910
Loans and advances to customers							
Auto Loan	28,585	63,060	284,135	5,143,269	-		5,519,048
Credit Card	794,103	273,215	101,128	1,682,974	-		2,851,420
Finance Lease	55,553	181,241	360,817	1,215,297	-		1,812,908
Mortgage Loan	2,156	-	1,055,368	800,711	22,206,904		24,065,139
Overdraft	136,304,482	14,520,390	47,494,058	-	-		198,318,930
Personal Loan	137,483	137,495	424,720	19,469,367	14,543		20,183,608
Term Loan	67,304,865	8,558,580	19,636,782	400,260,208	283,445,704		779,206,139
Time Loan	239,163,978	33,573,023	60,276,238	859,764	636		333,873,639
Pledged assets							-
Treasury bills	50,456,135	26,579,358	29,899,324	-			106,934,817
Bonds			11,591,562	8,155,781	77,033,237		96,780,580
Investment securities							
- Available for sale							
Treasury bills	14,730,720	4,013,091	8,493,425	1,758,770	-	-	28,996,006
Bonds	-	-	2,013,715	20,246,719	38,943,780	-	61,204,214
- Held to Maturity							
Treasury bills	-	-	7,687,281	-	-	-	7,687,281
Bonds	257,092	2,930,151	9,266,388	24,639,513	6,650,151		43,743,295
Other assets						72,160,739	72,160,739
	579,994,256	**100,483,138**	**273,904,728**	**485,505,965**	**429,094,880**	**498,136,093**	**2,367,119,060**
Non-derivative liabilities							
Deposits from financial institutions	70,684,694	2,229,727	-	-	-	-	72,914,421
Deposits from customers	1,524,107,621	70,456,406	66,657,799	22,022,494	-	-	1,683,244,320
Other liabilties	-	-	-	-	-	65,277,321	65,277,321
Debt securities issued	-	-	-	149,853,640	-		149,853,640
Interest bearing borrowings	17,049	12,457	1,008,489	20,356,658	197,232,476	12,840,032	231,467,161
	1,594,809,364	**72,698,590**	**67,666,288**	**192,232,792**	**197,232,476**	**78,117,353**	**2,202,756,863**
Total interest re-pricing gap	(1,014,815,108)	27,784,549	206,238,439	293,273,174	231,862,404	420,018,740	164,362,197

Group	**Re-pricing period**						
In thousands of Naira **31 December 2014**	**Less than 3 months**	**4 - 6 months**	**7 - 12 months**	**1 - 5 years**	**More than 5 years**	**Non-Interest bearing**	**Total**
Non-derivative assets							
Cash and balances with banks	147,422,860	-	-	-	-	257,591,933	405,014,793
Non pledged trading assets							
Treasury bills	18,108,814	1,348,700	5,088,518	-	-	-	24,546,032
Bonds	-	3,552,375	-	233,797	-	-	3,786,172
Loans and advances to banks	-	4,976,800	7,458,859		-	-	12,435,659
Loans and advances to customers							
Auto Loan	16,962	36,691	115,857	3,026,286	-	-	3,195,795
Credit Card	1,832,204	-	14,797	72,128	-	-	1,919,129
Finance Lease	249,344	164,057	41,560	2,277,806	-	-	2,732,767
Mortgage Loan	-	71,254	121,132	1,087,129	3,129,860	-	4,409,376
Overdraft	180,987,257	31,870,190	36,531,732	20,366	-	-	249,409,546
Personal Loan	362,620	448,015	686,373		92,872	-	1,589,880
Term Loan	87,032,637	31,592,080	22,181,512	271,447,831	127,727,871	-	539,981,931
Time Loan	209,197,627	39,510,144	48,217,990	3,790,287	759	-	300,716,808
Pledged assets							
Treasury bills	10,633,684	2,137,392	2,354,246	-	-	-	15,125,322
Bonds	-	-	-	-	71,946,825	-	71,946,825
Investment securities							
- Available for sale							
Treasury bills	31,374,867	56,915,906	3,755,259	-	-	-	92,046,032
Bonds	-	37,193,593	-	10,555,785	-	-	47,749,378
- Held to Maturity							
Treasury bills	5,838,977	14,930,757	2,725,712	-	-	-	23,495,446
Bonds	7,966,321	-	-	40,262,779	13,604,010	-	61,833,110
Other assets	-	-	-	-	-	36,030,750	36,030,750
	701,024,174	**224,747,954**	**129,293,547**	**332,774,195**	**216,502,197**	**293,622,683**	**1,897,964,752**
Non-derivative liabilities							
Deposits from financial institutions	104,196,956	10,592,358	4,256,109	-	-	-	119,045,423
Deposits from customers	1,295,131,921	57,033,357	101,953,774	300,000	-	-	1,454,419,052
Other liabilties	7,047,903	3,674,411	4,601,503	4,783,730	-	94,255	20,201,802
Debt securities issued	-	-	-	65,325,788	73,155,391	-	138,481,179
Interest bearing borrowings	156,136	-	-	31,697,910	48,118,399	-	79,972,445
	1,406,532,916	**71,300,126**	**110,811,386**	**102,107,428**	**121,273,790**	**94,255**	**1,812,119,901**
Total interest re-pricing gap	(705,508,742)	153,447,828	18,482,161	230,666,767	95,228,407	293,528,428	85,844,850

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

Bank

	Re-pricing period						
In thousands of Naira **31 December 2015**	**Less than 3 months**	**4 - 6 months**	**7 - 12 months**	**1 - 5 years**	**More than 5 years**	**Non-Interest bearing**	**Total**
Non-derivative assets							
Cash and balances with banks	26,111,216	-	-	-	-	379,887,420	405,998,636
Investment under management	10,403,608	-	-	-	-	-	10,403,608
Non- pledged trading assets							
Treasury bills	7,378,204	9,653,535	33,177,704	-	-		50,209,443
Bonds	-	-	42,554	1,182,522	799,924		2,025,000
Loans and advances to banks	-	496,780	59,828,535	89,406	-		60,414,721
Loans and advances to customers							
Auto Loan	28,584	63,061	284,135	4,915,512	-		5,291,292
Credit Card	794,103	273,215	62,253	1,682,973	-		2,812,544
Finance Lease	55,553	181,241	360,817	1,215,297	-		1,812,908
Mortgage Loan	2,156	-	105,537	800,711	3,451,380		4,359,784
Overdraft	136,671,678	14,335,907	28,254,095	-	-		179,261,680
Personal Loan	137,483	137,494	424,721	17,149,332	14,543		17,863,573
Term Loan	67,120,383	8,558,580	19,636,783	367,169,862	283,445,704		745,931,312
Time Loan	239,163,978	33,573,023	12,284,815	859,764	636		285,882,216
Pledged assets							
Treasury bills	48,794,846	26,291,063	28,598,135	-	-	-	103,684,044
Bonds			11,303,267	7,359,376	78,117,937	-	96,780,580
Investment securities							
- Available for sale							
Treasury bills	6,158,089		4,278,892				10,436,981
Bonds			1,505,605	20,246,719	38,943,780		60,696,103
- Held to Maturity							
Treasury bills	-	-	-	-	-		-
Bonds	-	-	9,126,791	24,574,550	6,585,188	-	40,286,529
Other assets						69,509,746	69,509,746
	542,819,881	**93,563,899**	**209,274,639**	**447,246,024**	**411,359,092**	**449,397,166**	**2,153,660,700**
Non-derivative liabilities							
Deposits from financial institutions	61,114,058	2,229,727					63,343,785
Deposits from customers	1,454,545,553	42,093,094	31,568,442	6,794			1,528,213,883
Other liabilities	-	-	-	-	-	62,871,485	62,871,485
Debt securities	-	-	-	78,516,655	-	-	78,516,655
Interest bearing borrowings			1,008,489	96,799,622	192,271,843	12,840,033	302,919,987
	1,515,659,611	**44,322,821**	**32,576,931**	**175,323,071**	**192,271,843**	**75,711,518**	**2,035,865,795**
Total interest re-pricing gap	(972,839,730)	49,241,078	176,697,708	271,922,953	219,087,249	373,685,648	117,794,905

Bank	**Re-pricing period**						
In thousands of Naira **31 December 2014**	**Less than 3 months**	**4 - 6 months**	**7 - 12 months**	**1 - 5 years**	**More than 5 years**	**Non-Interest bearing**	**Total**
Non-derivative assets							
Cash and balances with banks	95,571,518		-	-	-	255,603,361	351,174,879
Non- pledged trading assets							
Treasury bills	18,445,882	1,426,320	4,673,830	-	-	-	24,546,032
Bonds	-	3,054,118	-	332,054	400,000	-	3,786,172
Loans and advances to banks	21,447	-	55,631,752	123,638	-	-	55,776,837
Loans and advances to customers	-	-	-	-	-	-	-
Auto Loan	15,916	34,311	111,573	3,024,477	-	-	3,186,277
Credit Card	1,749,906	-	14,797	72,128	-	-	1,836,831
Finance Lease	168,275	96,498	1,025	2,196,738	-	-	2,462,536
Mortgage Loan	-	-	-	887,617	2,808,580	-	3,696,197
Overdraft	172,481,172	20,430,121	27,145,009	20,366	-	-	220,076,668
Personal Loan	97,187	63,139	235,139	6,283,592	92,872	-	6,771,929
Term Loan	83,829,436	26,787,279	14,173,509	266,643,030	116,516,667	-	507,949,921
Time Loan	203,839,964	31,473,649	34,823,831	3,790,287	758	-	273,928,489
Pledged assets							
Treasury bills	8,415,414	2,260,000	2,561,114	-	-	-	13,236,528
Bonds	-	-	-	-	71,946,825	-	71,946,825
Investment securities							
- Available for sale							-
Treasury bills	16,303,382	41,450,379	3,903,191	-	-	-	61,656,952
Bonds	-	35,460,759	-	10,027,310	55,815	-	45,543,884
- Held to Maturity							-
Treasury bills	4,507,169	11,063,387	392,453	-	-	-	15,963,009
Bonds	30,000	8,749,900	1,050,000	38,485,362	9,606,602	-	57,921,864
Other assets	-	-	-	-	-	30,513,159	30,513,159
	605,476,668	**182,349,860**	**144,717,224**	**331,886,599**	**201,428,119**	**286,116,520**	**1,751,974,989**
Non-derivative liabilities							
	132,429,521	2,080,141	-	-		-	134,509,662
Deposits from customers	1,242,641,410	51,537,687	30,321,514	300,000	-	-	1,324,800,611
Other liabilities	7,402,275	3,674,411	4,601,503	-		-	15,678,189
Debt securities	-	-	-	-	73,155,391	-	73,155,391
Interest bearing borrowings	1,346,365	5,135,743	5,091,139	104,654,102	22,159,426	7,958,992	146,345,767
	1,383,819,571	**62,427,982**	**40,014,156**	**104,954,102**	**95,314,817**	**7,958,992**	**1,694,489,620**
Total interest re-pricing gap	(778,342,904)	119,921,878	104,703,067	226,932,496	106,113,302	278,157,528	57,485,369

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:

Group VAR by risk type	**December 2015**			
In thousands of Naira	**Average**	**High**	**Low**	**Actual**
Foreign exchange risk	19,346,000	78,309,000	151,000	32,375,000
Interest rate risk	93,877,000	414,318,000	14,199,000	316,697,000
Total		**492,627,000**	**14,350,000**	**349,072,000**

Group	**December 2014**			
	Average	**High**	**Low**	**Actual**
Foreign exchange risk	15,983,000	59,676,000	63,000	19,400,000
Interest rate risk	97,140,000	792,551,000	4,625,000	163,535,000
Total	**113,123,000**	**852,227,000**	**4,688,000**	**182,935,000**

Bank VAR by risk type	**December 2015**			
In thousands of Naira	**Average**	**High**	**Low**	**Actual**
Foreign exchange risk	10,329,000	43,344,000	70,000	23,132,000
Interest rate risk	93,877,000	414,318,000	14,199,000	316,697,000
Total	**104,206,000**	**457,662,000**	**14,269,000**	**339,829,000**

Bank	**December 2014**			
	Average	**High**	**Low**	**Actual**
Foreign exchange risk	12,897,000	28,305,000	36,000	19,400,000
Interest rate risk	97,140,000	792,551,000	4,625,000	163,535,000
Total	**110,037,000**	**820,856,000**	**4,661,000**	**182,935,000**

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 December 2015	**Fixed**	**Floating**	**Non-interest bearing**	**Total**
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	52,433,982	-	425,975,354	478,409,336
Non pledged trading assets	52,234,443	-	63,979	52,298,422
Derivative financial instruments	-	-	77,905,020	77,905,020
Loans and advances to banks	43,220,589	-	-	43,220,589
Loans and advances to customers	4,556,129	1,361,274,702	-	1,365,830,831
Pledged assets	203,715,397	-	-	203,715,397
Investment securities:	-	-	-	-
– Available-for-sale	90,200,220	-	44,592,330	134,792,550
– Held-to-maturity	51,463,692	-	-	51,463,692
TOTAL	**497,824,452**	**1,361,274,702**	**548,536,683**	**2,407,635,837**
LIABILITIES				
Deposits from financial institutions	72,914,421	-	-	72,914,421
Deposits from customers	706,327,211	976,917,109	-	1,683,244,320
Derivative financial instruments	-	-	3,077,927	3,077,927
Debt securities issued	-	149,853,640	-	149,853,640
Interest-bearing borrowings	181,214,364	50,252,797	-	231,467,161
TOTAL	**960,455,996**	**1,177,023,546**	**3,077,927**	**2,140,557,469**

31 December 2014	**Fixed**	**Floating**	**Non-interest bearing**	**Total**
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	147,422,860	-	257,591,933	405,014,793
Non pledged trading assets	28,332,204	-	79,440	28,411,644
Derivative financial instruments	-	-	24,866,681	24,866,681
Loans and advances to banks	12,435,659	-	-	12,435,659
Loans and advances to customers	8,094,817	1,102,369,624	-	1,110,464,441
Pledged assets	87,072,147	-	-	87,072,147
Investment securities:				
– Available-for-sale	139,795,410	-	45,087,422	184,882,832
– Held-to-maturity	85,328,556	-	-	85,328,556
TOTAL	**508,481,653**	**1,102,369,624**	**327,625,476**	**1,938,476,753**
LIABILITIES				
Deposits from financial institutions	119,045,423	-	-	119,045,423
Deposits from customers	629,193,731	825,225,321	-	1,454,419,052
Derivative financial instruments	-	-	1,989,662	1,989,662
Debt securities issued	138,481,179	-	-	138,481,179
Interest-bearing borrowings	31,394,994	48,421,315	-	79,816,309
TOTAL	**918,115,327**	**873,646,636**	**1,989,662**	**1,793,751,625**

Bank

31 December 2015	Fixed	Floating	Non-interest bearing	Total
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	26,111,216	-	379,887,420	405,998,636
Non pledged trading assets	52,234,443	-	63,979	52,298,422
Derivative financial instruments	-	-	77,852,349	77,852,349
Loans and advances to banks	-	60,414,721	-	60,414,721
Loans and advances to customers	4,231,571	1,238,983,738	-	1,243,215,309
Pledged assets	200,464,624	-	-	200,464,624
Investment securities:	-	-	-	-
– Available-for-sale	71,133,084	-	44,575,185	115,708,269
– Held-to-maturity	40,286,529	-	-	40,286,529
TOTAL	**394,461,467**	**1,299,398,459**	**502,378,933**	**2,196,238,859**
LIABILITIES				
Deposits from financial institutions	63,343,785	-	-	63,343,785
Deposits from customers	632,818,563	895,395,320	-	1,528,213,883
Derivative financial instruments	-	-	2,416,378	2,416,378
Debt securities issued	-	78,516,655	-	78,516,655
Interest-bearing borrowings	181,214,364	121,705,623	-	302,919,987
TOTAL	877,376,712	1,095,617,598	2,416,378	1,975,410,688

31 December 2014	Fixed	Floating	Non-interest bearing	Total
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	36,965,179	-	314,209,700	351,174,879
Non pledged trading assets	28,411,644	-	-	28,411,644
Derivative financial instruments	-	-	24,866,681	24,866,681
Loans and advances to banks	55,776,837	-	-	55,776,837
Loans and advances to customers	4,055,691	1,015,853,157	-	1,019,908,848
Pledged assets	85,183,353	-	-	85,183,353
Investment securities:	-	-	-	-
– Available-for-sale	106,680,114	-	39,431,796	146,111,910
– Held-to-maturity	73,884,873	-	-	73,884,873
TOTAL	**390,957,691**	**1,015,853,157**	**378,508,177**	**1,785,319,025**
LIABILITIES				
Deposits from financial institutions	134,509,662	-	-	134,509,662
Deposits from customers	586,973,211	737,827,400	-	1,324,800,611
Derivative financial instruments	-	-	1,737,791	1,737,791
Debt securities issued	-	73,155,391	-	73,155,391
Interest-bearing borrowings	97,924,452	48,421,315	-	146,345,767
TOTAL	819,407,325	859,404,106	1,737,791	1,680,549,222

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.

Group

Interest sensitivity analysis - 31 December 2015

Impact on net interest income of +/-100 basis points changes in rates over a one year period (N'000)

Time Band	Cashflow interest rate risk 100 basis points decline in rates	100 basis points increase in rates
Less than 3 months	436,387	(436,387)
6 months	(18,941)	18,941
12 months	(231,879)	231,879
	185,567	**(185,567)**

Interest sensitivity analysis - 31 December 2014

Impact on net interest income of +/-100 basis points changes in rates over a one year period (N'000)

Time Band	Cashflow interest rate risk 100 basis points decline in rates	100 basis points increase in rates
Less than 3 months	1,739,693	(1,739,693)
6 months	(746,508)	746,508
12 months	(162,018)	162,018
	831,167	**(831,167)**

Bank

Interest sensitivity analysis - 31 December 2015

Impact on net interest income of +/-100 basis points changes in rates over a one year period (N'000)

Time Band	Cashflow interest rate risk in rates	increase in rates
Less than 3 months	441,514	(441,514)
6 months	(51,912)	51,912
12 months	(262,821)	262,821
	126,781	**(126,781)**

Interest sensitivity analysis - 31 December 2014

Impact on net interest income of +/-100 basis points changes in rates over a one year period (N'000)

Time Band	Cashflow interest rate risk in rates	increase in rates
Less than 3 months	1,807,525	(1,807,525)
6 months	(1,024,497)	1,024,497
12 months	(1,205,823)	1,205,823
	(422,795)	**422,795**

The table above sets out the impact on net interest income of a 100 basis points parallel fall or rise in all yields. A parallel increase in yields by 100 basis points would lead to an increase in net interest income while a parallel fall in yields by 100 basis points would lead to a decline in net interest income. The interest rate sensitivities are based on simplified scenarios and assumptions, including that all positions will be retained and rolled over upon maturity. The figures represent the effect of movements in net interest income based on the 100 basis point shift in interest rate and subject to the current interest rate exposures. However, the effect has not taken into account the possible risk management measures undertaken by the Bank to mitigate interest rate risk. In practice, the Assets and Liability Committee, ALCO seeks proactively to change the interest rate risk profile to minimize losses and optimise net revenues. The projections also assume that interest rates on various maturities will move within similar ranges, and therefore do not reflect any potential effect on net interest income in the event that some interest rates may change and others remain unchanged.

Price sensitivity analysis on bonds and treasury bills

The table below shows the impact of likely movement in yields on the value of bonds and treasury bills. This relates to the positions held for trade and available for sale. Since an increase in yields would lead to decline in market values of bonds and treasury bills, the analysis was carried out to show the likely impact of 50 and 100 basis points increase in market yields. The impact of held for trading investments is on the income statement while the impact of available for sale instruments is on the statement of other comprehensive income.

Group

31 December 2015	**Carying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive			
Held for trading Bonds	1,717,106	(15,142)	(29,252)
Held for trading T-bills	94,898,991	(155,835)	(331,008)
	96,616,097	(170,977)	(360,260)
Impact on Other Comprehensive Income			
Available for sale investments	119,034,346	(858,275)	(1,774,728)
TOTAL	**215,650,443**	**(1,029,252)**	**(2,134,988)**

31 December 2014	**Carying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive			
Held for trading Bonds	3,786,172	(13,075)	(34,987)
Held for trading T-bills	24,546,032	(85,430)	(122,835)
	28,332,204	(98,505)	(157,822)
Impact on Other Comprehensive Income			
Available for sale investments	141,716,040	(626,969)	(19,767)
TOTAL	**170,048,244**	**(725,474)**	**(177,589)**

Bank

31 December 2015	**Carying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive Income			
Held for trading Bonds	1,717,106	(15,142)	(29,252)
Held for trading T.bills	94,898,991	(155,835)	(331,008)
	96,616,097	(170,977)	(360,260)
Impact on Other Comprehensive Income			
Available for sale investments	119,034,346	(858,275)	(1,774,728)
TOTAL	**215,650,443**	**(1,029,252)**	**(2,134,988)**

31 December 2014	**Carying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive Income			
Held for trading Bonds	3,786,172	(13,075)	(34,987)
Held for trading T.bills	24,546,032	(85,430)	(122,835)
	28,332,204	**(98,505)**	**(157,822)**
Impact on Other Comprehensive Income			
Available for sale investments	109,121,466	(482,766)	(569,704)
TOTAL	**137,453,670**	**(581,272)**	**(727,526)**

Foreign currency sensitivity analysis

The Group's principal foreign currency exposure is to US Dollars, as it constituted 87% of the Group's foreign currency exposure as at 31 December 2015. The table below illlustrates the hypothetical sensitivity of the Group and Bank's reported profit to a 10% and 5% increase in the US Dollar/Naira exchange rates at the year end dates, assuming all other variables remain unchanged. The sensitivity rate of 10% and 5% represents the directors' assessment of a reasonable possible change based on historic volatility.

The analysis assumes that exchange rate fluctuations on currency derivatives that form part of an effective cash flow hedge affect the fair value reserve in equity and the fair value of the hedging derivatives. For foreign exchange derivatives which are not designated hedges, movements in exchange rates impact the income statement. The impact of derivatives hedged is N11.9Bn (2014: Nill)

Group

In thousands of naira	**Impact on statement of comprehensive income 31 December 2015**	**Impact on statement of comprehensive income 31 December 2014**
Naira weakens by 10%	(17,628,934)	(15,831,162)
Naira weakens by 5%	(8,814,467)	(7,915,581)

Bank

In thousands of naira	**Impact on statement of comprehensive income 31 December 2015**	**Impact on statement of comprehensive income 31 December 2014**
Naira weakens by 10%	(13,226,081)	(14,752,255)
Naira weakens by 5%	(6,613,041)	(7,376,127)

The year end exchange rates applied in the above analysis are US Dollar 199.30 (2014:186.05). The strengthening and weakening of Naira may not produce symmetrical results depending on the proportion and nature of foreign exchange derivatives which do not qualify for hedge accounting

Foreign currency exposure risk ratio

The aggregate Foreign Exchange Risk Ratio measures the sum-total of all single currency foreign exchange open position as a percentage of Shareholders' funds. The open position is derived after taking into account qualifying off-Financial Position hedging instruments.The Bank uses an internal ratio of 25% as the highest tolerable aggregate foreign exchange risk ratio exposure.The aggregate foreign exchange risk ratio pattern of the Bank during the period were as stated below:

High	13.2%
Low	10.9%
Average	11.8%

Price sensitvity analysis on equity

A significant portion of the Group's equity position is unquoted as such no price sensitivity has been performed. However, for the unquoted equities, a sensitivity of the key valuation inputs was performed in note 4

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

Financial instruments by currency
Group

In thousands of Naira

31 December 2015	Total	Naira	US	GBP	Euro	Others
Cash and balances with banks	478,409,336	376,517,301	32,769,177	37,047,633	12,223,493	19,851,732
Investment under management	10,403,608	10,403,608	-	-	-	-
Non-pledged trading assets						
Treasury bills	50,209,443	50,209,443	-	-	-	-
Bonds	2,025,000	1,961,355	63,645	-	-	-
Equity	63,979	63,979	-	-	-	-
Derivative financial instruments	77,905,020	77,841,492	3,717	54,905	4,907	-
Loans and advances to banks	43,733,910	-	29,427,011	6,289,698	7,982,091	35,110
Loans and advances to customers	-					
Auto Loan	5,519,049	5,291,293	-	-	-	227,756
Credit Card	2,851,420	474,112	2,367,652	279	-	9,377
Finance Lease	1,812,908	1,274,915	537,993	-	-	-
Mortgage Loan	24,065,139	4,323,674	36,110	17,326,478	-	2,378,877
Overdraft	198,318,930	150,214,723	29,043,587	813	2,557	19,057,250
Personal Loan	20,183,608	17,420,469	443,105	-	-	2,320,034
Term Loan	779,206,139	418,011,000	348,188,569	1,470,780	6,008,055	5,527,734
Time Loan	333,873,639	131,874,807	173,640,286	122,143	7,878,101	20,358,302
Pledged assets	-					
Treasury bills	106,934,817	106,934,817	-	-	-	-
Bonds	96,780,580	96,780,580	-	-	-	-
Investment securities	-	-	-	-	-	
- Available for sale		-	-	-	-	-
Treasury bills	28,996,006	28,996,006	-	-	-	-
Bonds	61,204,214	54,679,355	6,524,859	-	-	-
Equity	44,592,330	44,592,330	-	-	-	-
- Held to Maturity		-	-	-	-	-
Treasury bills	7,687,281	7,687,281	-	-	-	-
Bonds	43,743,295	42,093,513	1,649,782	-	-	-
Other assets	72,160,739	69,422,481	1,429,784	782,577	-	525,897
	2,490,680,390	**1,697,068,534**	**626,125,277**	**63,095,306**	**34,099,204**	**70,292,069**
						-
Deposits from financial institutions	72,914,421	3,835,704	49,320,402	13,902,757	3,334,043	2,521,515
Deposits from customers	1,683,244,320	1,078,191,682	469,856,575	50,513,055	11,177,254	73,505,754
Derivative financial instruments	3,077,927	598,020	2,420,095	54,905	4,907	-
Other liabilities	69,681,817	57,072,811	9,958,993	1,237,536	1,167,151	245,325
Debt securities issued	149,853,640	-	149,853,640	-	-	-
Interest bearing borrowings	231,467,161	105,543,794	120,491,587	4,872,801	9,811	549,168
	2,210,239,286	**1,245,242,011**	**801,901,292**	**70,581,054**	**15,693,166**	**76,821,762**
Off balance sheet exposuress						
Transaction related bonds and guarantees	221,127,530	146,219,742	53,624,913	4,198,409	1,086,120	15,998,346
Guaranteed facilities	94,135,927	44,908,152	11,049,934	-	38,144,012	33,829
Clean line facilities for letters of credit and other commitments	657,586,492	496,784,587	150,301,288	7,970,810	2,390,551	139,256
	972,849,949	**687,912,481**	**214,976,134**	**12,169,219**	**41,620,683**	**16,171,431**

Financial instruments by currency
Group

In thousands of Naira

31 December 2014	**Total**	**Naira**	**US**	**GBP**	**Euro**	**Others**
Cash and balances with banks	405,014,793	334,720,873	33,190,564	14,354,481	11,542,629	11,206,246
Non-pledged trading assets						
Treasury bills	24,546,032	24,546,032	-		-	-
Bonds	3,786,172	3,786,172	-	-	-	-
Equity	79,440	79,440	-		-	-
Derivative financial instruments	24,866,681	-	24,866,681	-	-	-
Loans and advances to banks	12,435,659	145,085	-	12,290,574	-	-
Loans and advances to customers	-	-	-	-	-	-
Auto Loan	3,195,795	3,186,276	-	-	-	9,519
Credit Card	1,919,129	260,850	1,658,026	253	-	-
Finance Lease	2,732,767	1,354,013	1,108,524	-	-	270,231
Mortgage Loan	4,409,376	3,645,130	51,066	-	-	713,180
Overdraft	249,409,546	196,679,153	26,326,190	2,256	2,421	26,399,526
Personal Loan	8,099,089	6,531,858	240,072	-	-	1,327,159
Term Loan	539,981,931	244,883,197	266,269,925	12,362,262	-	16,466,547
Time Loan	300,716,808	111,981,928	168,694,753	580,322	957,015	18,502,790
Pledged assets	-	-	-	-	-	-
Treasury bills	15,125,322	13,236,528	-	-	-	1,888,794
Bonds	71,946,825	71,946,825	-	-	-	-
Investment securities	-	-	-	-	-	-
- Available for sale						
Treasury bills	92,046,032	61,656,952	-	19,567,536		10,821,544
Bonds	47,749,378	37,193,593	10,555,785	-	-	-
Equity	45,087,422	45,087,422	-	-	-	-
- Held to Maturity	-	-	-	-		-
Treasury bills	23,495,446	23,495,446	-	-	-	-
Bonds	61,833,110	49,432,542	1,551,167	1,744,468	-	9,104,933
Other assets	36,030,750	21,235,572	4,933,087	482,266	4,962	9,374,863
	1,974,507,504	**1,255,084,887**	**539,445,840**	**61,384,418**	**12,507,027**	**106,085,332**
Deposits from financial institutions	119,045,423	-	104,440,854	5,220,977	4,057,703	5,325,889
Deposits from customers	1,454,419,052	962,857,337	396,080,908	18,068,662	16,433,183	60,978,962
Derivative financial instruments	1,989,662	-	1,737,791	251,871	-	-
Other liabilities	20,201,802	8,417,676	8,592,050	333,528	1,133,634	1,724,914
Debt securities issued	138,481,179	-	138,481,179	-	-	-
Interest bearing borrowings	79,816,309	31,391,634	48,424,675	-	-	-
	1,813,953,427	**1,002,666,647**	**697,757,457**	**23,875,038**	**21,624,520**	**68,029,765**
Off balance sheet exposuress						
Transaction related bonds and guarantees	165,466,393	110,544,517	46,395,843	349,724	90,246	8,086,063
Guaranteed facilities	91,373,327	23,316,732	39,498,364	-	17,954,443	10,603,788
Clean line facilities for letters of credit and other commitments	377,152,396	31,382	367,511,575	356,957	5,353,943	3,898,539
	633,992,116	**133,892,631**	**453,405,782**	**706,681**	**23,398,632**	**22,588,390**

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

Financial instruments by currency

Bank
In thousands of Naira

31 December 2015	**Total**	**Naira**	**US**	**GBP**	**Euro**	**Others**
Cash and balances with banks	405,998,636	390,808,342	10,895,411	926,274	3,287,055	81,554
Investment under management	10,403,608	10,403,608	-	-	-	-
Non-pledged trading assets	-	-	-	-	-	-
Treasury bills	50,209,443	50,209,443	-	-	-	-
Bonds	2,025,000	1,961,355	63,645	-	-	-
Equity	63,979	63,979	-	-	-	-
Derivative financial instruments	77,852,349	77,852,349	-	-	-	-
Loans and advances to banks	60,414,721	-	48,589,493	6,208,168	5,617,060	-
Loans and advances to customers	-	-	-	-	-	-
Auto Loan	5,291,292	5,291,292	-	-	-	-
Credit Card	2,812,544	474,112	2,338,153	279	-	-
Finance Lease	1,812,908	1,274,915	537,993	-	-	-
Mortgage Loan	4,359,784	4,323,674	36,110	-	-	-
Overdraft	179,261,680	150,214,723	29,043,587	813	2,557	-
Personal Loan	17,863,573	17,420,469	443,104	-	-	-
Term Loan	745,931,312	417,826,517	328,104,795	-	-	-
Time Loan	285,882,216	131,874,807	151,819,340	122,143	1,870,046	195,880
Pledged assets	-	-	-			
Treasury bills	103,684,044	103,684,044	-	-	-	-
Bonds	96,780,580	96,780,580	-	-	-	-
Investment securities	-		-	-	-	-
Available for sale	-		-	-	-	-
Treasury bills	10,436,981	10,436,981	-	-	-	-
Bonds	60,696,103	54,679,355	6,016,748	-	-	-
Equity	44,575,185	44,575,185	-	-	-	-
Held to Maturity	-	-	-			
Treasury bills	-	-	-	-	-	-
Bonds	40,286,529	39,278,886	1,007,643	-	-	-
Other assets	69,509,746	68,885,884	623,862	-	-	-
	2,276,152,213	**1,678,320,502**	**579,519,884**	**7,257,677**	**10,776,719**	**277,434**
Deposits from financial institutions	63,343,785	3,835,704	56,497,608	122,988	2,806,460	81,025
Deposits from customers	1,528,213,883	1,076,584,753	443,902,655	4,549,723	3,176,591	161
Derivative financial instruments	2,416,378	-	2,416,378	-	-	-
Other liabilities	62,871,485	51,705,684	9,955,814	26,394	1,167,151	16,442
Debt securities issued	78,516,655	-	78,516,655	-	-	-
Interest bearing borrowings	45,052,274	182,428,400	152,253,110	107,200,836	-	-
	1,780,414,460	**1,314,554,541**	**743,542,221**	**111,899,941**	**7,150,202**	**97,628**
Off balance sheet exposuress						
Transaction related bonds and guarantees	218,067,025	164,267,159	52,358,822	354,924	1,086,120	-
Guaranteed facilities	91,640,933	42,446,987	11,049,934	-	38,144,012	-
Clean line facilities for letters of credit and other commitments	600,895,192	78,087	597,979,521	483,607	2,214,721	139,256
	910,603,149	206,792,233	661,388,277	838,531	41,444,853	139,256

Financial instruments by currency
Bank
In thousands of Naira

31 December 2014	Total	Naira	US	GBP	Euro	Others
Cash and balances with banks	351,174,879	337,434,865	7,164,550	2,218,668	3,697,876	658,920
Non-pledged trading assets						
Treasury bills	24,546,032	24,546,032	-	-	-	-
Bonds	3,786,172	3,786,172	-	-	-	-
Equity	79,440	79,440	-	-	-	-
Derivative financial instruments	24,831,145	-	24,831,145	-	-	-
Loans and advances to banks	55,776,837	145,085	55,631,752	-	-	-
Loans and advances to customers	-	-	-	-	-	-
Auto Loan	3,186,277	3,186,277	-	-	-	-
Credit Card	1,836,831	260,850	1,575,728	253	-	-
Finance Lease	2,462,536	1,354,013	1,108,523	-	-	-
Mortgage Loan	3,696,197	3,645,130	51,067	-	-	-
Overdraft	220,076,668	196,679,152	23,392,838	2,256	2,422	-
Personal Loan	6,771,929	6,531,859	240,070	-	-	-
Term Loan	507,949,921	244,883,197	263,066,724	-	-	-
Time Loan	273,928,489	111,981,926	160,817,986	47,893	957,015	123,669
Pledged assets						
Treasury bills	13,236,528	13,236,528	-	-	-	-
Bonds	71,946,825	71,946,825	-	-	-	-
Investment securities	-	-	-	-	-	-
Available for sale	-	-	-	-	-	-
Treasury bills	61,656,952	61,656,952	-	-	-	-
Bonds	45,543,884	37,193,593	8,350,291	-	-	-
Equity	45,052,274	45,052,274	-	-	-	-
Held to Maturity	-	-	-	-	-	-
Treasury bills	15,963,009	15,963,009	-	-	-	-
Bonds	57,921,864	56,964,979	956,885	-	-	-
Other assets	30,513,159	25,625,988	4,851,490	29,966	4,962	753
	1,821,937,848	**1,262,154,147**	**552,039,050**	**2,299,036**	**4,662,275**	**783,342**
Deposits from financial institutions	134,509,662	-	133,632,208	47,968	711,685	117,801
Deposits from customers	1,324,800,611	944,366,864	370,580,896	5,897,079	3,955,772	-
Derivative financial instruments	1,737,791	-	1,737,791	-	-	-
Other liabilities	15,678,189	8,713,010	5,501,180	333,528	1,130,471	-
Debt securities issued	73,155,391	-	73,155,391	-	-	-
Interest bearing borrowings	146,345,767	31,391,634	114,954,133	-	-	-
	1,696,227,411	984,471,508	699,561,599	6,278,575	5,797,928	117,801
Off balance sheet exposuress						
Transaction related bonds and guarantees	145,831,160	110,544,517	34,846,673	349,724	90,246	-
Guaranteed facilities	72,221,845	23,316,732	30,892,720	-	17,954,443	57,950
Clean line facilities for letters of credit and other commitments	372,652,653	31,382	366,851,692	356,957	5,353,943	58,679
	590,705,658	133,892,631	432,591,085	706,681	23,398,632	116,629

Liquidity risk management
The following table shows the undiscounted cash flows on the Group's financial assets and liabilities and on the basis of their earliest possible contractual maturity. The Gross nominal inflow / (outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment.

The amounts in the table below have been compiled as follows:

Type of financial instrument	Basis on which amounts are compiled
Non-derivative financial liabilities and financial assets	Undiscounted cash flows, which include estimated interest payments.
Issued financial guarantee contracts, and unrecognised loan commitments	Earliest possible contractual maturity. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.
Derivative financial liabilities and financial assets held for risk management purposes	Contractual undiscounted cash flows. The amounts shown are the gross nominal inflows and outflows for derivatives that have simultaneous gross settlement (e.g. forward exchange contracts and currency swaps) and the net amounts for derivatives that are net settled.
Trading derivative liabilities and assets forming part of the Group's proprietary trading operations that are expected to be closed out before contractual maturity	Fair values at the date of the statement of financial position. This is because contractual maturities are not reflective of the liquidity risk exposure arising from these positions. These fair values are disclosed in the 'less than one month' column.
Trading derivative liabilities and assets that are entered into by the Group with its customers	Contractual undiscounted cash flows. This is because these instruments are not usually closed out before contractual maturity and so the Group believes that contractual maturities are essential for understanding the timing of cash flows associated with these derivative positions.

The Group's expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. For example, demand deposits from customers are expected to remain stable or increase and unrecognised loan commitments are not all expected to be drawn down immediately. As part of the management of liquidity risk arising from financial liabilities, the Group holds liquid assets comprising Cash and balances with banks and debt securities issued by federal government, which can be readily sold to meet liquidity requirements.
In addition, the Group maintains agreed lines of credit with other banks and holds unencumbered assets eligible for use as collateral.

5.3.1 Residual contractual maturities of financial assets and liabilities

Group 31 December 2015	Carrying amount	Gross nominal inflow/(outflow)	Less than 3 months	6 months	12 months	5 years	More than 5 years
In thousands of Naira							
Cash and balances with banks	478,409,336	478,409,336	228,454,519	-	-	-	249,954,817
Investment under management	10,403,608	10,494,011	10,494,011	-	-	-	-
Non-pledged trading assets							
Treasury bills	50,209,443	51,656,952	7,422,310	9,865,726	34,368,916	-	-
Bonds	2,025,000	3,164,736	124,583	5,988	163,571	1,909,285	961,309
Derivative financial instruments	77,905,020	77,905,020	5,371,017	3,516,433	2,244,002	66,773,568	-
Loans and advances to banks	42,733,910	43,338,836	552,395	-	42,695,369	91,072	
Loans and advances to customers							
Auto Loan	5,519,049	5,581,949	28,908	63,776	287,331	5,201,934	-
Credit Card	2,851,420	2,882,896	803,177	276,313	101,834	1,701,572	-
Finance Lease	1,812,908	1,821,023	56,183	182,080	362,516	1,220,244	-
Mortgage Loan	24,065,139	24,163,152	2,180	-	106,732	856,528	23,197,712
Overdraft	198,318,930	213,485,919	147,864,068	16,685,613	48,936,238	-	-
Personal Loan	20,183,608	20,393,835	139,043	139,053	429,543	19,671,488	14,708
Term Loan	779,206,139	790,496,163	67,248,846	9,265,310	19,751,013	408,178,583	286,052,411
Time Loan	333,873,639	335,494,050	240,187,156	34,055,604	60,381,145	869,502	643
Pledged assets							
Treasury bills	106,934,817	110,634,759	49,586,114	27,376,779	33,671,866	-	-
Bonds	96,780,580	135,824,699	704,048	3,838,702	15,332,749		115,949,201
Investment securities						-	-
Available for sale							
Treasury bills	28,996,006	29,103,866	15,298,622	3,309,940	10,495,304	-	-
Bonds	61,204,214	120,505,529	3,081,071	449,198	3,530,269	45,556,113	67,888,878
Held to Maturity							
Treasury bills	7,687,281	8,001,573	1,574,323	2,140,074	4,287,176	-	-
Bonds	43,743,295	15,878,550	1,017,818	2,288,727	2,272,677		10,299,328
Other assets	72,160,739	71,674,061	29,775,314	39,379,530	2,519,217	-	-
	2,445,024,081	**2,550,910,915**	**809,785,706**	**152,838,846**	**281,937,468**	**552,029,889**	**754,319,007**
Deposits from financial institutions	72,914,421	69,670,704	67,440,977	2,229,727	-	-	-
Deposits from customers	1,683,244,320	1,684,671,964	1,550,285,999	77,632,305	56,725,519	28,141	-
Derivative financial instruments	43,220,910	3,077,927	2,450,044	627,883	-	-	-
Other liabilities	65,277,321	65,277,322	65,277,322	-	-	-	-
Debt securities issued	149,853,640	200,147,025	2,528,618	3,687,050	6,215,669	104,308,638	83,407,050
Interest bearing borrowings	231,467,161	241,925,345	2,317,162	3,802,268	6,743,263	55,560,644	173,502,008
	2,245,977,773	**2,264,770,287**	**1,690,300,122**	**87,979,233**	**69,684,451**	**159,897,423**	**256,909,058**
Gap (asset - liabilities)	199,046,308	286,140,628	(880,514,416)	64,859,613	212,253,017	392,132,466	497,409,949
Cumulative liquidity gap			(880,514,416)	(815,654,803)	(603,401,786)	(211,269,320)	286,140,628
Off-balance sheet							
Transaction related bonds and guarantees	221,127,530	221,127,530	109,959,885	13,220,643	49,030,767	28,395,635	20,520,600
Guaranteed facilities	94,135,927	94,135,927	10,271,557	6,217,096	9,469,462	16,627,248	51,550,564
Clean line facilities for letters of credit and other commitments	657,586,492	657,586,492	374,032,037	111,954,136	28,253,794	143,346,525	-
	972,849,949	**972,849,949**	**494,263,479**	**131,391,875**	**86,754,023**	**188,369,408**	**72,071,164**

Group **31 December 2014**	**Carrying amount**	**Gross nominal inflow/(outflow)**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
In thousands of Naira							
Cash and balances with banks	405,014,793	405,014,793	147,422,860	-	-	-	257,591,933
Non-pledged trading assets							-
Treasury bills	24,546,032	25,710,426	18,445,882	1,426,320	5,838,224	-	-
Bonds	3,786,172	4,430,376	45,694	3,701,616	53,243	629,823	-
Derivative financial instruments	24,866,681	24,866,681	11,123,891	2,364,449	11,378,341	-	-
Loans and advances to banks	12,435,659	12,565,313	26,149	12,539,164	-	-	-
Loans and advances to customers							
Auto Loan	3,195,795	3,236,214	17,178	37,150	117,316	3,064,570	-
Credit Card	1,919,129	1,953,708	1,865,557	-	14,993	73,158	-
Finance Lease	2,732,767	2,752,076	251,990	164,902	41,782	2,293,402	-
Mortgage Loan	4,409,376	4,471,262	-	72,101	122,572	1,097,538	3,179,051
Overdraft	249,409,546	277,175,321	207,159,667	32,588,846	37,400,530	26,278	-
Personal Loan	8,099,089	8,195,721	364,621	449,882	690,771	6,596,360	94,087
Term Loan	539,981,931	576,918,795	118,622,725	31,739,205	22,388,605	274,224,727	129,943,533
Time Loan	300,716,808	317,770,012	225,801,441	39,717,239	48,458,630	3,791,933	769
Pledged assets							
Treasury bills	15,125,322	15,771,114	10,950,000	2,260,000	2,561,114	-	-
Bonds	71,946,825	142,341,220	-	2,960,902	2,960,902	23,687,212	112,732,204
Investment securities							
Available for sale							
Treasury bills	92,046,032	63,782,166	16,303,382	43,575,593	3,903,191	-	-
Bonds	47,749,378	51,218,215	100,608	38,012,504	406,262	12,631,528	67,313
Held to Maturity							
Treasury bills	23,495,446	16,528,059	4,507,169	11,628,437	392,453	-	-
Bonds	61,833,110	83,995,499	1,187,545	10,518,762	3,817,009	47,754,306	20,717,877
Other assets	36,030,750	36,030,750	22,966,686	-	13,064,064	-	-
	1,929,340,641	**2,074,727,721**	**787,163,045**	**233,757,071**	**153,610,001**	**375,870,834**	**524,326,767**
Deposits from financial institutions	119,045,423	120,289,784	120,205,261	84,523	-	-	-
Deposits from customers	1,454,419,052	1,463,332,471	1,350,067,610	50,697,481	62,567,380	-	-
Derivative financial instruments	1,989,662	1,989,662	1,989,662	-	-	-	-
Other liabilities	20,201,802	20,201,802	14,828,024	5,373,778	-	-	-
Debt securities issued	138,481,179	196,231,586	-	3,441,925	5,831,737	102,212,149	84,745,775
Interest bearing borrowings	79,816,309	86,584,835	1,644,012	1,955,389	4,482,437	66,614,293	11,888,704
	1,813,953,427	**1,888,630,140**	**1,488,734,569**	**61,553,096**	**72,881,554**	**168,826,442**	**96,634,479**
Gap (asset - liabilities)	115,387,214	186,097,581	(701,571,526)	172,203,975	80,728,447	207,044,392	427,692,288
Cumulative liquidity gap			(701,571,526)	(529,367,551)	(448,639,104)	(241,594,713)	186,097,575
Off-balance sheet							
Transaction related bonds and guarantees	165,466,393	165,466,393	23,327,260	12,814,843	22,637,392	24,843,232	81,843,666
Guaranteed facilities	91,373,327	91,373,327	11,956,468	11,175,156	24,614,115	14,968,793	28,658,795
Clean line facilities for letters of credit and other commitments	377,152,396	377,152,396	216,360,947	95,953,913	64,729,400	108,136	-
	633,992,116	**633,992,116**	**251,644,675**	**119,943,912**	**111,980,907**	**39,920,161**	**110,502,461**

5.3.1 Residual contractual maturities of financial assets and liabilities

Bank **31 December 2015** *In thousands of Naira*	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
Cash and balances with banks	405,998,636	401,816,737	153,634,261	-	-	-	248,182,476
Investment under management	10,403,608	10,494,011	10,494,011	-	-	-	-
Non-pledged trading assets							
Treasury bills	50,209,443	51,656,952	7,422,310	9,865,726	34,368,916	-	-
Bonds	2,025,000	3,164,736	124,583	5,988	163,571	1,909,285	961,309
Derivative financial instruments	77,852,349	77,852,349	5,318,346	3,516,433	2,244,002	66,773,568	-
Loans and advances to banks	60,414,721	60,604,713	10,074,577	10,506,757	40,023,379		
Loans and advances to customers							
Auto Loan	5,291,292	5,354,193	28,909	63,776	287,330	4,974,178	-
Credit Card	2,812,544	2,844,021	803,177	276,313	62,959	1,701,572	-
Finance Lease	1,812,908	1,821,023	56,182	182,080	362,516	1,220,244	-
Mortgage Loan	4,359,784	4,457,798	2,181	-	106,732	856,528	3,492,357
Overdraft	179,261,680	193,682,273	147,864,068	16,685,613	29,132,592	-	-
Personal Loan	17,863,573	18,073,801	139,043	139,052	429,544	17,351,454	14,708
Term Loan	745,931,312	756,385,987	67,248,846	9,265,310	19,751,013	374,068,077	286,052,411
Time Loan	285,882,216	287,502,627	240,187,156	34,055,604	12,389,723	869,501	643
Pledged assets							
Treasury bills	103,684,044	107,383,986	49,586,114	27,126,779	30,671,093	-	-
Bonds	96,780,580	169,457,311	704,048	3,800,951	15,294,999	33,708,112	115,949,201
Investment securities							
Available for sale							
Treasury bills	10,436,981	10,544,841	5,981,841	-	4,563,000	-	-
Bonds	60,696,103	112,555,700	2,839,003	1,009,124	4,093,208	41,448,736	63,165,629
Held to Maturity							
Treasury bills							
Bonds	40,286,529	64,794,900	487,704	3,088,205	11,416,425	29,203,910	20,598,656
Other assets	69,509,746	69,509,746	27,610,999	-	21,963,481	19,935,266	-
	2,231,513,049	**2,409,957,705**	**730,607,359**	**119,587,711**	**227,324,483**	**594,020,431**	**738,417,390**
Deposits from financial institutions	63,343,785	63,343,785	63,343,785				
Deposits from customers	1,528,213,883	1,528,213,884	1,404,409,821	67,792,437	55,983,485	28,141	
Derivative financial instruments	2,416,378	2,416,378	1,842,014	574,364	-	-	-
Other liabilities	62,871,485	62,871,485	62,871,485	-	-	-	-
Debt securities issued	78,516,655	120,096,325	-	3,687,605	3,687,605	112,721,115	-
Interest bearing borrowings	302,919,987	304,300,172	5,384,041	5,929,762	11,546,789	131,499,405	149,940,175
	2,038,282,173	2,081,242,029	1,537,851,146	77,984,168	71,217,879	244,248,661	149,940,175
Gap (asset - liabilities)	193,230,876	328,715,676	(807,243,787)	41,603,543	156,106,604	349,771,770	588,477,215
Cumulative liquidity gap			(807,243,787)	(765,640,244)	(609,533,640)	(259,761,870)	328,715,345
Off balance-sheet							
Transaction related bonds and guarantees	218,067,025	218,067,025	9,862,204	13,220,643	49,030,766	28,395,636	117,557,776
Guaranteed facilities	91,640,933	91,640,933	21,631,289	6,217,096	9,469,462	16,627,248	37,695,838
Clean line facilities for letters of credit and other commitments	600,895,192	600,895,192	317,340,737	111,954,136	28,253,794	143,346,525	-
	910,603,150	**910,603,150**	**348,834,230**	**131,391,875**	**86,754,022**	**188,369,409**	**155,253,614**

Bank **31 December 2014** *In thousands of Naira*	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
Cash and balances with banks	351,174,879	348,428,224	92,824,863	-	-	-	255,603,361
Non-pledged trading assets							
Treasury bills	24,546,032	25,710,426	18,445,882	1,426,320	5,838,224	-	-
Bonds	3,786,172	5,040,126	45,693	3,701,616	53,244	629,823	609,750
Derivative financial instruments	24,831,145	24,831,145	11,123,891	2,328,913	11,378,341	-	-
Loans and advances to banks	55,786,837	55,882,570	9,315,720	18,681,814	27,885,036	-	-
Loans and advances to customers							
Auto Loan	3,186,277	3,226,646	16,126	34,758	113,010	3,062,752	-
Credit Card	1,836,831	1,870,919	1,782,768	-	14,993	73,158	-
Finance Lease	2,462,536	2,480,457	170,505	96,997	1,039	2,211,916	-
Mortgage Loan	3,696,197	3,750,249	-	-	-	895,654	2,854,595
Overdraft	220,076,668	230,582,559	182,460,726	20,562,662	27,532,892	26,279	-
Personal Loan	6,771,929	6,865,012	98,479	63,976	238,329	6,370,139	94,088
Term Loan	507,949,921	513,183,052	83,887,643	26,905,761	14,332,866	269,391,284	118,665,498
Time Loan	273,954,489	274,956,092	204,633,543	31,599,981	34,929,866	3,791,933	769
Pledged assets							
Treasury bills	13,236,528	13,771,114	8,950,000	2,260,000	2,561,114	-	-
Bonds	71,946,825	142,341,220	-	2,960,902	2,960,902	23,687,212	112,732,204
Investment securities							
Available for sale							
Treasury bills	61,656,952	63,782,166	16,303,382	43,575,593	3,903,191	-	-
Bonds	45,543,884	51,218,214	100,607	38,012,504	406,262	12,631,528	67,313
Held to Maturity							
Treasury bills	15,963,009	16,528,059	4,507,169	11,628,437	392,453	-	-
Bonds	57,921,864	83,995,500	1,187,545	10,518,762	3,817,009	47,754,306	20,717,878
Other assets	30,513,159	30,513,159	19,898,971	-	10,614,188	-	-
	1,776,842,134	**1,898,956,909**	**655,753,513**	**214,358,996**	**146,972,959**	**370,525,984**	**511,345,456**
Deposits from financial institutions	134,509,662	135,915,668	135,820,165	95,503	-	-	-
Deposits from customers	1,324,800,611	1,332,919,663	1,230,872,383	45,045,689	57,001,591	-	-
Derivative financial instruments	1,737,791	1,737,791	1,737,791	-	-	-	-
Other liabilities	15,678,189	15,678,189	14,488,882	1,189,307	-	-	-
Debt securities issued	73,155,391	119,165,025	-	3,441,925	3,441,925	27,535,400	84,745,775
Interest bearing borrowings	146,345,767	158,756,077	3,014,347	3,585,269	8,218,692	122,139,447	21,798,322
	1,696,227,411	1,764,172,413	1,385,933,568	53,357,693	68,662,208	149,674,847	106,544,097
Gap (asset - liabilities)	80,614,723	134,784,496	(730,180,055)	161,001,303	78,310,751	220,851,137	404,801,359
Cumulative liquidity gap			(730,180,055)	(569,178,752)	(490,868,001)	(270,016,864)	134,784,495
Off balance-sheet							
Transaction related bonds and guarantees	145,831,160	145,831,160	14,923,004	8,079,588	16,163,390	24,821,512	81,843,666
Guaranteed facilities	72,221,845	72,221,845	5,031,916	4,173,263	22,786,732	12,044,944	28,184,990
Clean line facilities for letters of credit and other commitments	372,652,653	372,652,653	215,874,910	92,822,023	63,847,583	108,137	-
	590,705,658	**590,705,658**	**235,829,830**	**105,074,874**	**102,797,705**	**36,974,593**	**110,028,656**

5.3.2 Financial instruments below and above 1 year's maturity

Group	December 2015			December 2014		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
In thousands of Naira						
Cash and balances with banks	228,454,519	249,954,817	**478,409,336**	147,422,860	257,591,933	**405,014,793**
Investments under management	10,403,608	-	**10,403,608**	-	-	-
Non pledged trading assets						
Treasury bills	50,209,443		**50,209,443**	24,546,032	-	**24,546,032**
Bonds		2,025,000	**2,025,000**	3,515,700	270,472	**3,786,172**
Derivative financial instruments	11,131,452	66,773,568	**77,905,020**	24,866,681	-	**24,866,681**
Loans and advances to banks	42,733,910		**42,733,910**	12,435,659		**12,435,659**
Loans and advances to customers						
Auto Loan	375,779	5,143,269	**5,519,048**	169,509	3,026,286	**3,195,795**
Credit Card	1,168,446	1,682,974	**2,851,420**	1,847,001	72,128	**1,919,129**
Finance Lease	597,611	1,215,297	**1,812,908**	454,958	2,277,808	**2,732,767**
Mortgage Loan	1,057,524	23,007,615	**24,065,139**	193,022	4,216,354	**4,409,376**
Overdraft	198,318,930	-	**198,318,930**	249,389,180	20,366	**249,409,546**
Personal Loan	699,698	19,483,910	**20,183,608**	1,497,008	6,602,081	**8,099,089**
Term Loan	95,500,227	683,705,912	**779,206,139**	140,806,229	399,175,702	**539,981,931**
Time Loan	333,013,239	860,400	**333,873,639**	296,925,761	3,791,047	**300,716,808**
Pledged assets						
Treasury bills	106,934,817		**106,934,817**	15,125,322	-	**15,125,322**
Bonds	-	96,780,580	**96,780,580**	-	71,946,825	**71,946,825**
Investment securities						
Available for sale						
Treasury bills	28,996,006		**28,996,006**	92,046,032	-	**92,046,032**
Bonds	2,013,715	59,190,499	**61,204,214**	36,407,716	11,341,662	**47,749,378**
Held to Maturity						
Treasury bills	7,687,281	-	**7,687,281**	23,495,446	-	**23,495,446**
Bonds	9,735,814	34,007,481	**43,743,295**	9,473,538	52,359,572	**61,833,110**
Other assets	72,160,739	-	**72,160,739**	36,030,750	-	**36,030,750**
	1,201,192,758	**1,243,831,322**	**2,445,024,080**	**1,116,648,404**	**812,692,236**	**1,929,340,641**
Deposits from financial institutions	72,914,421	-	**72,914,421**	119,045,423	-	**119,045,423**
Deposits from customers	1,683,216,179	28,141	**1,683,244,320**	1,308,794,239	145,624,813	**1,454,419,052**
Derivative financial instruments	3,077,927	-	**3,077,927**	1,989,662	-	**1,989,662**
Debt securities issued		149,853,640	**149,853,640**	-	138,481,179	**138,481,179**
Other liabilities	65,277,321		**65,277,321**	20,201,802	-	**20,201,802**
Interest-bearing borrowings	18,238,703	213,228,458	**231,467,161**	10,898,495	68,917,814	**79,816,309**
	1,842,724,551	**363,110,239**	**2,205,834,790**	**1,460,929,621**	**353,023,806**	**1,813,953,427**

Bank	**December 2015**			**December 2014**		
	Within 12 months	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
In thousands of Naira						
Cash and balances with banks	157,816,159	248,182,477	**405,998,636**	95,571,518	255,603,361	**351,174,879**
Investment under management	10,403,608	-	**10,403,608**	-	-	-
Non pledged trading assets						
Treasury bills	50,209,443	-	**50,209,443**	24,546,032	-	**24,546,032**
Bonds	42,554	1,982,446	**2,025,000**	3,786,172	-	**3,786,172**
Derivative financial instruments	11,078,781	66,773,568	**77,852,349**	24,831,145	-	**24,831,145**
Loans and advances to banks	60,414,721		**60,414,721**	55,653,199	123,638	**55,776,837**
Loans and advances to customers				-	-	
Auto Loan	375,779	4,915,513	**5,291,292**	161,800	3,024,477	**3,186,277**
Credit Card	1,129,571	1,682,973	**2,812,544**	1,764,703	72,128	**1,836,831**
Finance Lease	597,611	1,215,297	**1,812,908**	265,798	2,196,738	**2,462,536**
Mortgage Loan	107,693	4,252,091	**4,359,784**	-	3,696,197	**3,696,197**
Overdraft	179,261,680	-	**179,261,680**	220,056,302	20,366	**220,076,668**
Personal Loan	699,698	17,163,875	**17,863,573**	395,466	6,376,463	**6,771,929**
Term Loan	95,315,746	650,615,566	**745,931,312**		383,159,697	**383,159,697**
Time Loan	285,021,816	860,400	**285,882,216**	270,137,442	3,791,047	**273,928,489**
Pledged assets						
Treasury bills	103,684,044		**103,684,044**	13,236,528	-	**13,236,528**
Bonds	11,303,268	85,477,313	**96,780,580**	-	71,946,825	**71,946,825**
Investment securities						
Available for sale						
Treasury bills	10,436,981	-	**10,436,981**	61,656,952	-	**61,656,952**
Bonds	1,505,605	59,190,499	**60,696,103**	36,407,716	9,136,168	**9,136,168**
Held to Maturity						
Treasury bills	-	-	**-**	15,963,009	-	**15,963,009**
Bonds	9,126,791	31,159,738	**40,286,529**	9,473,541	48,448,324	**57,921,864**
Other assets	49,574,480	19,935,266	**69,509,746**	30,513,159	-	**30,513,159**
	1,038,106,029	**1,193,407,022**	**2,231,513,049**	**864,420,482**	**787,595,429**	**1,615,608,194**
Deposits from financial institutions	63,343,785	-	**63,343,785**	134,509,662	-	**134,509,662**
Deposits from customers	1,528,213,883	-	**1,528,213,883**	1,324,500,611	300,000	**1,324,800,611**
Derivative financial instruments	2,416,378	-	**2,416,378**	1,737,791	-	**1,737,791**
Debt securities issued	7,375,210	71,141,445	**78,516,655**	6,883,850	66,271,541	**73,155,391**
Other liabilities	62,871,485	-	**62,871,485**	15,678,189	-	**15,678,189**
Interest-bearing borrowings	1,008,489	301,911,498	**302,919,987**	11,573,248	134,772,519	**146,345,767**
	1,665,229,230	**373,052,943**	**2,038,282,173**	**1,494,883,350**	**201,344,060**	**1,696,227,411**

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: share capital, share premium, retained earnings and other reserves, and
- Tier 2 capital: unrealised gains arising on the fair valuation of equity instruments held as available-for-sale and foreign currency translation reserves with adjustments for deferred tax assets, intangibles and investments in subsidiaries.

In thousands of Naira	Group December 2015	Group December 2014	Bank December 2015	Bank December 2014
Tier 1 capital				
Ordinary share capital	14,463,986	11,441,460	14,463,986	11,441,460
Share premium	197,974,816	161,036,211	197,974,816	161,036,211
Retained earnings	51,730,369	34,139,453	49,459,102	36,499,779
Other reserves	99,732,330	67,262,761	98,531,000	65,178,336
Non-controlling interests	3,899,966	3,530,843		-
	367,801,467	**277,410,728**	**360,428,904**	**274,155,786**
Add/(Less):				
Fair value reserve for available-for-sale	(13,268,889)	(9,881,402)	(13,291,054)	(9,833,418)
Foreign Currency Translational reserves	5,570,719	3,710,648		-
Other reserves	(554,898)	(295,419)	(527,331)	(295,419)
Total Tier 1	**359,548,400**	**270,944,555**	**346,610,519**	**264,026,949**
Add/(Less):				
50% Investments in subsidiaries	-	-	(22,719,623)	(20,060,286)
Deferred tax assets	(10,845,612)	(10,881,984)	(10,180,832)	(10,128,537)
Regulatory risk reserve	(39,625,042)	(21,205,031)	(37,826,382)	(17,001,981)
Intangible assets	(6,440,616)	(5,592,991)	(4,977,908)	(4,436,814)
Adjusted Tier 1	**302,637,130**	**233,264,549**	**270,905,774**	**212,399,331**
Tier 2 capital				
Debt securities issued	78,516,655	66,853,428	78,516,655	66,006,738
Fair value reserve for available-for-sale securities	13,268,889	9,881,402	13,291,054	9,833,418
Foreign currency translational reserves	(5,570,719)	(3,710,648)	-	-
Other reserves	554,898	295,419	527,331	295,419
50% Investments in subsidiaries	-	-	(22,719,623)	(20,060,286)
Total Tier 2	**86,769,723**	**73,319,601**	**69,615,417**	**56,075,289**
Total regulatory capital	**389,406,852**	**306,584,150**	**340,521,191**	**268,474,620**
Risk-weighted assets	**1,996,724,469**	**1,686,979,582**	**1,887,612,134**	**1,560,034,376**
Capital ratios				
Total regulatory capital expressed as a percentage of total risk-weighted assets	20%	18%	18%	17%
Total tier 1 capital expressed as a percentage of risk-weighted assets	15%	14%	14%	14%

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 year had its,

- Reported revenue, from both external customers and intersegment sales or transfers, 10 per cent or more of the combined revenue, internal and external, of all operating segments, or

-the absolute measure of its reported profit or loss 10 per cent or more of the greater, in absolute amount, of
(i) the combined reported profit of all operating segments that did not report a loss and
(ii) the combined reported loss of all operating segments that reported a loss, or

-its assets are 10% or more of the combined assets of all operating segments.

Unallocated Segments represents all other transactions than are outside the normal course of business and can not be directly related to a specific segment financial information.

Thus, in essence, unallocated segments reconcile segment balances to group balances. Material items comprising total assets and total liabilities of the unallocated segments have been outlined below;

Material total assets and liabilities

In thousands of Naira	Group December 2015	Group December 2014
Other Assets	82,527,825	56,310,620
Deriviatives financial instruments	-	24,866,681
Defferred tax (net)	10,845,612	10,881,984
Assets Held for Sale	179,843	23,438,484
Goodwill	681,007	681,007
	94,234,287	**116,178,776**
Derivative financial instruments	-	1,989,662
Other liabilities	69,355,950	21,689,079
Debt Securties issued	149,853,640	138,481,179
Interest-bearing loans and borrowings	231,467,161	79,816,309
Deffered tax	266,644	59,038
Retirement Benefit Obligation	5,567,800	3,269,100
Total liabilities	**456,511,195**	**245,304,367**

Material revenue and expenses

	Group December 2015	Group December 2014
Revenue derived from external customers		
Fair Value on Assets held for sale	-	750,000
Interest expense		
Interest expense on Eurobond	(12,470,957)	(8,768,860)

7a Operating segments (Continued)

31 December 2015

In thousands of Naira	**Corporate & Investment Banking**	**Commercial Banking**	**Business Banking**	**Personal Banking**	**Unallocated Segments**	**Total Continuing Operations**	**Discontinued Operations**	**Total**
Revenue:								
Derived from external customers	142,760,590	119,234,984	28,183,640	47,225,016		337,404,230	-	337,404,230
Derived from other business segments	(32,954)	18,809	5,723	8,422		-	-	-
Total Revenue	142,727,636	119,253,793	28,189,363	47,233,438	-	337,404,230	-	337,404,230
Interest Income	72,223,695	86,725,818	19,618,182	29,235,074	-	207,802,768		207,802,768
Interest expenses	(34,401,407)	(36,412,832)	(7,314,258)	(11,821,664)	(12,470,957)	(102,421,118)	-	(102,421,118)
Impairment Losses	(9,218,707)	(2,558,182)	(442,433)	(2,005,393)	-	(14,224,715)		(14,224,715)
Profit/(Loss) on ordinary activities before taxation	60,008,361	31,758,802	(5,097,804)	839,717	(12,470,957)	75,038,119	-	75,021,420
Share of profit from associate	-					-	-	-
Income tax expense						(9,169,344)	-	(9,169,344)
Pre-tax loss on re-measurement of assets of disposal group	-	-	-	-	-			
Profit after tax						65,868,775	-	65,868,775
Other segment information:								
Depreciation and amortisation	(549,825)	(2,036,605)	(3,633,139)	(3,878,760)	-	(10,098,330)	-	(10,098,330)
Assets and liabilities:								
Loans and Advances to customers	552,849,791	716,514,393	47,951,257	48,515,390	-	1,365,830,831		1,365,830,831
Goodwill					681,007			
Tangible segment assets	1,010,348,609	1,310,332,904	87,691,344	88,723,007		2,497,095,864	-	2,497,095,864
Unallocated segment assets					94,234,287	94,234,287	-	94,234,287
Total assets		1,310,332,904	87,691,344	88,723,007	94,234,287	2,591,330,151	-	2,591,330,151
Deposits from customers	457,760,677	678,870,157	202,449,439	344,164,047	-	1,683,244,320		1,683,244,320
Segment liabilities	480,542,909	712,656,760	212,525,120	361,292,703		1,767,017,492	-	1,767,017,492
Unallocated segment liabilities					456,511,195	456,511,195	-	456,511,195
Total liabilities	480,542,909	712,656,760	212,525,120	361,292,703	456,511,195	2,223,528,687	-	2,223,528,687
Net assets	(480,542,909)	597,676,144	(124,833,776)	(272,569,696)	(362,276,908)	367,801,464	-	367,801,464

31 December 2014
Operating segments (Continued)

In thousands of Naira	Corporate & Investment Banking	Commercial Banking	Business Banking	Personal Banking	Unallocated Segments	Total Continuing Operations	Discontinued Operations	Total
Revenue:								
Derived from external customers	95,219,332	95,326,092	18,563,990	35,358,155	750,000	245,217,569	51,003	245,268,572
Derived from other business segments	(1,466)	313	750	403	-	-	-	-
Total Revenue	95,217,866	95,326,405	18,564,740	35,358,558	750,000	245,217,569	51,003	245,268,572
Interest income	62,883,413	78,467,639	15,739,751	19,827,420	-	176,918,223		176,918,223
Interest expenses	(27,281,898)	(28,863,963)	(5,632,460)	(6,353,900)	(8,768,860)	(76,901,081)	-	(76,901,081)
Impairment Losses	(10,086,004)	(1,558,508)	(4,655)	(3,103)	-	(11,652,271)		(11,652,271)
Profit/(Loss) on ordinary activities before taxation	35,657,154	31,039,955	(9,145,850)	2,489,891	(8,018,860)	52,022,290	(87,267)	51,935,023
Share of profit from associate							-	-
Income tax expense						(8,958,811)	-	(8,958,811)
Pre-tax loss on re-measurement of assets of disposal group							-	-
Profit after tax						43,063,479	(87,267)	42,976,212
Other segment information:								
Depreciation and amortisation	(5,115,004)	(3,796,657)	(199,957)	(126,555)	-		-	(9,238,173)
Impairment charge for the period	(5,282,414)	(3,485,412)	(1,826,906)	(344,517)	(713,021)	(11,652,271)	-	(11,652,271)
Assets and liabilities:								
Loans and Advances to customers	510,246,867	538,757,608	29,730,334	31,729,631	-	1,110,464,441		1,110,464,441
Goodwill					681,007			
Tangible segment assets	1,043,203,989	849,266,149	46,299,060	49,412,565	-	1,988,181,764	-	1,988,181,764
Unallocated segment assets	-	-	-	-	116,178,776	116,178,776	-	116,178,776
Total assets	1,043,203,989	849,266,149	46,299,060	49,412,565	116,178,776	2,104,360,539	-	2,104,360,539
Deposits from customers	304,486,820	637,907,355	174,641,257	337,383,621	-	1,454,419,052	-	1,454,419,052
Segment liabilities	316,821,648	701,564,665	192,116,217	371,142,914	-	1,581,645,444	-	1,581,645,444
Unallocated segment liabilities					245,304,367	245,304,367	-	245,304,367
Total liabilities	316,821,648	701,564,665	192,116,217	371,142,914	245,304,367	1,826,949,811	-	1,826,949,811
Net assets	726,382,341	147,701,485	(145,817,157)	(321,730,348)	(129,806,599)	277,410,729		277,410,729

7b Geographical segments

The Group operates in three geographic regions, being:

- Nigeria
- Rest of Africa
- Europe

31 December 2015 *In thousands of Naira*	Nigeria	Rest of Africa	Europe	Total Continuing Operations	Discontinued Operations	Total
Derived from external customers	302,061,975	28,852,495	6,489,760	337,404,230	-	337,404,230
Derived from other segments				-	-	-
Total Revenue	302,061,975	28,852,495	6,489,760	337,404,230	-	337,404,230
Interest Income	184,047,834	21,084,615	2,670,320	207,802,769		207,802,769
Impairment Losses	(13,287,613)	(937,101)	-	(14,224,714)		(14,224,714)
Interest expense	(94,001,878)	(5,626,676)	(2,792,564)	(102,421,118)	-	(102,421,118)
Fee and commission expenses	-		(151,118)	(151,118)	-	(151,118)
Operating Income	208,060,097	23,225,819	3,697,195	234,983,112	-	234,983,112
Profit/(loss) before income tax	65,169,612	7,279,608	2,588,897	75,038,117	-	75,038,117
Assets and liabilities:						
Loans and Advances to customers	1,243,215,309	79,853,950	42,761,573	1,365,830,832	-	1,365,830,832
Non current assets	70,878,292	8,570,472	321,779	79,770,543	-	79,770,543
Goodwill	-	681,007	-	-	-	-
Total assets	2,408,096,499	110,273,966	72,959,686	2,591,330,151	-	2,591,330,151
Deposit from customers	1,528,213,883	129,457,229	25,573,208	1,683,244,320		1,683,244,320
Total liabilities	2,047,932,763	104,726,423	70,869,501	2,223,528,687	-	2,223,528,687
Net assets	360,163,736	5,547,543	2,090,186	367,801,464	-	367,801,464

31 December 2014	**Nigeria**	**Rest of Africa**	**Europe**	**Total continuing operations**	**Discontinued operations**	**Total**
Derived from external customers	206,943,083	28,927,881	9,346,606	245,217,570	51,003	245,268,573
Derived from other segments	-	-	-	-	-	-
Total Revenue	206,943,083	28,927,881	9,346,606	245,217,570	51,003	245,268,573
Interest Income	159,578,184	15,103,265	2,236,775	176,918,224	-	176,918,224
Impairment Losses	(10,609,300)	(1,042,970)	-	(11,652,270)	-	(11,652,270)
Interest expense	(66,508,654)	(5,672,842)	(4,719,585)	(76,901,081)	-	(76,901,082)
Fee and commission expenses	-	(9)	(36,754)	(36,763)	-	(36,764)
Operating Income	140,434,429	23,255,039	4,627,021	168,316,489	51,003	168,330,727
Profit/(loss) before income tax	43,235,936	7,542,190	1,244,164	52,022,290	(87,267)	51,935,023
Assets and liabilities:						
Loans and Advances to customers	1,019,908,848	63,934,168	26,621,425	1,110,464,441	-	1,110,464,441
Non current assets	68,597,141	6,450,166	205,392	75,252,698	-	75,252,698
Goodwill	-	681,007	-	-		-
Total assets	1,801,096,282	106,205,635	197,058,621	2,104,360,538	-	2,104,360,538
Deposit from customers	1,324,800,611	106,707,674	22,910,767	1,454,419,052	-	1,454,419,052
Total liabilities	1,524,671,322	121,582,200		1,826,949,811	-	1,826,949,811
Net assets	276,424,960	(15,376,565)	197,058,621	277,410,727	-	277,410,727

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 December 2015 and for the year ended 31 December 2014. Information on revenue from external customers for each product and service had not been disclosed as the information is not readily available to the chief operating decision maker and the cost to develop is considered excessive.

8 Interest income

In thousands of Naira	Group December 2015	Group December 2014	Bank December 2015	Bank December 2014
Interest income				
Cash and balances with banks	3,694,903	3,216,457	2,843,315	2,341,290
Loans and advances to banks and customers	159,753,483	136,389,429	142,481,073	123,618,114
Investment securities				
-Available for sale	14,686,495	4,501,102	13,608,530	4,270,639
-Held for trading	13,005,140	8,230,021	13,005,140	7,416,779
-Held to maturity	16,662,747	24,581,214	12,109,776	21,931,362
	207,802,768	**176,918,223**	**184,047,834**	**159,578,184**
Interest expense				
Deposit from financial institutions	8,884,392	4,586,282	6,939,364	3,393,599
Deposit from customers	79,630,442	63,530,991	71,578,103	58,742,291
Securities dealing	37,991	7,927	-	-
Interest bearing borrowings and other borrowed funds	13,868,293	8,775,880	15,484,411	8,775,173
	102,421,118	**76,901,080**	**94,001,878**	**70,911,063**
Net interest income	**105,381,650**	**100,017,143**	**90,045,956**	**88,667,121**

Interest income for the period ended 31 December 2015 includes interest accrued on impaired financial assets of Group: N2.59Bn (31 December 2014: N7.8Bn) and Bank: N2.57Bn (31 December 2014: N3.5Bn).

9 Net impairment on financial assets

In thousands of Naira	Group December 2015	Group December 2014	Bank December 2015	Bank December 2014
Additional collective impairment charges on loans and advances to banks(note 22)	(2,745)	2,996	(2,745)	2,996
Additional collective impairment charges on loans and advances to customers (note 23)	(7,193,834)	(4,474,651)	(7,066,882)	(4,249,362)
Additional specific impairment charges on loans and advances to customers (see note 23)	(3,643,214)	(6,467,595)	(2,833,064)	(5,649,913)
Additional impairment allowance on financial assets in other assets (see note 26)	(3,204,542)	(713,021)	(3,204,542)	(713,021)
Impairment charge on available for sale	(180,380)	-	(180,380)	-
	(14,224,715)	**(11,652,271)**	**(13,287,613)**	**(10,609,300)**

10 Fee and commission income

In thousands of Naira	Group December 2015	Group December 2014	Bank December 2015	Bank December 2014
Credit related fees and commissions	15,032,494	12,107,051	12,829,413	10,265,759
Commission on turnover and handling commission	3,202,396	5,872,065	2,752,784	5,324,789
Commission on bills and letters of credit	3,449,461	2,767,671	1,229,321	1,288,462
Commissions on collections	571,766	727,476	94,391	210,127
Commission on other financial services	2,652,955	3,109,363	1,253,290	1,150,738
Commission on virtual products	2,375,326	2,062,465	1,791,939	1,328,477
Commission on foreign currency denominated transactions	1,908,923	1,349,866	1,831,604	753,866
Card related commissions	3,935,825	2,328,659	3,804,380	2,250,546
Retail account charges	334,741	472,182	305,162	472,182
	33,463,887	**30,796,798**	**25,892,284**	**23,044,946**

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.

11 Net gains on investment securities

a Net gains on financial instruments classified as held for trading

In thousands of Naira	Group December 2015	Group December 2014	Bank December 2015	Bank December 2014
Fixed income securities	1,626,520	316,985	1,561,951	43,193
Derivative instruments	52,310,262	22,768,006	52,336,417	22,980,834
	53,936,782	**23,084,991**	**53,898,368**	**23,024,027**

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.

b Net gains on financial instruments held as available for sale

In thousands of Naira	Group December 2015	Group December 2014	Bank December 2015	Bank December 2014
Fixed income securities	8,801,232	321,372	8,801,232	263,247
	8,801,232	**321,372**	**8,801,232**	**263,247**
Total	**62,738,014**	**23,406,363**	**62,699,600**	**23,287,274**

12 Net foreign exchange income

In thousands of Naira	Group December 2015	Group December 2014	Bank December 2015	Bank December 2014
Foreign exchange trading income (net)	36,890,498	18,178,055	33,711,384	14,907,528
Unrealised foreign exchange loss on revaluation	(10,388,816)	(17,614,133)	(10,506,119)	(18,305,648)
	26,501,682	**563,922**	**23,205,265**	**(3,398,120)**

13 Other operating income

In thousands of Naira	Group December 2015	Group December 2014	Bank December 2015	Bank December 2014
Dividends on available for sale equity securities	3,734,392	3,382,399	4,190,824	3,861,439
Gain on disposal of property and equipment	151,937	905,884	138,975	874,372
Rental income	90,719	205,973	90,719	205,973
Bad debt recovered	1,343,966	3,294,295	635,355	3,174,082
Cash management charges	322,248	444,087	322,248	444,087
Income from agency and brokerage	89,093	-	89,083	-
Income from asset management	271,124	-	-	-
Income from other investments	680,008	-	680,008	-
Write back on litigation claims (see Note 34(i))	-	165,967	-	165,967
Other income	214,392	4,549,625	69,780	3,972,114
	6,897,879	**12,948,230**	**6,216,992**	**12,698,034**

Included in income from agency and brokerage is an amount of N47.736m representing the referral commission earned from bancassurance products.

14 Personnel expenses

In thousands of Naira	Group December 2015	Group December 2014	Bank December 2015	Bank December 2014
Wages and salaries	39,187,244	29,884,739	33,636,094	24,441,936
Increase in liability for long term incentive plan (see note 37 (a) (i))	784,305	421,275	784,305	421,275
Contributions to defined contribution plans	1,811,510	804,890	742,746	565,204
Restricted Share Performance Plan (a)	563,893	182,636	536,326	182,636
	42,346,952	**31,293,540**	**35,699,471**	**25,611,051**

(a) Under the Restricted Share Performance Plan (RSPP), shares of the Bank are awarded to employees based on their performance at no cost to them. Under the terms of the plan, the shares vest over a 3 year period from the date of award. The scheme applies to only employees of the Bank that meet the stipulated performance criteria irrespective of where they work within the Group. 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 five (5) 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

		December 2015		December 2014	
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 year;	77,782,273	10.51	38,196,543	11.50
(ii)	Shares allocated during the period	186,657,709	6.90	58,240,538	10.67
(iii)	Unallocated shares during the period	11,257,609	10.05	9,398,371	9.76
(iv)	Forfeited during the period;	17,146,412	8.35	3,838,352	nil
(v)	Exercised during the period;	26,481,470	11.50	nil	nil
	Shares allocated to staff at end of the period;	209,554,491	7.56	83,200,358	10.46
		Naira ('000)	**Price per Share - Naira**	**Naira ('000)**	**Price per Share - Naira**
Share based expense recognised during the period		563,893	10.03	182,636	10.46

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 2013 - 2015 vesting period	2014 - 2016	31 Dec 2016	44,003,466
Outstanding allocated shares for the 2015 - 2017 vesting period	2015 - 2017	31 Dec 2017	165,551,025
			209,554,491

Bank

		December 2015		December 2014	
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 year;	77,782,273	10.51	38,196,543	11.50
(ii)	Shares allocated during the period	168,331,092	6.90	52,822,453	9.76
(iii)	Unallocated shares during the period	11,257,609	10.05	9,398,371	9.76
(iv)	Forfeited during the period;	17,146,412	8.35	3,838,352	nil
(v)	Exercised during the period;	26,481,470	12	nil	nil
(vi)	Shares allocated to staff at end of the period;	191,227,874	7.56	77,782,273	10.51
		Naira ('000)	**Price per Share - Naira**	**Naira ('000)**	**Price per Share - Naira**
Share based expense recognised during the period		563,893	7.56	182,636	10.51

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 2014 - 2016 vesting period	2014 - 2016	31 Dec 2016	44,003,466
Outstanding allocated shares for the 2015 - 2017 vesting period	2015 - 2017	31 Dec 2017	165,551,025
			209,554,491

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

	Group December 2015	Group December 2014	Bank December 2015	Bank December 2014
	Years	**Years**	**Years**	**Years**
Weighted average contractual life of remainng shares	1.80	1.57	1.78	1.57

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

	Group December 2015	Group December 2014	Bank December 2015	Bank December 2014
	Number	**Number**	**Number**	**Number**
Managerial	313	303	257	244
Other staff	3,563	3,401	2,540	2,477
	3,876	**3,704**	**2,797**	**2,721**

iii. Employees, other than directors, earning more than N900,000 per annum, whose duties were wholly or mainly discharged in Nigeria, received remuneration (excluding pension contributions and certain benefits) in the following ranges:

	Group December 2015	Group December 2014	Bank December 2015	Bank December 2014
	Number	Number	Number	Number
Below N900,000	182	180	-	-
N900,001 - N1,990,000	78	90	9	8
N1,990,001 - N2,990,000	164	156	-	-
N2,990,001 - N3,910,000	1,098	990	771	677
N3,910,001 - N4,740,000	22	10	-	-
N4,740,001 - N5,740,000	733	704	666	630
N5,740,001 - N6,760,000	603	612	485	553
N6,760,001 - N7,489,000	35	25	-	-
N7,489,001 - N8,760,000	333	327	317	314
N8,760,001 - N9,190,000	7	3	-	-
N9,190,001 - N11,360,000	194	195	174	175
N11,360,001 - N14,950,000	140	139	118	120
N14,950,001 - N17,950,000	132	129	122	115
N17,950,001 - N21,940,000	63	58	55	55
N21,940,001 - N26,250,000	2	2	-	-
N26,250,001 - N30,260,000	45	40	42	37
N30,261,001 - N45,329,000	34	36	32	31
Above N45,329,000	11	8	6	6
	3,876	**3,704**	**2,797**	**2,721**

15 Other operating expenses

In thousands of Naira	Group December 2015	Group December 2014	Bank December 2015	Bank December 2014
Premises and equipment costs	7,824,339	6,296,518	6,968,940	5,585,368
Professional fees	3,379,829	2,641,005	1,988,530	1,046,274
Insurance	1,532,297	499,373	786,912	362,923
Business travel expenses	5,493,383	2,783,045	5,280,043	2,562,719
Asset Management Corporation of Nigeria (AMCON) surcharge (see note (a) below)	9,909,779	8,520,471	9,909,779	8,520,471
Loss on disposal of investments	750,000	17	750,000	17
Deposit insurance premium	5,315,812	6,024,910	5,315,812	6,024,910
Auditor's renumeration	378,789	433,734	300,000	260,000
Administrative expenses	11,636,026	6,592,868	11,011,901	5,223,175
Board expenses	378,690	342,374	368,473	339,179
Communication expenses	3,635,731	2,436,612	3,521,714	1,495,757
Consultancy and IT expenses	12,873,441	7,428,985	9,056,513	6,731,029
Outsourcing costs	8,016,460	6,606,279	7,997,658	6,277,997
Advertisements and marketing expenses	6,524,647	2,657,098	6,493,271	2,121,556
Recruitment and training	1,861,726	1,277,738	1,822,435	1,260,129
Events, charities and sponsorship	3,693,924	2,042,254	3,685,736	1,947,601
Periodicals and subscriptions	645,417	538,189	638,090	533,918
Security expenses	3,574,685	3,009,001	3,548,162	2,560,702
Cash processing and management cost	1,224,895	988,168	1,224,895	988,168
Stationeries, postage and printing	1,486,600	1,283,842	1,486,600	1,283,842
Office provisions and entertainment	337,893	295,521	337,893	296,521
Net litigations claims (see note 34(i)	909,660	-	909,660	-
	91,384,023	**62,698,002**	**83,403,018**	**55,422,255**

(a) This represents the Group's contribution to AMCON's sinking fund for the period ended 31 December 2015. Effective 1 January 2011, the banks in Nigeria were required to contribute 0.3% of total assets as at the preceding year end to AMCON's sinking fund in line with existing guidelines. This was increased to 0.5% in 2013. The contribution to AMCON is a levy on all deposit money banks in Nigeria. 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.

16a Discontinued operations

For the year ended 31 December 2014

In thousands of Naira	Access Bank Burundi	Associated Discount House	Total
	Subsidiary	Associate	
	February 2014	December 2014	
Interest income	33,228	10,923,949	10,957,177
Interest expense	(10,177)	(8,736,442)	(8,746,619)
Net interest income	23,051	2,187,507	2,210,558
Net Impairment writeback on financial assets	-	21,842	21,842
Fee and commission income	12,923	16,505	29,428
Trading income	-	673,416	673,416
Net (losses)/gains from financial instruments at fair value	-	(5,273)	(5,273)
Net fee and commission income	12,923	706,490	719,413
Other operating income	4,853	18,650	23,503
Total operating income	**40,827**	**2,912,648**	**2,953,475**
Personnel expenses	(16,060)	(472,017)	(488,077)
Other operating expenses	(31,487)	(819,569)	(851,056)
Total expenses	(47,546)	(1,291,586)	(1,339,133)
Loss before tax	(6,719)	1,621,062	1,614,343
Income tax expense	-	(10,527)	(10,527)
Loss after tax	**(6,719)**	**1,610,535**	**1,603,816**
Loss after tax attributable to:			
Owners of the bank	(5,846)	-	(5,846)
Share of profit attributable to Access Bank:	-	485,576	485,576
Non-controlling interests	(873)	-	(873)
Net cash from financing activities			
	(6,719)	485,576	478,857

16b The aggregate book value of the net assets for the subsidiary and associate disposed at the date of disposal is as follows:

Group			
Cash and balances with banks	956,473	11,570,356	12,526,829
Non pledged trading assets	-	470,490	470,490
Loans and advances to customers	1,400,651	298,343	1,698,994
Investment securities	546,762	24,735,328	25,282,090
Pledged assets	-	32,296,487	32,296,487
Other assets	94,593	309,622	404,215
Intangible assets	-	44,207	44,207
Property, plant and equipment	225,883	165,106	390,989
Deferred tax	-	4,184,550	4,184,550
Assets held for sale	-	48,756	48,756
Total assets	**3,224,362**	**74,123,245**	**77,347,607**
Deposits from banks and customers	(2,031,040)	(20,717,369)	(22,748,409)
Deposit from customers	-	(36,645,218)	(36,645,218)
Other liabilities	(166,526)	(233,301)	(399,827)
Total liabilities	**(2,197,566)**	**(57,595,888)**	**(59,793,454)**
Net assets of disposal group	**1,026,796**	**16,527,357**	**17,554,153**
Group			
Proceeds on disposal	776,200	4,044,377	4,820,577
Less:			
Share of other components of net assets exluding translation reserve	(983,780)	-	(983,780)
Carrying amount of investment in associate at disposal	-	(4,130,394)	(4,130,394)
Share of foreign exchange gain arising from disposal	97,187	-	97,187
Goodwill	(369,714)	-	(369,714)
Loss on disposal of subsidiary and associate	**(480,107)**	**(86,017)**	**(566,124)**
Post tax loss of discontinued operations			**(6,719)**
Share of profit of disposed associate (see note 28)			**485,576**
Loss from discontinued operations			**(87,267)**
Bank			
Proceeds on disposal	776,200	4,044,376	4,820,576
Cost of investments	(1,141,875)	(1,521,812)	(2,663,687)
Allowance for impairment	261,409	-	261,409
Gain on disposal of subsidiary and associate	**(104,266)**	**2,522,564**	**2,418,298**

17 Income tax expense

In thousands of Naira	Group December 2015	Group December 2014	Bank December 2015	Bank December 2014
Current tax expense				
Corporate income tax	7,841,533	7,293,969	5,207,035	4,532,644
IT tax	643,078	459,163	643,078	459,163
Education tax	-	203,887	-	203,887
Capital gains tax	511	110,061	511	110,061
Prior year's under provision	-	751,307	-	751,307
	8,485,122	8,818,387	5,850,624	6,057,062
Deferred tax expense				
Origination of temporary differences	684,222	140,424	402,545	144,234
Total income tax expense	**9,169,344**	**8,958,811**	**6,253,169**	**6,201,296**

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

	Group December 2015	Group December 2014	Bank December 2015	Bank December 2014
Balance at the beginning of the year	8,180,969	6,899,558	7,113,226	6,075,590
Tax paid	(6,259,617)	(7,187,505)	(4,125,701)	(5,070,239)
Income tax charge	8,485,122	8,067,080	5,850,624	5,305,755
Prior year's under provision	-	751,307	-	751,307
Witholding tax utilisation	(2,395,838)	-	(2,395,838)	-
Reclassifications	(83,009)	50,813	-	50,813
Translation adjustments	(129,492)	(373,157)	-	-
Income tax receivable	(17,311)	(27,127)	-	-
Balance at the end of the period	**7,780,824**	**8,180,969**	**6,442,311**	**7,113,226**

Income tax liability is to be settled within one period

In thousands of Naira	Group December 2015	Group December 2015	Group December 2014	Group December 2014
Profit before income tax		75,038,117		52,022,290
Income tax using the domestic tax rate	30%	22,511,435	30%	15,603,325
Effect of tax rates in foreign jurisdictions	0%	-	0%	-
Information technology tax	1%	643,078		-
Capital allowance utilised for the period	0%	-	0%	-
Non-deductible expenses	39%	29,584,951	17%	8,977,112
Tax exempt income	-66%	(49,475,519)	-41%	(21,389,068)
Tax losses unutilised	1%	697,854	1%	556,262
Education tax levy	0%	-	0%	230,887
Capital gain tax	0%	510	0%	110,061
Under provided in prior years	0%	-	1%	751,307
Impact of dividend as tax base	7%	5,207,035	8%	4,118,925
Effective tax rate	**12%**	**9,169,344**	**17%**	**8,958,811**

In thousands of Naira	Bank December 2015	Bank December 2015	Bank December 2014	Bank December 2014
Profit before income tax	-	65,177,914		46,142,422
Income tax using the domestic tax rate	30%		30%	13,842,727
Effect of tax rates in foreign jurisdictions	0%		0%	
Information technology tax	1%	643,078	1%	459,163
Non-deductible expenses	43%	28,315,770	19%	8,811,846
Tax exempt income	-73%	(47,466,598)	-48%	(22,096,620)
Education tax levy	0%	-	0%	203,887
Capital gain tax	0%	510	0%	110,061
Over provided in prior years	0%	-	2%	751,307
Impact of dividend as tax base	8%	5,207,035	9%	4,118,925
Effective tax rate	**10%**	**(13,300,205)**	**13%**	**6,201,296**

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 year excluding ordinary shares purchased by the company and held as treasury shares.

In thousands of Naira	Group December 2015	Group December 2014	Bank December 2015	Bank December 2014
Profit for the period from continuing operations	65,332,540	42,415,329	58,924,745	39,941,126
Loss for the period from discontinued operations	-	(87,267)	-	-
Weighted average number of ordinary shares in issue	24,897,936	22,882,920	24,897,936	22,882,920
Weighted average number of treasury Shares	240,850	93,113		
	24,657,087	22,789,807	24,897,936	22,882,920
In kobo per share				
Basic earnings per share from continuing operations	265	186	237	175
Basic (loss) per share from discontinued operations	-	-	-	-

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 December 2015	December 2014	Bank December 2015	Bank December 2014
Profit for the period from continuing operations	65,332,540	42,415,329	58,924,745	39,941,126
Loss for the period from discontinued operations	-	(87,267)	-	-
Weighted average number of ordinary shares in issue	24,897,936	22,882,920	24,897,936	22,882,920
In kobo per share				
Diluted earnings per share from continuing operations	262	185	237	175
Diluted (loss) per share from discontinued operations	-	-	-	-

19a Cash and balances with banks

In thousands of Naira	Group December 2015	Group December 2014	Bank December 2015	Bank December 2014
Cash on hand and balances with banks (see note (i))	85,299,149	49,549,044	57,546,509	36,343,757
Restricted deposits with central banks (see note (ii))	249,954,817	257,591,933	248,182,477	255,603,361
Unrestricted balances with central banks	90,721,388	32,060,575	74,158,434	22,262,582
Money market placements	52,433,982	65,813,241	26,111,216	36,965,179
	478,409,336	**405,014,793**	**405,998,636**	**351,174,879**

(i) Included in cash on hand and balances with banks is an amount of N5.239Bn (31 Dec 2014: N5.030Bn) 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.

19b Investment under management

During the course of the year, the Securities and Exchange Commission (SEC) issued a rule on return of unclaimed dividends to paying companies by the Registrars. The rule requires that all unclaimed dividends in the custody of Registrars should be returned to the paying company twelve months after the approval of the dividends at the annual general meeting (for final dividends) or board meeting (for interim dividends). The rule allows the paying company to invest the pool of unclaimed dividend in a guaranteed income investment outside the company with all the benefits accruing to it, but retaining the obligation to pay sum owed should the shareholder come forward.

In furtherance to this, the Bank entrusted the sum transferred to it by the Registrars with select Asset Managers who will ensure safekeeping of the unclaimed dividend pool and manage the funds for the benefit of the Bank. As at 31 December 2015, the funds were invested by the Asset Managers as follows:

In thousands of Naira	Group December 2015	Group December 2014	Bank December 2015	Bank December 2014
Call Deposits and Cash	918	-	918	-
Placements	4,926,562	-	4,926,562	-
Commmercial Paper	304,378	-	304,378	-
Nigerian Treasury Bills	3,090,432	-	3,090,432	-
Mutual Funds	2,081,318	-	2,081,318	-
	10,403,608	**-**	**10,403,608**	**-**

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 December 2015	Group December 2014	Bank December 2015	Bank December 2014
Government bonds	1,961,355	3,786,172	1,961,355	3,786,172
Eurobonds	63,645	-	63,645	-
Treasury bills	50,209,443	24,546,032	50,209,443	24,546,032
Equity securities	63,979	79,440	63,979	79,440
	52,298,422	**28,411,644**	**52,298,422**	**28,411,644**

21 Derivative financial instruments

In thousands of Naira	Notional amount	Fair Value Assets/ (Liabilities)	Notional amount	Fair Value Assets/ (Liabilities)
	December 2015		December 2014	
Group				
Foreign exchange derivatives				
Total derivative assets	347,991,933	77,905,020	226,641,589	24,866,681
Total derivative liabilities	120,767,876	(3,077,927)	49,836,860	1,989,662

	Notional amount	Fair Value Assets/ (Liabilities)	Notional amount	Fair Value Assets/ (Liabilities)
	December 2015		December 2014	
Bank				
Foreign exchange derivatives				
Total derivative assets	340,643,495	77,852,349	224,496,226	24,831,145
Total derivative liabilities	100,157,405	(2,416,378)	25,458,938	(1,737,791)

Derivative financial instruments consist of forward and swap 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 90 days and three years. All derivative contracts are considered to be valued with reference to observable market data.

22 Loans and advances to banks

In thousands of Naira	Group December 2015	Group December 2014	Bank December 2015	Bank December 2014
Loans and advances to banks	42,742,996	12,442,000	60,423,807	55,783,178
Less collective allowances for impairment	(9,086)	(6,341)	(9,086)	(6,341)
	42,733,910	**12,435,659**	**60,414,721**	**55,776,837**

Collective allowances for impairment on loans and advances to banks

In thousands of Naira	Group December 2015	Group December 2014	Bank December 2015	Bank December 2014
Balance beginning of year	6,341	9,337	6,341	9,337
- Charge for the period/(allowances no longer required)	2,745	(2,996)	2,745	(2,996)
Balance end of period	9,086	6,341	9,086	6,341

23 Loans and advances to customers
a Group

December 2015 *In thousands of Naira*	**Gross amount**	**Specific impairment allowance**	**Collective impairment allowance**	**Total impairment allowance**	**Carrying amount**
Loans to individuals					
Retail Exposures					
Auto Loan (note 23c)	2,175,207	-	(25,446)	(25,446)	2,149,761
Credit Card	2,608,764	-	(28,629)	(28,629)	2,580,135
Finance Lease (note 23c)	-	-	-	-	-
Mortgage Loan	17,954,586	-	(51,306)	(51,306)	17,903,280
Overdraft	5,261,080	(250,624)	(543,561)	(794,185)	4,466,895
Personal Loan	20,393,836	-	(210,228)	(210,228)	20,183,608
Term Loan	4,777,259	-	(74,834)	(74,834)	4,702,425
Time Loan	799,692	-	(7,174)	(7,174)	792,518
Loans to corporate entities and other organizations					
Non-Retail Exposures					
Auto Loan (note 23c)	3,406,742	-	(37,455)	(37,455)	3,369,287
Credit Card	274,133	-	(2,848)	(2,848)	271,285
Finance Lease (note 23c)	1,821,023	-	(8,115)	(8,115)	1,812,908
Mortgage Loan	6,208,567	(46,391)	(317)	(46,708)	6,161,859
Overdraft	208,224,839	(7,574,569)	(6,798,235)	(14,372,804)	193,852,035
Term Loan	785,921,553	(2,162,757)	(9,255,082)	(11,417,839)	774,503,714
Time Loan	334,694,358	(448,337)	(1,164,900)	(1,613,237)	333,081,121
	1,394,521,639	**(10,482,678)**	**(18,208,130)**	**(28,690,808)**	**1,365,830,831**

Group

December 2014 *In thousands of Naira*	**Gross amount**	**Specific impairment allowance**	**Collective impairment allowance**	**Total impairment allowance**	**Carrying amount**
Loans to individuals					
Retail Exposures					
Auto Loan (note 23c)	1,049,322	-	(15,878)	(15,878)	1,033,444
Credit Card	1,701,880	-	(31,026)	(31,026)	1,670,854
Finance Lease (note 23c)	67,905	-	(347)	(347)	67,558
Mortgage Loan	4,291,312	-	(59,532)	(59,532)	4,231,780
Overdraft	5,653,252	-	(497,431)	(497,431)	5,155,821
Personal Loan	8,195,722	-	(96,633)	(96,633)	8,099,089
Term Loan	4,263,687	-	(61,701)	(61,701)	4,201,986
Time Loan	3,374,403	-	(35,562)	(35,562)	3,338,841
Loans to corporate entities and other organizations					
Non-Retail Exposures					
Auto Loan (note 23c)	2,186,891	-	(24,540)	(24,540)	2,162,351
Credit Card	251,828	-	(3,553)	(3,553)	248,275
Finance Lease (note 23c)	2,684,171	-	(18,962)	(18,962)	2,665,209
Mortgage Loan	179,950	-	(2,354)	(2,354)	177,596
Overdraft	255,764,405	(5,663,268)	(5,847,412)	(11,510,680)	244,253,725
Term Loan	541,142,320	(2,165,144)	(3,197,231)	(5,362,375)	535,779,945
Time Loan	298,639,218	(139,117)	(1,122,134)	(1,261,251)	297,377,967
	1,129,446,266	**(7,967,529)**	**(11,014,296)**	**(18,981,825)**	**1,110,464,441**

Impairment on loans and advances to customers

In thousands of Naira	**Specific allowances December 2015**	**Specific allowances December 2014**	**Collective allowances December 2015**	**Collective allowances December 2014**
Balance beginning of year	7,967,529	7,944,110	11,014,296	6,550,608
Impairment loss for the year:				
- Charge for the period	3,643,214	6,467,595	7,193,834	4,474,651
Write-offs	(1,128,065)	(6,444,176)	-	(10,963)
Balance end of period	**10,482,678**	**7,967,529**	**18,208,130**	**11,014,296**

23 Loans and advances to customers
b Bank

December 2015 *In thousands of Naira*	**Gross amount**	**Specific impairment allowance**	**Collective impairment allowance**	**Total impairment allowance**	**Carrying amount**
Loans to individuals					
Retail Exposures					
Auto Loan	1,976,020	-	(25,446)	(25,446)	1,950,574
Credit Card	2,579,265	-	(28,629)	(28,629)	2,550,636
Finance Lease	-	-	-	-	-
Mortgage Loan	4,383,538	-	(51,306)	(51,306)	4,332,232
Overdraft	5,054,135	(250,624)	(503,788)	(754,412)	4,299,723
Personal Loan	18,073,801	-	(210,228)	(210,228)	17,863,573
Term Loan	3,066,501	-	(35,061)	(35,061)	3,031,440
Time Loan	640,645	-	(7,174)	(7,174)	633,471
Loans to corporate entities and other organizations					
Non-Retail Exposures					
Auto Loan	3,378,173	-	(37,455)	(37,455)	3,340,718
Credit Card	264,756	-	(2,848)	(2,848)	261,908
Finance Lease	1,821,023	-	(8,115)	(8,115)	1,812,908
Mortgage Loan	74,260	(46,391)	(317)	(46,708)	27,552
Overdraft	188,628,138	(7,027,040)	(6,639,141)	(13,666,181)	174,961,957
Term Loan	753,319,155	(1,400,831)	(9,018,452)	(10,419,283)	742,899,872
Time Loan	286,861,982	(448,337)	(1,164,900)	(1,613,237)	285,248,745
	1,270,121,392	**(9,173,223)**	**(17,732,860)**	**(26,906,083)**	**1,243,215,309**

Bank

December 2014 *In thousands of Naira*	**Gross amount**	**Specific impairment allowance**	**Collective impairment allowance**	**Total impairment allowance**	**Carrying amount**
Loans to individuals					
Retail Exposures					
Auto Loan	1,039,754	-	(15,829)	(15,829)	1,023,925
Credit Card	1,619,091	-	(30,536)	(30,536)	1,588,555
Finance Lease	-	-	-	-	-
Mortgage Loan	3,570,299	-	(51,698)	(51,698)	3,518,601
Overdraft	4,111,433	-	(422,288)	(422,288)	3,689,145
Personal Loan	6,865,010	-	(93,081)	(93,081)	6,771,929
Term Loan	3,274,322	-	(52,154)	(52,154)	3,222,168
Time Loan	668,650	-	(8,641)	(8,641)	660,009
Loans to corporate entities and other organizations					
Non-Retail Exposures					
Auto Loan	2,186,892	-	(24,540)	(24,540)	2,162,352
Credit Card	251,829	-	(3,553)	(3,553)	248,276
Finance Lease	2,480,457	-	(17,921)	(17,921)	2,462,536
Mortgage Loan	179,950	-	(2,354)	(2,354)	177,596
Overdraft	226,471,125	(4,342,851)	(5,740,751)	(10,083,602)	216,387,523
Term Loan	509,908,731	(1,997,308)	(3,183,670)	(5,180,978)	504,727,753
Time Loan	274,287,442	-	(1,018,962)	(1,018,962)	273,268,480
	1,036,914,985	**(6,340,159)**	**(10,665,978)**	**(17,006,137)**	**1,019,908,848**

Impairment on loans and advances to customers

In thousands of Naira	**Specific Impairment** December 2015	**Specific Impairment** December 2014	**Collective Impairment** December 2015	**Collective Impairment** December 2014
Balance beginning of year	6,340,159	6,812,512	10,665,978	6,427,580
Impairment loss for the period:				
- Charge for the period	2,833,064	5,649,913	7,066,882	4,249,362
Write-offs	-	(6,122,266)	-	(10,964)
Balance end of period	**9,173,223**	**6,340,159**	**17,732,860**	**10,665,978**

23(c) Advances under Finance Leases

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

In thousands of Naira	Group December 2015	Group December 2014	Bank December 2015	Bank December 2014
Gross investment in finance lease, receivable	8,963,579	7,357,545	8,657,125	6,925,411
Unearned finance income on finance leases	(1,631,622)	(1,369,256)	(1,552,925)	(1,218,308)
Net investment in finance leases	7,331,957	5,988,289	7,104,200	5,707,103
Gross investment in finance leases, receivable:				
Less than one year	4,094,867	862,109	3,932,588	761,251
Between one and five years	4,868,711	6,495,436	4,724,537	6,164,160
Later than five years		-		-
	8,963,578	7,357,545	8,657,125	6,925,411
Unearned finance income on finance leases	(1,631,622)	(1,369,256)	(1,552,925)	(1,218,308)
Present value of minimum lease payments	7,331,956	5,988,289	7,104,200	5,707,103
Present value of minimum lease payments may be analysed as:				
- Less than one year	3,230,261	476,860	3,108,297	420,328
- Between one and five years	4,101,695	5,511,429	3,995,903	5,286,775
- Later than five years				

24 Pledged assets

In thousands of Naira	Group December 2015	Group December 2014	Bank December 2015	Bank December 2014
Treasury bills	106,934,817	15,125,322	103,684,044	13,236,528
Government bonds	96,780,580	71,946,825	96,780,580	71,946,825
	203,715,397	**87,072,147**	**200,464,624**	**85,183,353**
The related liability for assets pledged as collateral include:				
Bank of Industry (BOI)	29,227,231	23,479,759	29,227,231	23,479,759

(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 N25.78Bn (31 December 2014: N24.3Bn) 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.

As at 31 December 2015, the Bank held N40.16Bn worth of collateral (December 2014: N19.8Bn).

25 Investment securities

Available for sale investment securities *In thousands of Naira*	Group December 2015	Group December 2014	Bank December 2015	Bank December 2014
Debt securities				
Government bonds	54,679,355	37,048,459	54,679,355	37,048,459
Treasury bills	28,996,006	92,046,032	10,436,981	61,656,952
Eurobonds	6,524,859	10,700,919	6,016,748	8,495,425
Equity securities				
Equity securities with readily determinable fair values (i)	44,772,710	45,087,422	44,755,565	45,052,274
Unquoted equity securities at cost	3,145,697	3,145,697	3,145,697	3,145,697
	138,118,627	188,028,529	119,034,346	155,398,807
Specific allowance for impairment on equity securities	(3,326,077)	(3,145,697)	(3,326,077)	(3,145,697)
	134,792,550	**184,882,832**	**115,708,269**	**152,253,110**

(i) Equity securities with readily determinable fair values (carrying amount)

MTN Nigeria	8,317,689	10,226,687	8,317,689	10,226,687
Central securities clearing system limited	1,775,756	1,847,493	1,775,756	1,847,493
Nigeria interbank settlement system plc.	1,027,168	1,026,992	1,027,168	1,026,992
IBTC pension managers limited	1,144,748	1,452,636	1,144,748	1,452,636
Unified payment services limited	2,518,309	2,384,009	2,518,309	2,384,009
Africa finance corporation	28,658,942	26,891,794	28,658,942	26,891,794
Juli pharmacy plc	11,358	12,526	11,358	12,526
E-Tranzact	729,738	777,928	729,738	777,928
African export-import bank	2,675	2,291	2,675	2,291
FMDQ OTC Plc	147,746	30,000	137,746	30,000
Nigerian mortage refinance company plc.	200,000	200,000	200,000	200,000
Credit reference company	231,436	199,919	231,436	199,918
Others	7,145	35,147	-	-
	44,772,710	45,087,422	44,755,565	45,052,274

Held to maturity investment securities
In thousands of Naira

Debt securities				
Treasury bills	7,687,281	23,495,446	-	15,963,009
Federal government bonds	31,962,858	39,519,702	31,044,676	37,947,206
State government bonds	6,550,060	7,504,536	6,550,060	7,504,536
Corporate bonds	3,580,595	5,079,686	1,684,150	3,335,218
Eurobonds	1,649,782	1,551,167	1,007,643	956,885
Local contractors bonds	-	8,178,019	-	8,178,019
	51,430,576	85,328,556	40,286,529	73,884,873
Total	**186,223,126**	**270,211,388**	**155,994,798**	**226,137,983**

Specific allowance for impairment on available for sale investment securities at cost

In thousands of Naira	Group December 2015	Group December 2014	Bank December 2015	Bank December 2014
Balance, beginning of year	3,145,697	3,145,697	3,145,697	3,145,697
Allowance no longer required	-	-	-	-
Additional allowance	180,380		180,380	
Balance, end of period	3,326,077	3,145,697	3,326,077	3,145,697

26 Other assets

In thousands of Naira	Group December 2015	Group December 2014	Bank December 2015	Bank December 2014
Financial assets				
Accounts receivable	37,555,560	46,492,788	34,067,809	40,173,545
Receivable on E-business channels	9,163,800	2,290,326	9,163,800	2,290,326
Recievable from disposal of Non-current asset	22,578,046	4,044,897	22,578,046	4,044,897
Receivable from AMCON	5,498,909	5,498,909	5,498,909	5,498,909
Subscription for investment	25,001	25,001	861,759	826,653
	74,821,316	58,351,921	72,170,323	52,834,330
Non-financial assets				
Prepayments	10,234,249	19,518,711	8,494,119	17,026,257
Inventory	619,515	761,159	619,516	706,891
	10,853,764	20,279,870	9,113,635	17,733,148

Inventory consists of blank debit cards, cheque leaves, computer consumables and other stationery held by the Bank.

	Group December 2015	Group December 2014	Bank December 2015	Bank December 2014
Gross other assets	85,675,080	78,631,791	81,283,958	70,567,478
Allowance for impairment on financial assets	(2,660,577)	(22,321,171)	(2,660,577)	(22,321,171)
	83,014,503	**56,310,620**	**78,623,381**	**48,246,307**

The increase in the other assets is contributed to by receivable from disposal of non- current assets, Maiyegun landed property. Due to the value of Maiyegun landed property, an agreement was entered into with the buyers to pay instalmentally over a period of time. Risks and rewards have been transferred to the buyers

Movement in allowance for impairment on other assets:

In thousands of Naira	Group	Bank
Balance as at 1 January 2014	22,555,820	22,555,820
Impairment loss for the year:		
- Additional provision	882,369	882,369
- Provision no longer required	(169,348)	(169,348)
Net impairment	713,021	713,021
Allowance written off	(947,670)	(947,670)
Balance as at 31 December 2014/1 January 2015	22,321,171	22,321,171
Impairment loss for the year:		
- Additional provision	3,276,197	3,276,197
- Provision no longer required	(71,655)	(71,655)
Net impairment	3,204,542	3,204,542
Allowance written off	(22,865,136)	(22,865,136)
Balance as at 31 December 2015	2,660,577	2,660,577

During the course of the year, the bank wrote off N22.86Bn of other assets. The receivables largely arose from the business combination with ertswhile Intercontinental Bank Plc and full provisions had been made. Having been outstanding for a prolonged period of time, the bank deemed it appropriate to write them off

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

Set out below are the group's subsidiaries as at 31 December 2015. 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 .

	Nature of business	Country of incorporation	Ownership interest December 2015	Ownership interest December 2014
Access Bank Gambia Limited	Banking	Gambia	64%	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	74%	74%
Access Bank Ghana	Banking	Ghana	92%	92%
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.

(ii) Subsidiaries undergoing liquidation

	Nature of business	Country of incorporation	Ownership interest December 2015	Ownership interest December 2014
Flexmore Technologies Limited	IT Services	Nigeria	0%	0%

This subsidiary is currently undergoing a winding-down process through the appointment of a court ordered receiver manager to manage their affairs. As a result of this event, the Bank has lost control without a change in absolute or relative ownership level.The loss of control in these subsidiaries, have been accounted for in the financial statements.

(iii) Structured entities:

	Nature of business	Country of incorporation	Ownership interest December 2015	Ownership interest December 2014
Restricted Share Performance Plan (RSPP)	Financial services	Nigeria	100%	100%

27(b) Investment in subsidiaries

In thousands of Naira	Bank December 2015	Bank December 2014
Subsidiaries with continuing operations		
Access Bank, UK	18,501,269	13,928,819
Access Bank, Ghana	13,704,428	13,704,428
Access Bank Rwanda	1,578,825	1,578,825
Access Bank, Congo	2,779,650	2,779,650
Access Bank, Zambia	4,274,925	4,274,925
Access Bank, Gambia	1,853,756	1,853,756
Access Bank, Sierra Leone	1,019,951	1,019,952
Investment in RSPP scheme	1,722,350	976,125
Access Bank Finance B.V.	4,092	4,092
Subsidiaries undergoing liquidation		
Flexmore Technologies Limited	100,000	100,000
	45,539,246	40,220,572
Specific allowances for impairment on investment in subsidiaries	(100,000)	(100,000)
Balance, end of period	**45,439,246**	**40,120,572**

Specific allowances for impairment on investment in subsidiaries

In thousands of Naira	Bank December 2015	Bank December 2014
Balance, beginning of year	100,000	1,825,507
Allowance written off	-	(1,725,507)
Balance, end of year	100,000	100,000

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 subsidaries are determined by the Board of Directors of each entity based on simple majority shares. Therefore, the directors of the Group concluded that the Group has control over each of the above listed 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 December 2015, 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	5,929,949	14,248,052	1,746,767	1,755,209	1,346,817	1,081,310	724,805	-	438,562
Operating expenses	(3,354,724)	(7,107,573)	(1,561,741)	(1,490,186)	(1,279,419)	(533,547)	(635,919)	-	(16,624)
Net impairment on financial assets	-	(787,888)	24,123	-	(24,158)	(235,348)	(16,540)		-
Profit before tax	2,575,225	6,352,591	209,149	265,023	43,240	312,415	72,346	-	421,938
Taxation	(521,483)	(2,189,931)	(108,885)	-	(28,989)	(17,326)	(26,355)	-	(23,206)
Profit for the period	2,053,742	4,162,660	100,264	265,023	14,251	295,089	45,991	-	398,732
Assets									
Cash and balances with banks	45,245,533	34,911,799	7,637,323	5,171,427	4,375,250	1,762,148	2,133,665	-	2,327,751
Pledged assets	-	-	-	-	-	3,250,773	-	-	-
Derivative financial instruments	63,528	-	-	-	-	-	-	-	-
Loans and advances to banks	86,554,437	-	-	-	-	-	-	-	69,584,024
Loans and advances to customers	42,761,574	62,251,287	6,669,073	6,262,020	3,100,601	824,185	746,783	-	-
Investment securities	4,181,497	18,313,343	2,008,702	-	2,042,227	-	3,763,874	1,722,350	-
Other assets	714,834	3,604,904	239,902	559,934	1,252,686	124,350	262,785	-	-
Investment in associates	-	-	-	-	-	-	-	-	-
Investment in subsidiaires	-	-	-	-	-	-	-	-	-
Property and equipment	292,135	4,780,307	42,002	916,619	425,257	619,042	354,179	-	-
Intangible assets	29,644	276,988	307,609	32,550	44,055	59,861	30,994	-	-
Deferred tax assets	-	266,434	-	-	277,836	-	120,510	-	-
	179,843,182	124,405,062	16,904,611	12,942,550	11,517,912	6,640,359	7,412,790	1,722,350	71,911,775
Financed by:									
Deposits from banks	103,782,307	13,714,385	-	-	583,834	-	-	-	-
Deposits from customers	50,042,098	88,548,465	13,440,311	8,904,983	9,426,433	4,103,594	5,033,441	-	-
Derivative Liability	672,406	-	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-	71,336,985
Retirement benefit obligations	-	-	-	-	-	-	8,471	-	-
Current income tax liability	482,483	756,851	(5,372)	23,834	28,989	-	-	-	51,728
Other liabilities	1,837,532	2,701,530	937,044	672,699	(481,930)	438,292	942,628	-	(164,701)
Borrowings	-	55,186	-	-	-	-	-	-	-
Deferred tax liability	-	149,719	61,570	-	-	55,355	-	-	-
Equity	23,026,356	18,478,926	2,471,058	3,341,034	1,960,586	2,043,118	1,428,250	-	687,763
	179,843,182	124,405,062	16,904,611	12,942,550	11,517,912	6,640,359	7,412,790	-	71,911,775
Net cashflow from investing activities	17,935,552	(2,660,525)	761,628	(122,315)	(442,024)	(119,630)	(786,315)		-
Net cashflow from financing activities	4,400,100	(830,053)	583,202	-	-	-	-		6,914,832
Increase in cash and cash equivalents	25,849,261	2,343,374	1,318,540	1,284,155	1,565,905	423,797	(486,379)		74,738
Cash and cash equivalent, beginning of year	19,396,272	28,250,473	6,490,163	3,511,969	7,794,994	1,144,460	1,630,878		76,333
Effect of exchange rate fluctuations on cash held	-			-	-	-	-		117,168
Cash and cash equivalent, end of period	45,245,533	30,593,847	7,808,703	4,796,124	9,360,899	1,568,257	1,144,498	-	268,239

27 (d) Condensed results of consolidated entities

(i) The condensed financial data of the consolidated entities as at 31 December 2014, 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	4,277,758	13,909,372	1,592,611	1,670,747	807,674	231,397	496,292	21,951	487,227
Operating expenses	(2,851,778)	(5,952,681)	(1,316,178)	(1,252,975)	(1,308,538)	(489,795)	(547,193)	-	(305,410)
Net impairment on financial assets	-	(909,901)	(18,300)	(26,395)	(25,460)	(62,915)	-	-	-
Profit before tax	1,425,980	7,046,790	258,133	391,377	(526,324)	(321,313)	(50,901)	21,951	181,817
Taxation	(302,389)	(2,171,532)	(93,146)	(150,665)	(18,793)	(16,973)	(14,983)	-	(29,539)
Profit for the year	1,123,591	4,875,258	164,987	240,712	(545,117)	(338,286)	(65,884)	21,951	152,278
Assets									
Cash and balances with banks	19,723,288	28,718,479	6,189,888	2,370,866	4,793,833	1,145,405	2,292,292	-	2,185,302
Derivative financial instruments	35,536	-	-	-	-	-	-	-	-
Loans and advances to banks	62,695,820	-	-	-	-	-	-	-	63,357,784
Loans and advances to customers	26,621,426	47,982,339	5,317,264	6,206,928	3,167,098	715,665	544,874	-	-
Pledged assets	-	-	-	-	-	1,888,794	-	-	-
Investment securities	21,347,150	11,948,616	2,784,897	1,142,760	3,912,586	-	2,937,395	-	-
Other assets	452,300	4,511,582	193,904	147,186	2,966,061	1,099,250	529,990	-	-
Investment in subsidiaires	-	-	-	-	-	-	-	976,126	-
Property and equipment	174,868	2,979,160	191,604	834,481	551,125	504,533	263,609	-	-
Intangible assets	30,524	249,613	53,396	37,378	33,816	42,137	28,305	-	-
Deferred tax assets	10,757	316,578	-	-	438,577		106,292	-	-
	131,091,669	**96,706,367**	**14,730,953**	**10,739,599**	**15,863,096**	**5,395,784**	**6,702,757**	**976,126**	**65,543,086**
Financed by:									
Deposits from banks		9,700,939	-	-	95,215	-	7,831	-	-
Deposits from customers	22,934,317	67,486,781	11,873,269	7,468,618	11,592,695	3,291,879	4,992,832	-	-
Derivative Liability	251,871	-	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-	65,325,788
Retirement benefit obligations	-	-	-	-	-	-	1,736	-	-
Current income tax liability	-	867,940	-	170,714	-	-	-	-	29,090
Other liabilities	668,974	2,157,465	457,031	394,096	1,092,311	300,393	459,940	-	323,043
Contingent settlement provisions	-	-	-	-	-	-	-	-	-
Deferred tax liability	-	111,509	-	-	-	-	14,983	-	-
Equity	16,059,969	16,381,733	2,349,349	2,706,171	3,082,875	1,803,512	1,225,435	976,127	(134,835)
	39,915,131	**96,706,367**	**14,679,649**	**10,739,599**	**15,863,096**	**5,395,784**	**6,702,757**	**976,127**	**65,543,086**
Net cashflow from investing activities	2,391,557	(1,924,281)	909,928	(128,923)	(1,593,367)	(1,636,747)	598,429	-	-
Net cashflow from financing activities	-	3,840,427	-	-	2,762,382	765,254	-	-	7,138,351
Increase/(Decrease) in cash and cash equivalents	(81,883,511)	10,097,706	1,496,429	(841,950)	777,393	350,114	542,017	-	78,508
Cash and cash equivalent, beginning of year	101,279,783	18,573,352	4,095,830	4,353,919	1,843,604	812,938	1,750,275	-	73,058
Cash and cash equivalent, end of period	19,396,272	28,671,058	5,592,259	3,511,969	2,620,997	1,163,052	2,292,292	-	151,566

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 2015	54,681,145	15,712,421	25,564,194	8,366,282	7,016,361	111,340,403
Acquisitions	2,968,814	1,874,068	4,683,327	2,155,869	2,212,955	13,895,033
Disposals	(629,392)	(672,148)	(587,871)	(870,818)	(404,199)	(3,164,428)
Transfers	122,018	711,695	69,259	52,446	(955,418)	-
Write-offs	-	-	-	-	(58,394)	(58,394)
Translation difference	(68,710)	136,919	(487,089)	195,115	(55,772)	(279,537)
Balance at 31 December 2015	**57,073,875**	**17,762,955**	**29,241,820**	**9,898,894**	**7,755,533**	**121,733,077**
Balance at 1 January 2014	53,782,026	12,708,148	24,439,933	7,745,878	6,108,452	104,784,437
Acquisitions	2,895,060	3,291,206	3,885,644	1,794,534	1,729,108	13,595,552
Disposals	(2,750,769)	(416,496)	(1,439,907)	(939,616)	(127,340)	(5,674,128)
Transfers	607,901	15,483	23,228	4,848	(651,460)	-
Write offs	(1,407)	-	(1,139,194)	-	-	(1,140,601)
Translation difference	148,334	114,080	(205,510)	(239,362)	(42,399)	(224,857)
Balance at 31 December 2014	54,681,145	15,712,421	25,564,194	8,366,282	7,016,361	111,340,403

Depreciation and impairment losses	Leasehold improvement and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Balance at 1 January 2015	7,723,192	10,955,180	17,509,380	5,492,944	-	41,680,696
Charge for the period	1,652,283	1,841,749	3,589,272	1,531,833	-	8,615,137
Disposal	(66,157)	(671,981)	(579,859)	(804,134)	-	(2,122,131)
Translation difference	(23,294)	193,607	(76,378)	135,513	-	229,448
Balance at 31 December 2015	**9,286,024**	**12,318,555**	**20,442,415**	**6,356,156**	**-**	**48,403,150**
Balance at 1 January 2014	6,241,450	9,603,718	16,617,943	5,078,021	-	37,541,132
Charge for the year	1,589,332	1,848,403	3,192,072	1,293,034	-	7,922,841
Disposal	(167,198)	(352,812)	(1,163,919)	(727,268)	-	(2,411,197)
Write-Offs	(1,407)	-	(1,131,504)	-	-	(1,132,911)
Translation difference	61,015	(144,129)	(5,212)	(150,843)	-	(239,169)
Balance at 31 December 2014	7,723,192	10,955,180	17,509,380	5,492,944	-	41,680,696
Carrying amounts:						
Balance at 31 December 2015	**47,787,851**	**5,444,400**	**8,799,405**	**3,542,738**	**7,755,533**	**73,329,927**
Balance at 31 December 2014	46,957,953	4,757,241	8,054,814	2,873,338	7,016,361	69,659,707

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 2015	50,672,751	14,220,988	23,331,037	7,457,145	6,185,630	101,867,551
Acquisitions	2,648,337	1,601,863	3,975,251	1,870,477	496,193	10,592,121
Disposals	(629,392)	(668,870)	(587,831)	(735,149)	(396,944)	(3,018,186)
Transfers	45,979	709,084	30,012	52,446	(837,521)	-
Write-Offs	-	-	-	-	(58,394)	(58,394)
Balance at 31 December 2015	**52,737,675**	**15,863,065**	**26,748,469**	**8,644,919**	**5,388,964**	**109,383,092**
Balance at 1 January 2014	50,375,733	11,531,838	22,442,381	6,708,380	6,013,544	97,071,876
Acquisitions	2,439,886	3,093,581	3,334,290	1,496,580	947,468	11,311,805
Disposals	(2,750,769)	(416,496)	(1,329,668)	(752,663)	(127,340)	(5,376,936)
Transfers	607,901	12,065	23,228	4,848	(648,042)	-
Write-Offs	-	-	(1,139,194)	-	-	(1,139,194)
Balance at 31 December 2014	50,672,751	14,220,988	23,331,037	7,457,145	6,185,630	101,867,551

Depreciation and impairment losses	Leasehold improvement and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Balance at 1 January 2015	6,782,532	9,982,857	16,071,183	4,870,652	-	37,707,224
Charge for the period	1,476,578	1,671,014	3,276,037	1,338,662	-	7,762,291
Disposal	(51,819)	(668,703)	(579,819)	(686,466)	-	(1,986,807)
Balance at 31 December 2015	**8,207,291**	**10,985,168**	**18,767,401**	**5,522,848**	**-**	**43,482,708**
Balance at 1 January 2014	5,477,164	8,716,667	15,330,242	4,344,558	-	33,868,631
Charge for the year	1,472,566	1,619,002	2,929,841	1,097,522	-	7,118,931
Disposal	(167,198)	(352,812)	(1,057,394)	(571,428)	-	(2,148,832)
Write-Off	-	-	(1,131,506)	-	-	(1,131,506)
Balance at 31 December 2014	6,782,532	9,982,857	16,071,183	4,870,652	-	37,707,224
Carrying amounts:						
Balance at 31 December 2015	**44,530,384**	**4,877,897**	**7,981,068**	**3,122,071**	**5,388,964**	**65,900,384**
Balance at 31 December 2014	43,890,219	4,238,131	7,259,854	2,586,493	6,185,630	64,160,327

(a) The amount of contractual commitments for the acquisition of property and equipment as at 31 December 2015 is N330,891,261 (31 Dec 2014: N1,990,906,324)

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

29 Intangible assets

Group

In thousands of Naira	Goodwill	WIP	Purchased Software	Total
Cost				
December 2015				
Balance at 1 January 2015	681,007	740,711	9,946,474	11,368,192
Acquisitions	-	-	2,146,643	2,146,643
Transfer	-	(740,711)	740,711	-
Write off	-	-	(512,802)	(512,802)
Translation difference	-	-	(260,581)	(260,581)
Balance at 31 December 2015	**681,007**	**-**	**12,060,445**	**12,741,452**
December 2014				
Balance at 1 January 2014	681,007	-	7,297,795	7,978,802
Acquisitions	-	740,711	2,617,984	3,358,695
Translation difference	-	-	30,695	30,695
Balance at 31 December 2014	681,007	740,711	9,946,474	11,368,192
Amortization and impairment losses				
Balance at 1 January 2015	-	-	5,775,201	5,775,201
Amortization for the period	-	-	1,483,193	1,483,193
Write off	-	-	(512,802)	(512,802)
Translation difference	-	-	(444,756)	(444,756)
Balance at 31 December 2015	-	-	**6,300,836**	**6,300,836**
Balance at 1 January 2014	-	-	4,319,730	4,319,730
Amortization for the period	-	-	1,315,332	1,315,332
Translation difference	-	-	140,139	140,139
Balance at 31 December 2014	-	-	5,775,201	5,775,201
Net Book Value				
Balance at 31 December 2015	**681,007**	**-**	**5,759,609**	**6,440,616**
Balance at 31 December 2014	681,007	740,711	4,171,273	5,592,991

Bank

In thousands of Naira	WIP	Purchased Software	Total
Cost			
December 2015			
Balance at 1 January 2015	740,711	8,255,600	8,996,311
Acquisitions	-	1,865,169	1,865,169
Reclassification	-	-	-
Transfers	(740,711)	740,711	-
Write off	-	(512,802)	(512,802)
Balance at 31 December 2015	-	10,348,678	10,348,678
December 2014			
Balance at 1 January 2014	-	6,002,340	6,002,340
Acquisitions	740,711	2,253,260	2,993,971
Balance at 31 December 2014	740,711	8,255,600	8,996,311
Amortization and impairment losses			
Balance at 1 January 2015	-	-	-
Amortization for the period	-	1,324,075	1,324,075
Write off	-	(512,802)	(512,802)
Balance at 30 December 2015	-	811,273	811,273
Balance at 1 January 2014	-	3,340,787	3,340,787
Amortization for the period	-	1,218,710	1,218,710
Balance at 31 December 2014	-		4,559,497
Carrying amounts			
Balance at 31 December 2015	**-**	**9,537,405**	**9,537,405**
Balance at 31 December 2014	740,711	8,255,600	4,436,814

There were no capitalised borrowing costs related to the internal development of software during the period under review. 31 December 2015 (2014: nil). Computer software has a definite useful life of not more than five years in line with the Bank's accounting policy, while Goodwill has an indefinite useful life and is annually assessed for impairment.

Work in progress (WIP) represents the costs being incurred and captalised for the ugrade and subsequent deployment of the the Bank's core banking software. The write offs of N512,802,000 is the carrying value of the now discontinued core banking application following an upgrade to flexcube 12x.

Ammortization method used is straight line.

29(b) Intangible assets

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

In thousands of Naira	December 2015	December 2014
Access Bank Rwanda	681,007	681,007
	681,007	681,007

There were no capitalised borrowing costs related to the internal development of software during the period ended 31 December 2015 (31 December 2014: nil). The recoverable amount of Goodwill as at 31 December 2015 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 December 2015 (31 December 2014: Nil)

The recoverable amount of Goodwill as at 31 December 2015 was greater than its carrying amount and is thus not impaired.
The recoverable amount was determined using a value-in-use computation as N5.25Bn.

Goodwill is monitored by the Group on an entity by entity basis
The key assumption used in computing the value-in-use for goodwil in 2015 are as follows:

	Access Bank Rwanda
Compound annual volume growth (i)	7.96%
Long term growth rate (ii)	2.80%
Discount rate (ii)	19.10%

(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 period.
(ii) Pre-tax discount rate applied to the cash flow projections.

Cash Flow Forecast
Cash flows were projected based on past experience, actual operating results and the 4-year business plan. These cashflows are based on the expected revenue growth for the entity over this 4-year period.

Discount Rate
Pre-tax discount rate of 19.10% was applied in determining the recoverable amounts for the only entity with goodwil (Access Bank Rwanda). This discount rate was estimated using the risk-free rate and the country risk premium for Rewanda.

Longterm term growth rate
The long term growth rate applied was based on the long term growth rate in GDP of Rewanda

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.

Sensitvitiy analysis of key assumptions used

	10% increase	10% decrease
Impact of change in discount rate on value-in-use computation	(563,166)	712,611
Impact of change in growth rate on value-in-use computation	60,273	(58,238)

30 Deferred tax assets and liabilities

(a) Group

Deferred tax assets and liabilities are attributable to the following:

In thousands of Naira	December 2015			December 2014		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property and equipment, and software	11,259,522	-	11,259,522	6,625,004	-	6,625,004
Allowances/(Reversal) for loan losses	10,791,440	-	10,791,440	2,417,726	-	2,417,726
Tax loss carry forward	9,385,122	-	9,385,122	2,339,675	-	2,339,675
Exchange gain/(loss) unrealised	-	(22,630,791)	(22,630,791)	-	(1,438,632)	(1,438,632)
Fair value gain on investment property	-	(13,349)	(13,349)	-	(560,029)	(560,029)
Employee benefits	4,452	(111,469)	(107,017)			
			-	-	-	-
Actuarial loss on retirement benefit obligation	1,894,041		1,894,041	1,439,202	-	1,439,202
Deferred tax assets (net)	33,334,577	(22,755,609)	10,578,968	12,821,606	(1,998,661)	10,822,945

(b) Bank

Deferred tax assets and liabilities are attributable to the following:

In thousands of Naira	December 2015			December 2014		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property and equipment, and software	11,092,769	-	11,092,769	6,399,965	-	6,399,965
Allowances/(Reversal) for loan losses	10,496,790	-	10,496,790	2,292,341	-	2,292,341
Tax loss carry forward	9,328,023	-	9,328,023	1,936,652	-	1,936,652
Exchange gain/(loss) unrealised	-	(22,630,791)	(22,630,791)	-	(1,379,594)	(1,379,594)
Fair value gain on investment property	-	-	-	-	(560,029)	(560,029)
Actuarial loss on retirement benefit obligation	1,894,041	-	1,894,041	1,439,202	-	1,439,202
Net defered tax assets/(liabilities)	32,811,623	(22,630,791)	10,180,832	12,068,160	(1,939,623)	10,128,537

There were no unrecognized deferred tax assets or liabilities as at 31 December 2015 (31 December 2014: nil)

	Group December 2015	**Group December 2014**	**Bank December 2015**	**Bank December 2014**
Deferred income tax assets				
– Deferred income tax asset to be recovered after more than 12 months	20,176,562	4,757,401	19,824,813	4,228,993
– Deferred income tax asset to be recovered within 12 months	13,158,015	8,064,206	12,986,810	7,839,167
	33,334,577	12,821,607	32,811,623	12,068,160
Deferred income tax liabilities				
– Deferred income tax liability to be recovered after more than 12 months	(22,630,791)	(560,029)	(22,630,791)	(560,029)
– Deferred income tax liability to be recovered within 12 months	(124,818)	(1,438,632)	-	(1,379,594)
	(22,755,609)	(1,998,661)	(22,630,791)	(1,939,623)

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

In thousands of Naira	**Group December 2015**	**Group December 2014**	**Bank December 2015**	**Bank December 2014**
Balance, beginning of year	10,822,946	10,649,774	10,128,537	9,847,852
Tax charge	(684,222)	(140,424)	(402,545)	(144,234)
Translation adjustments	(14,594)	(111,324)	-	-
Items included in OCI	454,839	424,920	454,839	424,919
Net deferred tax assets/(liabilities)	10,578,969	10,822,946	10,180,831	10,128,537
Out of which				
Deferred tax assets	33,334,577	12,821,606	32,811,623	12,068,160
Deferred tax liabilities	(22,755,609)	(1,998,661)	(22,630,791)	(1,939,623)

Temporary difference relating to the Group's Investment in subsidiaries as at December 2015 is N3.0billion (Dec 2014: N1.3 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 December 2015**	**Group December 2014**	**Bank December 2015**	**Bank December 2014**
Actuarial gain/loss on retirement benefit obligation				
Gross loss on retirement benefit obligation	1,516,131	1,416,394	1,516,131	1,416,394
Deferred tax @ 30%	(454,839)	(424,919)	(454,839)	(424,919)
Net balance loss after tax	1,061,292	991,475	1,061,292	991,475

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 period. This amount has been presented in Note 7 as unallocated segment in accordance with IFRS 8.
These Assets have been valued by reputable estate surveyors and valuers using the comparable transactions method of valuation to arrive at the open market value. The valuers used bythe bank are Azuka Iheabunike & Partners and the Valuation was done in 2013
The Valuation Technique used by the valuer is Market Approach using Level 2 Inputs
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 December 2015	Group December 2014	Bank December 2015	Bank December 2014
Balance at 1 January 2015	23,438,484	-	23,438,484	-
Transfer from investment properties	-	22,688,484	-	22,688,484
Disposals	(23,258,641)	-	(23,258,641)	-
Fair value gain on assets held for sale	-	750,000	-	750,000
Balance at 31 December 2015	**179,843**	**23,438,484**	**179,843**	**23,438,484**

In the course of the year , the Bank disposed of its landed property at Maiyegun water front 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 December 2015	Group December 2014	Bank December 2015	Bank December 2014
Money market deposits	35,923,012	89,965,383	1,522,968	72,171,314
Trade related obligations to foreign banks	36,991,409	29,080,040	61,820,817	62,338,348
	72,914,421	**119,045,423**	**63,343,785**	**134,509,662**

33 Deposits from customers

In thousands of Naira	Group December 2015	Group December 2014	Bank December 2015	Bank December 2014
Term deposits	706,327,211	629,193,734	632,818,563	586,973,213
Demand deposits	838,954,263	695,850,419	767,609,081	616,476,341
Saving deposits	137,962,846	129,374,899	127,786,239	121,351,057
	1,683,244,320	**1,454,419,052**	**1,528,213,883**	**1,324,800,611**

34 Other liabilities

In thousands of Naira	Group December 2015	Group December 2014	Bank December 2015	Bank December 2014
Financial liabilities				
Certified and bank cheques	1,780,404	3,166,277	1,676,220	1,978,995
E-banking payables	8,925,439	2,769,805	8,920,286	1,830,591
Collections account balances	28,271,575	2,355,222	28,249,768	1,695,416
Due to subsidiaries	-	-	914,789	389,662
Accruals	2,214,382	104,309	747,829	32,438
Creditors	1,904,665	1,316,758	1,622,762	469,209
Customer deposits for foreign exchange	7,973,447	8,700,913	7,973,447	8,594,218
Agency services	9,506	289,769	9,506	253,264
Unclaimed dividend	10,350,486	-	10,350,486	-
Other financial liabilities	3,847,417	1,498,749	2,406,392	434,396
	65,277,321	20,201,802	62,871,485	15,678,189
Non-financial liabilites				
Litigation claims provision (see (i)below)	1,220,780	311,120	1,220,780	311,120
Other current non-financial liabilties	2,857,846		2,093	880,823
Total other liabilities	**69,355,947**	**20,512,922**	**64,094,358**	**16,870,132**

(i) Movement in litigation claims provision	Group December 2015	Group December 2014	Bank December 2015	Bank December 2014
Opening balance	311,120	477,087	311,120	477,087
Additions	920,200	134,033	920,200	134,033
Provision no longer required	(10,540)	(300,000)	(10,540)	(300,000)
Closing balance	**1,220,780**	**311,120**	**1,220,780**	**311,120**

35 Debt securities issued

In thousands of Naira	Group December 2015	Group December 2014	Bank December 2015	Bank December 2014
Debt securities at amortized cost:				
Eurobond debt from Access Bank B.V (see (i) below)	71,336,985	65,325,788	-	-
Eurobond debt security (see (ii) below)	78,516,655	73,155,391	78,516,655	73,155,391
	149,853,640	**138,481,179**	**78,516,655**	**73,155,391**

(i) This refers to US$350,000,000 guaranteed notes with amortized cost of N71,336,985,000 as at 31 December 2015 issued on 25 July 2012 by Access Finance B.V., Netherlands with a maturity date of 25 July 2017;

(ii) This refers to US$400,000,000 subordinate notes with amortized cost of N78,516,655,000 of 9.25% resettable interest issued on 24 December 2014 by Access Bank Nigeria with a maturity date of 24 December 2021.

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 December 2015	Group December 2014	Bank December 2015	Bank December 2014
African Development Bank (see note (a))	18,920,425	18,597,477	18,920,425	18,597,477
Netherlands Development Finance Company (see note (b))	1,363,990	4,148,590	1,363,990	4,148,590
French Development Finance Company (see note (c))	10,212,950	8,066,584	10,212,950	8,066,584
Finnish Fund for Industrial Cooperation (FINFUND)(see note (d))	-	156,136	-	156,136
European Investment Bank (see note (e))	14,237,242	9,736,463	14,237,242	9,736,463
International Finance Corporation (see note (f))	4,997,286	7,716,067	4,997,286	7,716,067
Central Bank of Nigeria under the Commercial Agriculture Credit Scheme (see note (g))	5,544,920	3,943,692	5,544,920	3,943,692
Bank of Industry-Intervention Fund for SMEs (see note (h))	7,193,737	9,025,449	7,193,737	9,025,449
Bank of Industry-Power & Airline Intervention Fund (see note (i))	15,188,861	14,407,194	15,188,861	14,407,194
Access Finance B.V. (see note (j))	-	-	71,523,252	66,529,458
Special Refinancing & Restructuring Intervention fund (SRRIF) see note (k)	6,844,633	4,000,000	6,844,633	4,000,000
Central Bank of Nigeria - Salary Bailout facilities (see note (l))	56,442,213	-	56,442,213	-
Central Bank of Nigeria - Excess Crude Account (see note (m))	90,000,000	-	90,000,000	-
Other loans and borrowings	520,904	18,657	450,478	18,657
	231,467,161	**79,816,309**	**302,919,987**	**146,345,767**

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

(a) The amount of N18,920,424,582 (USD 94,934,393) represents the outstanding balance in the on-lending facility granted to the Bank by ADB (Africa Development Bank) in two tranches one in August 2007 (USD 35m)for a period of 9 years and the other in August 2014 (USD 90m) for a period of 10years. The principal amount is repayable semi-annually from February 2010 for the first tranche and February 2017 for the second. Interest is paid semi annually at 3% above 6 months LIBOR. The annual effective interest rate is 4.28% and 2.00% respectively. From this creditor, the bank has nil undrawn balance as at 31 December 2015.

(b) The amount of N1,363,989,927 (USD 6,843,903) represents the outstanding balance in the on-lending facility granted to the Bank by the Netherlands Development Finance Company effective from 15 December 2012 and disbursed in two tranches; February 2013 (USD 10m) and October 2013 (USD 15m) for a period of 6.5 years. The principal amount is repayable semi-annually from December 2014 while interest is paid semi annually at 3% above 6 months LIBOR. The annual effective interest rate is 5.20% for the first tranche and 4.04% for the second tranche. From this creditor, the bank has nil undrawn balance as at 31 December 2015.

(c) The amount of N10,212,949,627 (USD 51,244,102) represents the outstanding balance in the on-lending facility granted to the Bank by the French Development Finance Company effective from 15 December 2012 and disbursed in three tranches; February 2013 (USD 6m) and 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, 4.06% for the second tranche and 3.57% for the third tranche. From this creditor, the bank has nil undrawn balance as at 31 December 2015.

(d) This represents the outstanding balance in the on-lending facility granted to the Bank by the Finnish Fund for Industrial Cooperation in July 2007 for a period of 8 years. The principal amount was repayable semi-annually from September 2012 while interest was paid semi annually at 3% above 6 months LIBOR. The annual effective interest rate was 4.45%. The facility was fully repaid on the 15th March 2015.

(e) The amount of N14,237,241,797 (USD 71,436,236) represents the outstanding balance on four on-lending facilities granted to the Bank by the European Investment Bank (EIB) in May 2013(USD 25m), September 2013 (USD 26.75m) , June 2014 (USD 14.7m) and September 2015 (USD 29.75m) for a period of 6 years each and the latter maturing on April 2023. The average annual effective interest rates are 3.6%, 3.05% , 3.18% and 3.58%. From this creditor, the bank has an undrawn balance of (USD 29.75m) at 31 December 2015.

(f) The amount of N4,997,286,419(USD 25,074,192) represents the outstanding balance on the on-lending facilities granted to the Bank 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 31 December 2015.

(g) The amount of N5,544,920,058 represents the outstanding balance in the on-lending facility granted to the Bank by Central Bank of Nigeria in collaboration with the Federal Government of Nigeria (FGN) in respect of Commercial Agriculture Credit Scheme (CACS) established by both CBN and the FGN for promoting commercial agricultural enterprises in Nigeria. The facility is for a maximum period of 7 years at a zero percent interest rate to the Bank. The Bank did not provide security for this facility.From this creditor, the bank has nil undrawn balance as at 31 December 2015.

(h) The amount of N7,193,736,648 represents an outstanding balance on the intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria for the purpose of refinancing or restructuring existing loans to Small and Medium Scale Enterprises (SMEs) and manufacturing companies. The total has a 15 year tenor. A management fee of 1% deductible at source is paid by the Bank under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. Though the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 31 December 2015.

(i) The amount of N15,188,860,503 represents the outstanding balance on intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria, to be applied to eligible power and airline projects. The total facility has a maximum tenor of 15 years. A management fee of 1% deductible at source is paid by the Bank under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. Though the facility is meant for on-lending to borrowers within the power and aviation sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 31 December 2015.

(j) The amount of N71,523,251,510 (USD350,000,000) represents the borrowings of Access Bank Plc from Access Finance BV in respect of the dollar guaranteed notes issued by Access Finance B.V., Netherlands which is due on 25 July 2017. The notes were issued on 25 July 2012 for a period of 5 years with the principal amount repayable at the end of the tenor while interest on the Notes is payable semi-annually at 7.34%, in arrears on 25 January and 25 July in each year. The annual effective interest rate is 7.65%. From this creditor, the bank has nil undrawn balance as at 31 December 2015.

(k) The amount of N6,844,633,258 represents the outstanding balance on intervention credit granted to the bank by the Bank of Industry (BOI) under the Special refinancing and Restructuring intervention fund, with a 10 year tenor which is due on the 31 August 2024. The bank has a 36 months moratorium on the facility after which principal repayment will be charged quarterly. Though the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 31 December 2015.

(l) The amount of N56,442,213 represents the outstanding balance on the state salary bailout facilities granted to the bank by the Central Bank of Nigeria for onward disbursements to state governments for payments of salary of workers of the states. The facility has a tenor of 20 years with a 2% interest payable to the CBN. The Bank is under obligation to on-lend to the states at an all-in interest rate of 9% per annum. From this creditor, the bank has nil undrawn balance as at 31 December 2015.

(m) The amount of N90,000,000,000 represents the outstanding balance on the excess crude account loans granted to the bank by the Central Bank of Nigeria for onward disbursements to state governments. From this creditor, the bank has nil undrawn balance as at 31 December 2015.

37 Retirement benefit obligations

In thousands of Naira	Group December 2015	Group December 2014	Bank December 2015	Bank December 2014
Recognised liability for defined benefit obligations (see note (a) below)	5,567,800	3,267,364	5,567,800	3,267,364
Liability for defined contribution obligations	-	1,736	-	-
	5,567,800	**3,269,100**	**5,567,800**	**3,267,364**

(a) **Defined benefit obligations**

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

In thousands of Naira	Group December 2015	Group December 2014	Bank December 2015	Bank December 2014
Long term incentive plan (see note (i) below)	5,567,800	3,267,364	5,567,800	3,267,364
Recognised liability	**5,567,800**	**3,267,364**	**5,567,800**	**3,267,364**

(i) **Long term incentive plan**

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

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

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

In thousands of Naira	Group December 2015	Group December 2014	Bank December 2015	Bank December 2014
Deficit on defined benefit obligations at 1 January	3,267,364	1,929,695	3,267,364	1,929,695
Charge for the period:				
-Interest costs	466,121	241,705	466,121	241,705
-Current service cost	318,184	179,570	318,184	179,570
-Past service cost	-		-	
-Benefits paid	-	(500,000)	-	(500,000)
Net actuarial loss for the period remeasured in OCI	-		-	
Remeasurements - Actuarial gains and losses arising from changes in demographic assumptions	(415,090)	216,864	(415,090)	216,864
Remeasurements - Actuarial gains and losses arising from changes in financial assumption	1,931,221	1,199,530	1,931,221	1,199,530
Balance, end of period	**5,567,800**	**3,267,364**	**5,567,800**	**3,267,364**
Expense recognised in income statement:				
Current service cost	318,184	179,570	318,184	179,570
Interest on obligation	466,121	241,705	466,121	241,705
Total expense recognised in profit and loss (see Note 14)	**784,305**	**421,275**	**784,305**	**421,275**

The weighted average duration of the defined benefit obligation is 10.86years. The information on the maturity profile of the defined benefit plan includes the maturity analysis and the distribution of the timing of payment. The estimated contribution to the plan for the next annual reporting period is: N1.2Bn

31 December 2015

In thousands of Naira	**Impact on defined benefit obligation** Decrease in assumption by 1%	Liability changes to	Total comprehensive income
Effect of changes in the assumption to the discount rate	Increase in liability by 7.7%	5,996,911	429,111
Effect of changes in assumption to the salary growth	Decrease in liability by 6.75%	5,194,354	(373,446)
Effect of changes in assumption to the mortality rate	Decrease in liability by 6.75%	5,566,289	(1,511)

	Impact on defined benefit obligation Increase in assumption by 1%	Liability changes to	Total comprehensive income
Effect of changes in the assumption to the discount rate		5,180,880	(386,920)
Effect of changes in assumption to the salary growth	Increase in the liability by 7.3%	5,975,830	408,030
Effect of changes in assumption to the mortality rate	Increase in the liability by 0.03%	5,569,471	1,671

31 December 2014

In thousands of Naira	**Impact on defined benefit obligation** Decrease in assumption by 1%	Liability changes to	Other comprehensive income
Effect of changes in the assumption to the discount rate	Decrease in liability by 6.0%	3,070,360	(197,004)
Effect of changes in assumption to the salary growth	Increase in liability by 6.5%	3,479,070	211,706

	Impact on defined benefit obligation Increase in assumption by 1%	Liability changes to	Other comprehensive income
Effect of changes in the assumption to the discount rate	Increase in the liability by 6.7%	3,485,329	217,965
Effect of changes in assumption to the salary growth	Decrease in the liability by 5.9%	3,074,305	(193,059)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

Actuarial assumptions:
Principal actuarial assumptions at the reporting date (expressed as weighted averages):
The most recent valuation was performed by Alexander Forbes as at 31 December 2015.

	December 2015	December 2014
Discount rate	11.40%	13.00%
Future salary increases	10.00%	4.50%
Retirement age for both male and female	60 years	60 years
Retirement rate: 50 – 59 (average rate)	3.40%	3.25%
Withdrawal rate: 16 – 29	4.50%	4.50%
Withdrawal rate: 30 – 44	6.00%	6.00%
Withdrawal rate: 45 – 50	5.00%	5.00%
Withdrawal rate: 51 – 55 (average rate)	3.50%	3.50%

Assumptions regarding future mortality before retirement are based on A49/52 ultimate table published by the Institute of Actuaries of United Kingdom. The rate used to discount post employment benefit obligations has been determined by reference to the yield on Nigerian Government bonds of medium duration. This converts into an effective yield of 11.4% as at 31 December 2015. For members in active service as at the valuation date, the projected unit credit method of valuation as required under the IFRS has been adopted.

38 Capital and reserves

A Share capital

	In thousands of Naira	Bank December 2015	Bank December 2014
(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 December 2015	Bank December 2014
(b)	Issued and fully paid-up :		
	28,927,971,631 Ordinary shares of 50k each	14,463,986	11,441,460

Ordinary shareholding:
The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Bank. All ordinary shares rank pari-passu with the same rights and benefits at meetings of the Bank.

Preference shareholding:
Preference shares do not carry the right to vote. Preference shareholders have priority over ordinary shareholders with regard to the residual assets of the Bank and participate only to the extent of the face value of the shares plus any accrued dividends. No preference shares were in issue as at the end of the reporting period.

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

In thousands of Naira	Bank December 2015	Bank December 2014
Balance, beginning of year	11,441,460	11,441,460
Additions through issuance of rights	3,022,526	-
Balance, end of period	14,463,986	11,441,460

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

In thousands of units	Group December 2015	Group December 2014
Balance, beginning of year	22,882,919	22,882,919
Additions through issuance of rights	6,045,053	-
Balance, end of year	28,927,972	22,882,919

B Share premium

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

In thousands of Naira	Group December 2015	Group December 2014
Balance, beginning of year	161,036,211	161,036,211
Additions through issuance of rights	36,938,605	-
Balance, end of year	197,974,816	161,036,211

During the period, the Bank issued Rights of 7,627,639,636 Ordinary Shares of 50 Kobo each on the basis of One (1) New Ordinary Share for every Three (3) Ordinary Shares at N6.90 Kobo per share to its existing shareholders and also created room for prospective investors to invest in the Bank. The offer opened on January 26, 2015 and closed on March 18, 2015. A total of 24,016 acceptances for 6,792,619,568 units valued at N46,869,075,019.20 were received in connection with the Rights issue.

Consequent to the conclusion of Central Bank of Nigeria's verification, a total of 23,982 acceptances for 6,045,052,723 units valued at N41,710,863,788.70 were received and processed successfully in connection with the Rights Issue. The amount recognised in Share capital and Share premium is net of all associated costs incurred in the course of raising the capital.

These shares have been added to the existing shares of the company on the Nigerian Stock Exchange on 30 August, 2015.

By this action, the total outstanding shares of Access Bank Plc now stands at 28,927,971,631 units.

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 reducte to 5% of profit after tax

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

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

(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 December 2015	Group December 2014
Access Bank, Gambia	735,523	649,264
Access Bank, Sierra Leone	42,848	36,763
Access Bank Zambia	156,847	243,623
Access Bank, Rwanda	617,765	587,337
Access Bank, Congo	868,669	703,604
Access Bank, Ghana	1,478,314	1,310,252
	3,899,966	**3,530,843**

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

In thousands of Naira	Group December 2015	Group December 2014
Access Bank, Gambia	106,232	109,562
Access Bank, Sierra Leone	1,876	1,078
Access Bank Zambia	1,140	(43,609)
Access Bank, Rwanda	25,066	41,247
Access Bank, Congo	68,906	62,585
Access Bank, Ghana	333,013	390,020
	536,233	**560,883**

During the year, Access bank Ghana paid divided to its shareholders. The amount paid to NCI is N39.69Mn (Dec 2014 : N44.14Mn)

	Group December 2015	Group December 2014
Proportional Interest of NCI in subsidiaries	%	%
Access Bank, Gambia	36.0	36.0
Access Bank, Sierra Leone	3.0	3.0
Access Bank Zambia	8.0	8.0
Access Bank, Rwanda	25.0	25.0
Access Bank Congo	26.0	26.0
Access Bank, Ghana	8.0	8.0

E Dividends

In thousands of Naira	Bank December 2015	Bank December 2014
Interim dividend paid (2015: 25k, 2014: 25k)	7,231,993	5,720,730
Final dividend paid (2014: 35k)	-	8,009,022
	7,231,993	13,729,752
Number of shares	28,927,972	22,882,919

The Directors proposed a final dividend of N0.30 for the year ended 31 December 2015

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 N1.22bn has been made for the year ended 31 December 2015. In the normal course of business, the group is a party to financial instruments with off-balance sheet risks. These instruments are issued to meet the credit and other financial requirements of customers.

Contingent liability and commitments

In common with other banks, Group conducts business involving acceptances, performance bonds and indeminities. 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 December 2015	Group December 2014	Bank December 2015	Bank December 2014
Contingent liabilities:				
Transaction related bonds and guarantees	221,127,530	165,466,393	218,067,025	145,831,160
Financial guarantees	94,135,927	91,373,327	91,640,933	72,221,845
Commitments:				
Clean line facilities for letters of credit, unconfirmed letters of credit and other commitments	657,586,492	377,152,396	600,895,192	372,652,653
	972,849,949	**633,992,116**	**910,603,150**	**590,705,658**

The Bank granted clean line facilities for letters of credit during the year to guarantee the performance of customers to third parties.
Contractual capital commitments undertaken by the Bank during the year amounted to N330.9Mn (31 Dec 2014: N1.99Bn)

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 December 2015	Group December 2014	Bank December 2015	Bank December 2014
Cash on hand and balances with banks	80,060,004	44,519,023	52,307,364	31,313,736
Unrestricted balances with central banks	90,721,388	32,060,575	74,158,434	22,262,582
Money market placements	52,433,982	65,813,241	26,111,216	36,965,179
Investment under management	10,403,608	-	10,403,608	-
Treasury bills with original maturity of 90days	425,129	10,355,560	425,129	10,355,559
	234,044,111	**152,748,399**	**163,405,751**	**100,897,056**

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.

41 Comparatives

Certain prior year balances have been reclassified in line with current year presentation format. The reclassification as shown below did not impact on the bank or group results for 2014. The nature and reason for the classification are as shown below;

	Group December 2014	Bank December 2014
Other operating expenses (Note 15)	62,532,035	55,256,289
Reclassified to Other operating income	165,967	165,967
	62,698,002	**55,422,256**

Included in prior year other operating expense was write back on litigation claims as shown above which has now been reclassified to Other operating income

	12,782,263	12,532,067
Other operating income (Note 12)	165,967	165,967
Reclassified from Other operating expenses	**12,948,230**	**12,698,034**

Reclassification of write back on litigation to other operating income as shown above

42 Contraventions of the Banks and Other Financial Institutions Act of Nigeria and CBN circulars

S/N	Regulatory Body	Infraction	Penalty
i)	Central Bank of Nigeria	The bank was fined for failure to submit daily returns on sources and applications of foreign exchange funds.	N2 million
ii)	Central Bank of Nigeria	The bank was fined for failing to comply with CBN circular referenced CBN/DIR/GEN 04/014 dated April 30,2010 requiring banks to obtain quarterly credit reports for all previous loans/facilities	N2 million
iii)	Central Bank of Nigeria	The bank was fined for AML infractions (failing to obtain senior management approval for politically exposed persons (PEP) account; Non-compliance with CBN three-tiered know-your-customer (KYC) requirements; Failure to identify/document beneficial owners of 17 account in contravention of Regulation 55 of CBN AML/CFT regulation 2013; Failure to obtain resident permit and improper profiling of high risk account).	N14 million
iv)	Central Bank of Nigeria	The bank was fined for failure to meet the deadline for remittance to Treasury Single Account with the Central Bank of Nigeria	N4 million
v)	Central Bank of Nigeria	The bank was fined for non compliance with regulation 13 of BOFIA with respect to some equity investments	N27.53 million
vi)	Central Bank of Nigeria	The bank was fined for failure to obtain CBN approval before appointment of a staff	N2 million
vii)	Central Bank of Nigeria	The bank was fined for delay in remittance of an undisbursed loan under Commercial Agriculture Credit Scheme	N353.4 million
viii)	Central Bank of Nigeria	The bank was penalised for wrong/false reporting of director related facilities	N2 million
ix)	Central Bank of Nigeria	The bank was penalised for implementing its Flexcube Universal Core Banking Application without CBN approval	N2 million

43 Events after reporting date

Subsequent to the end of the reporting period, the Board of Directors proposed a final dividend of N0.30k each payable to shareholders on register of shareholding at the closure date.
There are no other post balance sheet event that require disclosure in these consolidated financial statements.

44 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes subsidiaries, associates, joint ventures and the Group's pension schemes, as well as key management personnel.

Transactions with key management personnel
The Group's key management personnel, and persons connected with them, are also considered to be related parties. The definition of key management includes the close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the Group. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Access Bank Plc and its subsidiaries.

Parent
The parent company, which is also the ultimate parent company, is Access Bank Plc.

(a) Loans and advances to related parties

The bank granted various credit facilities to other companies which have common directors with the bank and those that are members of the Group. The rates and terms agreed are comparable to other facilities being held in the bank's portfolio. Details of these are described below:

Period ended 31 December 2015	**Directors and other key management personnel (and close family members)**	**Subsidiaries**	**Total**
In thousands of Naira			
Balance, beginning of year	2,987,950	55,632,671	**58,620,621**
Net movement during the period	470,954	4,147,606	**4,618,560**
Balance, end of period	3,458,904	59,780,277	63,239,181
Interest income earned	292,092	356,129	648,221
Bad or doubtful debts due from related parties expense	-	-	-

The loans issued to directors and other key management personnel (and close family members) as at 31 December 2015 of N3.4Bn are repayable in various cycles ranging from monthly to annually over the tenor, and have average interest rates of 12.51%. The loans advanced to the directors during the year are collateralised by a combination of lien on shares of quoted companies, fixed and floating debentures, corporate guarantee, negative pledge, domiciliation of proceeds of company's receivables, legal mortgages and cash.

The loan to subsidiaries relates to a foreign currency term loan facility of USD299M granted during the period. It is a non-collateralised loan advanced at an average interest rate of 0.6%. This loan has been eliminated on consolidation and does not form part of the reported Group loans and advances balance.

No impairment losses have been recorded against balances outstanding during the year with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at the year end.

(b) Deposits from related parties

Period Ended 31 December 2015	**Directors (and close family members and related entities)**	**Subsidiaries**	**Total**
In thousands of Naira			
Balance, beginning of year	34,195,086	40,981,851	**75,176,937**
Net movement during the period	(33,183,604)	20,012,499	**(13,171,105)**
Balance, end of period	1,011,482	60,994,350	**62,005,832**
Interest expenses on deposits	212,036	1,140,860	**1,352,896**

There are no special considerations for the related party deposits. Deposits from related parties are taken at arms length. The average rate on deposit from directors and other key management personnel which are majorly term deposit was approximately 9.39% while average rate on deposit from subsidiaries majorly demand deposits was approximately 3.15%.

(c) Borrowings from related parties

In thousands of Naira	**Subsidiaries**	**Total**
Borrowings at 1 January 2015	66,529,458	66,529,458
Net movement during the period	4,993,794	4,993,794
Borrowings at 31 December 2015	71,523,252	71,523,252
Interest expenses on borrowings	5,151,397	5,151,397

The borrowings from subsidiaries represent the borrowings of Access Bank Plc from Access Finance BV in respect of the dollar guaranteed notes issued by Access Finance B.V., Netherlands which is due on 25 July 2017. The notes were issued on 25 July 2012 for a period of 5 years with the principal amount repayable at the end of the tenor while interest on the Notes is payable semi-annually at 7.34%, in arrears on 25 January and 25 July in each year. The annual effective interest rate is 7.65%.

(d) Other balances and transactions with related parties

In thousands of Naira	Directors (and close family members and related entities)	Subsidiaries	Total
Cash and cash equivalent	-	63,750,139	63,750,139
Deposit for Investments	-	1,352,595	1,352,595
Receivables	202,597	925,084	1,127,681
Payables		803,019	803,019
Other Liabilities	-	72,507,177	72,507,177
Fee and commission expense	-	-	-
Other operating income	-	456,432	456,432
Off balance sheet exposures	-	95,776,393	95,776,393

The receivable of N202,597 relates to proceeds from sale of securities made by the broker on behalf of the Bank

(e) Key management personnel compensation for the period comprises:

Directors' remuneration

In thousands of Naira	December 2015	December 2014
Non-executive Directors		
Fees	58,125	46,500
Other emoluments:		
Allowances	305,888	268,543
	364,013	315,043
Executive directors		
Short term employee's benefit	680,435	680,435
Defined contribution plan	14,813	19,469
Share based payment	25,438	649
Long term incentive plan		500,000
	720,686	**1,200,553**
Total compensation to key management personnel	**1,084,699**	**1,515,596**

45 Director-related exposures

Access Bank has some exposures that are related to its Directors. The Bank however follows a strict process before granting such credits to its Directors. The requirements for creating and managing this category of risk assets include the following amongst others:

a. Complete adherence to the requirements for granting insider-related exposure as stated in the Bank's Credit Policy Guidelines, the Insider-related Policy as well as the Bank's duly approved Standard Operating Procedure for managing insider-related exposures.
b. Full compliance with the relevant CBN policies on insider-related lending.
c. All affected Directors are precluded from taking part in the approval process of credit request wherein they have interest.
d. The related Director is required to execute a document authorizing the Bank to use their accruable dividends to defray any related-obligor's delinquent exposures.
e. The Directors are required to execute documents for the transfer of their shares to the Bank's nominated broker to ensure effective control as required by the CBN policy to enhance the bank's Corporate Governance structure.
f. Section 89 of the Bank's Article of Association also reiterated that "a related Director shall vacate office or cease to be a Director, if the Director directly or indirectly enjoys a facility from the Bank that remains non-performing for a period of more than 12months."

The Bank's gross exposure to all its directors as at 31 December 2015 is N2,319,798,428. However, the relevant obligors under this category also have credit balances and deposits maintained in their bank accounts which mitigate the risks to the bank.

Below is a schedule showing the details of the Bank's director-related lending:

S/N	Name of borrower	Relationship to reporting institution	Name of related Directors	Facility type	Outstanding Principal	Status	Nature of security
1	Combined Industrial Agro	Chairman	Mr. Gbenga Oyebode	Overdraft	147,918,325	Performing	Corporate Guarantee of Assets Management Group Limited.
2	Asset Management Group Limited	Chairman	Mr. Gbenga Oyebode	Time loan	351,412,550	Performing	1. Pledged properties at Ikoyi Lagos
				On-lending	656,396,378	Performing	2. Personal guarantee
4	Sic Property And Investment Company Ltd	Director	Mr Ortisedere Otubu	Term Loan	612,017,141	Performing	1. Pledged properties (being constructed) at Ikoyi Lagos. 2. Lien on property under construction
				Time loan	512,516,689	Performing	
5	Paul Usoro & Company	Non-executive director	Mr Paul Usoro	Overdraft	39,537,345	Performing	Cash collateral
	Balance, end of period				**2,319,798,428**		

45 Non-audit services

During the year, the bank's auditor, PricewaterHouseCoopers, rendered non-audit services to the bank. Beloware the details of the services

	Service	Description	Contractual sum N'000	Amount Paid N'000
1	Recovery and resolution plan	Advisory services on development of recovery and resolution plan to be submitted to the Central Bank of Nigeria and Nigeria Deposit Insurance Corporation as part of regulatory requirements for systemically important financial institutions.	60,000	30,000
2	Feasibility study on Custodian Bank Business	Feasibility study on Custodian Banking Business in Nigeria, operating in Money Market and Fixed Income securities.	35,000	14,000
			95,000	**44,000**

In the bank's opinion, the provision of these services to the bank did not impair the independence and objectivity of the external auditor.

Value Added Statement

In thousands of Naira

	Group December 2015	%	Group December 2014	%
Gross earnings	337,404,230		245,217,569	
Interest expense				
Foreign	(2,448,292)		(2,254,130)	
Local	(86,104,533)		(65,871,070)	
	248,851,405		177,092,369	
Net impairment (loss) on financial assets	(10,839,793)		(10,939,250)	
Net impairment loss on other financial assets	(4,284,977)		(713,021)	
Bought-in-materials and services				
Foreign	(2,044,934)		(740,707)	
Local	(90,330,010)		(63,456,775)	
Value added	**141,351,691**		**101,242,616**	
Distribution of Value Added				
To Employees:				
Employees costs	42,346,952	30%	31,293,540	31%
To government				
Government as taxes	9,169,344	6%	8,958,810	9%
To providers of finance				
Interest on borrowings	13,868,293	10%	8,775,880	9%
Dividend to shareholders	15,241,014	11%	13,707,782	14%
Retained in business:				
For replacement of property and equipment and intangible assets	10,098,330	7%	9,238,173	9%
For replacement of equipment on lease				
Retained profit (including Statutory and regulatory risk reserves	50,627,759	36%	29,268,432	28%
	141,351,692	**100%**	**101,242,617**	**100%**

Value Added Statement

In thousands of Naira	Bank December 2015	%	Bank December 2014	%
Gross earnings	302,061,975		221,610,769	
Interest expense				
Foreign	(2,448,292)		(2,254,130)	
Local	(76,069,175)		(59,881,760)	
	223,544,508		159,474,879	
Net impairment (loss) on financial assets	(9,902,690)		(9,896,279)	
Net impairment loss on other financial assets	(4,284,977)		(713,021)	
Bought-in-materials and services				
Foreign	(2,044,934)		(740,707)	
Local	(81,863,745)		(59,258,585)	
Value added	**125,448,162**		**88,866,287**	
Distribution of Value Added				
To Employees:				
Employees costs	35,699,471	28%	25,611,050	29%
To government				
Government as taxes	6,253,168	5%	6,201,296	7%
To providers of finance				
Interest on borrowings	15,484,411	12%	8,775,173	10%
Dividend to shareholders	15,241,014	12%	13,729,733	15%
Retained in business:				
For replacement of property and equipment	9,086,366	7%	8,337,641	9%
For replacement of equipment on lease				
Retained profit (including Statutory and regulatory risk reserves	43,683,732	35%	26,211,394	29%
	125,448,162	**100%**	**88,866,287**	**100%**

Other financial Information
Five-year Financial Summary

	IFRS				
	December 2015	**December 2014**	**December 2013**	**December 2012**	**Restated December 2011**
Group					
	12 months	**12 months**	**12 months**	**12 months**	**12 months**
In thousands of Naira	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Assets					
Cash and balances with banks	478,409,336	405,014,793	439,459,541	405,292,241	267,917,288
Investment under management	10,403,608	-			
Non pledged trading assets	52,298,422	28,411,644	3,877,969	27,906,803	10,812,122
Pledged assets	203,715,397	87,072,147	63,409,851	60,949,856	66,191,144
Derivative financial instruments	77,905,020	24,866,681	102,123	30,949	9,909
Loans and advances to banks	42,733,910	12,435,659	24,579,875	4,564,943	775,765
Loans and advances to customers	1,365,830,831	1,110,464,441	786,169,703	604,073,399	576,228,507
Trading properties	-	-	-	2,693,227	6,688,000
Investment securities	186,223,126	270,211,388	353,811,348	447,281,811	561,733,704
Insurance receivables	-	-	-	627,337	1,405,000
Other assets	83,014,503	56,310,620	52,019,723	67,935,352	44,475,554
Investment properties	-	-	23,974,789	14,360,567	16,097,044
Investments in equity accounted investee	-	-	3,623,326	2,774,647	2,812,805
Investment in subsidiary	-	-	-	-	-
Property and equipment	73,329,927	69,659,707	67,243,305	64,634,438	67,647,817
Intangible assets	6,440,616	5,592,991	3,659,072	3,404,945	3,277,608
Deferred tax assets	10,845,612	10,881,984	10,687,635	8,113,973	2,930,928
Assets classified as held for sale	179,843	23,438,484	2,847,740	30,827,257	-
Total assets	2,591,330,151	2,104,360,539	1,835,466,000	1,745,471,745	1,629,003,195
Liabilities					
Deposits from financial institutions	72,914,421	119,045,423	72,147,956	96,893,015	135,228,759
Deposits from customers	1,683,244,320	1,454,419,052	1,331,418,659	1,201,481,996	1,101,703,921
Derivative financial instruments	3,077,927	1,989,662	32,955	35,515	9,413
Claims payable		-	-	118,226	450,000
Current tax liabilities	7,780,824	8,180,969	6,899,558	8,937,964	9,747,004
Other liabilities	69,355,947	21,689,079	56,847,216	58,418,260	140,772,972
Deferred tax liabilities	266,644	59,038	37,861	-	-
Liabilities on investment contracts	-	-	-	65,591	61,000
Liabilities on insurance contracts	-	-	-	3,351,234	2,703,000
Debt securities issued	149,853,640	138,481,179	55,828,248	54,685,891	-
Interest-bearing borrowings	231,467,161	79,816,309	64,338,982	48,369,849	40,837,800
Retirement benefit obligations	5,567,800	3,269,100	1,933,021	2,487,589	1,876,578
Contingent settlement provisions	-	-	-	3,548,250	3,548,000
Liabilities classified as held for sale	-	-	1,499,495	25,793,512	-
Total liabilities	2,223,528,684	1,826,949,811	1,590,983,951	1,504,186,892	1,436,938,447
Equity					
Share capital and share premium	212,438,802	172,477,671	172,477,671	176,628,255	155,104,963
Retained earnings	51,730,369	34,139,453	22,232,374	17,856,630	(6,744,577)
Other components of equity	99,732,330	67,262,761	48,003,894	38,700,374	20,649,521
Non controlling interest	3,899,966	3,530,843	1,768,110	8,099,594	23,054,841
Total equity	367,801,467	277,410,728	244,482,049	241,284,853	192,064,748
Total liabiities and Equity	2,591,330,151	2,104,360,539	1,835,466,000	1,745,471,745	1,629,003,195
Gross earnings	337,404,230	245,217,569	206,891,219	197,081,930	135,635,180
Profit before income tax	75,038,117	52,022,290	44,996,410	46,534,979	27,107,026
Profit from continuing operations	65,868,773	30,956,428	36,101,830	44,839,636	17,077,918
Discontinued operations	-	(87,267)	265,760		(1,699,596)
Profit for the period	65,868,773	30,869,161	36,367,590	39,328,275	15,378,322
Non controlling interest	536,233	560,883	195,762	(191,904)	879,093
Profit attributable to equity holders	65,332,540	30,308,278	36,171,828	39,520,179	14,499,229
Dividend paid	15,241,014	5,720,730	13,729,777	12,588,538	12,588,538
Earning or (loss) per share -Basic	265k	189k	159k	172k	172k
- Adjusted	262k	189k	159k	172k	172k
Number of ordinary shares of 50k	28,927,972	22,882,918,908	22,882,918,908	22,882,918,908	22,882,918,908

Other financial Information
Five-year Financial Summary

	IFRS				
	December 2015	**December 2014**	**Restated December 2013**	**Restated December 2012**	**December 2011**
Bank					
	12 months	**12 months**	**12 months**	**12 months**	**12 months**
In thousands of Naira	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Assets					
Cash and balances with banks	405,998,636	351,174,879	395,808,747	284,062,159	131,647,158
Investment under management	10,403,608				
Non pledged trading assets	52,298,422	28,411,644	3,877,969	3,769,260	5,787,534
Pledged assets	200,464,624	85,183,353	63,347,823	60,949,856	66,191,144
Derivative financial instruments	77,852,349	24,831,145	72,675	-	-
Loans and advances to banks	60,414,721	55,776,837	13,048,651	3,054,520	775,765
Loans and advances to customers	1,243,215,309	1,019,908,848	735,300,741	554,592,199	490,877,501
Trading properties	-	-	-	-	-
Investment securities	155,994,798	226,137,983	309,071,802	420,346,295	127,420,035
Insurance receivables	-	-	-	-	-
Other assets	78,623,381	48,246,307	44,326,360	61,431,658	15,676,950
Investment properties	-	-	23,974,789	14,072,673	12,417,043
Investments in equity accounted investee	-	-	1,521,812	1,980,808	-
Investment in subsidiary	45,439,246	40,120,572	38,029,992	43,209,688	80,400,287
Property and equipment	65,900,384	64,160,327	63,203,245	58,938,450	17,042,268
Intangible assets	4,977,908	4,436,814	2,661,553	2,339,510	1,146,412
Deferred tax assets	10,180,832	10,128,537	9,847,853	7,007,387	-
Assets classified as held for sale	179,843	23,438,484	-	-	-
Total assets	2,411,944,061	1,981,955,730	1,704,094,012	1,515,754,463	949,382,097
Liabilities					
Deposits from banks	63,343,785	134,509,662	61,295,352	16,312,516	131,494,136
Deposits from customers	1,528,213,883	1,324,800,611	1,217,176,793	1,093,979,220	522,922,292
Derivative financial instruments	2,416,378	1,737,791	-	-	-
Debt securities issued	78,516,655	73,155,391	-	-	-
Claims payable		-	-	-	-
Current tax liabilities	6,442,311	7,113,226	6,075,590	7,686,568	2,084,899
Other liabilities	64,094,358	16,870,132	52,092,559	50,246,164	61,029,366
Retirement benefit obligations	5,567,800	3,267,364	-	2,485,093	1,149,578
Liabilities on investment contracts		-	-	-	-
Liabilities on insurance contracts	-	-	-	-	-
Interest-bearing borrowings	302,919,987	146,345,767	120,342,026	103,872,441	40,823,345
Contingent settlement provisions	-	-	1,929,695	3,548,250	-
Deferred tax liabilities	-	-	-	-	2,841,403
Liabilities classified as held for sale		-	-	-	-
Total liabilities	2,051,515,157	1,707,799,944	1,458,912,015	1,278,130,252	762,345,019
Equity					
Share capital and share premium	212,438,802	172,477,671	172,477,671	176,628,255	155,104,963
Retained earnings	49,459,102	36,499,779	23,095,392	18,880,711	3,376,997
Other components of equity	98,531,000	65,178,336	49,608,934	42,115,245	28,555,118
Total equity	360,428,904	274,155,786	245,181,997	237,624,211	187,037,078
Total liabilities and Equity	2,411,944,061	1,981,955,730	1,704,094,012	1,515,754,463	949,382,097
Gross earnings	302,061,975	221,610,769	180,230,976	172,719,708	98,518,061
Profit before income tax	75,038,117	46,142,422	31,365,396	36,259,530	12,141,462
Profit for the period	65,868,773	39,941,126	26,211,844	35,815,611	5,248,866
Dividend paid	15,241,014	5,720,730	13,729,777	12,588,538	12,588,538
Earning or (loss) per share -Basic	237k	174k	114k	157k	157k
- Adjusted	237k	174k	114k	157k	157k
Number of ordinary shares of 50k	28,927,972	22,882,918,908	22,882,918,908	22,882,918,908	22,882,918,908

Access Bank Plc

Consolidated and separate financial statements for the period ended 30 June 2015

ACCESS BANK PLC
Index to the consolidated financial statements
For the period ended 30 June 2015

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

Report on the financial statements

We have audited the accompanying financial statements of Access Bank Plc ("the bank") and its subsidiaries (together "the group"). These financial statements comprise the statements of financial position as at 30 June 2015 and the statements of comprehensive income, changes in equity and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with IAS 34 "Interim Financial Reporting" and with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act and for such internal control, as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the financial affairs as at 30 June 2015 and of the financial performance and cash flows for the year then ended in accordance with IAS 34 “Interim Financial Reporting” and the requirements of the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act.

Report on other legal requirements

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

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

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

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

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

v) except for the contraventions disclosed in Note 41 to the financial statements, the bank has complied with the requirements of the relevant circulars issued by the Central Bank of Nigeria.

Anthony Oputa

For: PricewaterhouseCoopers
Chartered Accountants
Lagos, Nigeria.

13 August 2015

Engagement Partner: Anthony Oputa
FRC/2013/ICAN/00000000980

Statement of comprehensive income

In thousands of Naira	*Notes*	Group June 2015	Group June 2014	Bank June 2015	Bank June 2014
Continuing operations					
Interest income	8	98,861,986	83,577,790	88,317,800	76,379,551
Interest expense	8	(50,699,097)	(34,835,010)	(46,759,484)	(32,880,088)
Net interest income		48,162,889	48,742,780	41,558,316	43,499,463
Net impairment charge	9a	(8,886,639)	(3,506,496)	(9,105,371)	(2,947,516)
Net interest income after impairment charges		39,276,250	45,236,284	32,452,945	40,551,947
Fee and commission income	10	17,151,635	19,431,462	13,251,894	15,507,373
Fee and commission expense		(302,016)	(12,270)	-	-
Net fee and commission income		16,849,619	19,419,192	13,251,894	15,507,373
Net gains on investment securities	11a,b	39,199,767	2,165,646	39,176,866	2,127,856
Net foreign exchange income	12	7,929,774	5,468,378	5,848,840	3,678,495
Other operating income	13	5,498,791	6,987,975	4,568,833	7,102,478
Personnel expenses	14	(19,689,221)	(15,371,404)	(16,488,535)	(12,781,215)
Operating lease expenses		(867,805)	(861,161)	(745,468)	(771,995)
Depreciation	28	(4,072,324)	(3,683,769)	(3,706,772)	(3,316,067)
Amortization	29	(665,496)	(577,283)	(609,207)	(524,243)
Other operating expenses	15	(44,346,010)	(31,967,185)	(39,251,590)	(29,057,570)
Loss on disposal of associate and subsidiaries	16a,b	-	-	-	(104,266)
Share of profit of equity accounted investee	16c	-	301,109	-	-
Profit before tax		39,113,345	27,117,782	34,497,806	22,412,793
Income tax	17	(7,826,247)	(4,044,421)	(6,072,231)	(2,462,639)
Profit from continuing operations		31,287,098	23,073,361	28,425,575	19,950,154
Discontinued operations					
Loss from discontinued operations	16a,b	-	(486,827)	-	-
Profit for the period		**31,287,098**	**22,586,534**	**28,425,575**	**19,950,154**
Other comprehensive income (OCI) for the period:					
Items that will not be subsequently reclassified to the 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					
- Unrealised losses		(420,193)	(413,589)	-	-
- Realised gains arising		-	97,187	-	-
Net changes in fair value of AFS financial instruments					
-Fair value changes arising		3,206,943	168,720	3,241,100	44,202
Fair value changes on AFS financial instruments from associates	29	-	337	-	-
Other comprehensive gain/(loss), net of related tax effects:		2,786,750	(147,345)	3,241,100	44,202
Total comprehensive income for the period		**34,073,848**	**22,439,189**	**31,666,675**	**19,994,356**
Profit attributable to:					
Owners of the bank		31,027,065	22,285,019	28,425,575	19,950,154
Non-controlling interest		260,033	301,515	-	-
Profit for the period		**31,287,098**	**22,586,534**	**28,425,575**	**19,950,154**
Total comprehensive income attributable to:					
Owners of the bank		33,891,794	22,135,906	31,666,675	19,994,356
Non-controlling interest		182,054	303,283	-	-
Total comprehensive income for the period		**34,073,848**	**22,439,189**	**31,666,675**	**19,994,356**
Total comprehensive income for the period attributable to parent:					
Continuing operations		34,073,848	22,926,016	31,666,675	19,994,356
Discontinued operations		-	(486,827)	-	-
		34,073,848	**22,439,189**	**31,666,675**	**19,994,356**
Earnings per share (adjusted)					
Basic/Diluted (kobo)	18	135	97	124	87
Continuing operations					
Basic (kobo)	18	135	95	124	87
Discontinuing operations					
Basic (kobo)	18	-	2	-	-

Statement of financial position
As at 30 June 2015

In thousands of Naira	*Notes*	Group June 2015	Group December 2014	Bank June 2015	Bank December 2014
Assets					
Cash and balances with banks	19	421,807,185	405,014,793	415,968,418	351,174,879
Non pledged trading assets	20	48,596,047	28,411,644	48,596,047	28,411,644
Derivative financial assets	21	63,127,743	24,866,681	63,054,554	24,831,145
Loans and advances to banks	22	106,830,748	12,435,659	72,039,316	55,776,837
Loans and advances to customers	23	1,173,400,803	1,110,464,442	1,067,105,983	1,019,908,848
Pledged assets	24	201,859,244	87,072,147	198,898,658	85,183,353
Investment securities	25	191,366,618	270,211,388	167,635,313	226,137,983
Other assets	26	76,471,150	56,310,620	70,693,375	48,246,307
Investment in subsidiaries	27	-	-	41,023,249	40,120,572
Property and equipment	28	72,239,468	69,659,707	65,783,532	64,160,327
Intangible assets	29	5,862,357	5,592,991	4,557,803	4,436,814
Deferred tax assets	30	7,116,843	10,881,983	6,484,599	10,128,537
		2,368,678,206	2,080,922,055	2,221,840,847	1,958,517,246
Assets classified as held for sale	31	23,438,484	23,438,484	23,438,484	23,438,484
Total assets		**2,392,116,690**	**2,104,360,539**	**2,245,279,331**	**1,981,955,730**
Liabilities					
Deposits from financial institutions	32	153,236,174	119,045,423	169,061,040	134,509,662
Deposits from customers	33	1,639,360,239	1,454,419,052	1,489,473,412	1,324,800,611
Derivative financial liabilities	21	2,934,631	1,989,662	2,847,331	1,737,791
Current tax liabilities	17	6,949,788	8,180,969	6,283,006	7,113,226
Other liabilities	34	51,311,200	21,689,079	45,836,926	16,870,132
Deferred tax liabilities	30	312,857	59,038	-	-
Debt securities issued	35	149,401,065	138,481,179	77,627,207	73,155,391
Interest-bearing borrowings	36	82,310,714	79,816,309	152,534,658	146,345,767
Retirement benefit obligations	37	3,656,002	3,269,100	3,649,610	3,267,364
		2,089,472,670	1,826,949,811	1,947,313,190	1,707,799,944
Total liabilities		2,089,472,670	1,826,949,811	1,947,313,190	1,707,799,944
Equity					
Share capital and share premium	38	172,477,671	172,477,671	172,477,671	172,477,671
Retained earnings		55,939,485	34,139,453	56,748,162	36,499,779
Other components of equity		70,553,657	67,262,761	68,740,309	65,178,336
Total equity attributable to owners of the Bank		**298,970,813**	**273,879,885**	**297,966,141**	**274,155,786**
Non controlling interest	38	3,673,207	3,530,843	-	-
Total equity		**302,644,020**	**277,410,728**	**297,966,141**	**274,155,786**
Total liabilities and equity		**2,392,116,690**	**2,104,360,539**	**2,245,279,331**	**1,981,955,730**

Signed on behalf of the Board of Directors on 29 July 2015 by:

Herbert Wigwe
Group Managing Director
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**	**Contingency reserve**	**Foreign currency translation reserve**	**Retained earnings**	**Total**	**Non Controlling interest**	**Total Equity**
Balance at 1 January 2015	**11,441,460**	**161,036,211**	**21,205,031**	**37,078,604**	**295,419**	**(976,127)**	**3,489,080**	**9,881,402**	**-**	**(3,710,648)**	**34,139,453**	**273,879,885**	**3,530,843**	**277,410,728**
Total comprehensive income for the period:														
Profit for the period											31,027,065	31,027,065	260,033	31,287,098
Other comprehensive income, net of tax														
Unrealised foreign currency translation difference	-	-	-	-	-	-	-	-	-	(342,214)	-	(342,214)	(77,979)	(420,193)
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	-	3,206,943	-	-	-	3,206,943	-	3,206,943
Total other comprehensive (loss)/income	**-**	**-**	**-**	**-**		**-**	**-**	**3,206,943**	**-**	**(342,214)**	**-**	2,864,729	(77,979)	**2,786,750**
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,206,943**	**-**	**(342,214)**	**31,027,065**	33,891,794	182,054	**34,073,848**
Transactions with equity holders, recorded directly in equity:														
Transfers during the period	-	-	(5,086,737)	6,334,078	-	-	-	-	-	-	(1,247,341)	-	-	-
Scheme shares	-	-	-	-	186,728	(1,007,903)	-	-	-	-	-	(821,175)	-	(821,175)
Dividend paid to equity holders	-	-	-	-	-	-	-	-	-	-	(7,979,691)	(7,979,691)	(39,690)	(8,019,381)
Total contributions by and distributions to equity holders	**-**	**-**	**(5,086,737)**	**6,334,078**	**186,728**	**(1,007,903)**	**-**	**-**	**-**	**-**	**(9,227,032)**	**(8,800,866)**	**(39,690)**	**(8,840,556)**
Balance at 30 June 2015	**11,441,460**	**161,036,211**	**16,118,294**	**43,412,682**	**482,147**	**(1,984,030)**	**3,489,080**	**13,088,345**	**-**	**(4,052,862)**	**55,939,486**	**298,970,813**	**3,673,207**	**302,644,020**

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**	**Contingency reserve**	**Foreign currency translation reserve**	**Retained earnings**	**Total**	**Non Controlling interest**	**Total Equity**
Balance at 1 January 2014	**11,441,460**	**161,036,211**	**13,074,749**	**30,365,408**	**112,783**	**(460,580)**	**3,489,080**	**6,237,939**	**-**	**(4,815,485)**	**22,232,374**	**242,713,940**	**1,768,110**	**244,482,050**
Total comprehensive income for the period:														
Profit for the period											22,285,019	22,285,019	301,515	22,586,534
Other comprehensive income, net of tax														
Unrealised foreign currency translation difference	-	-	-	-	-	-	-	-	-	(413,589)	-	(413,589)	-	(413,589)
Realised foreign currency translation difference										97,187	-	97,187	-	97,187
Actuarial loss on remeasurement of retirement benefit	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	-	168,720	-	-	-	168,720	-	168,720
Fair value changes on AFS financial instruments from associates	-	-	-	-	-	-	-	337	-	-	-	337	-	337
Cancelled fair value reserve from associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive (loss)/income	**-**	**-**	**-**	**-**		**-**	**-**	**169,057**	**-**	**(316,402)**	**-**	(147,345)	-	**(147,345)**
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**169,057**	**-**	**(316,402)**	**22,285,019**	22,137,674	301,515	**22,439,189**
Transactions with equity holders, recorded directly in equity:														
Transfers during the period	-	-	4,584,110	3,664,971	-	-	-	-	-	-	(8,249,081)	-		-
Scheme shares	-	-	-	-	98,449	(515,547)	-	-	-	-	-	(417,098)		(417,098)
Deemed disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	(652,668)	(652,668)	652,668	-
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	670,740	670,740
Transfer from disposed subsidiaries	-	-	-	(27,762)	-	-	-	-	-	-	27,762	-	-	-
Dividend paid to equity holders	-	-	-	-	-	-	-	-	-	-	(8,052,541)	(8,052,541)	-	(8,052,541)
Total contributions by and distributions to equity holders	**-**	**-**	**4,584,110**	**3,637,209**	**98,449**	**(515,547)**	**-**	**-**	**-**	**-**	**(16,926,528)**	**(9,122,307)**	**1,323,408**	**(7,798,899)**
Balance at 30 June 2014	**11,441,460**	**161,036,211**	**17,658,859**	**34,002,617**	**211,232**	**(976,127)**	**3,489,080**	**6,406,996**	**-**	**(5,131,887)**	**27,590,864**	**255,729,307**	**3,393,033**	**259,122,340**

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	Merger Reserve	Retained earnings	Total Equity
Balance at 1 January 2015	**11,441,460**	**161,036,211**	**17,001,981**	**34,558,437**	**295,419**	**3,489,081**	**9,833,418**	**-**	**36,499,779**	**274,155,786**
Total comprehensive income for the period:										
Profit for the period	-	-	-	-	-	-	-	-	28,425,575	**28,425,575**
Other comprehensive income, net of tax										
Actuarial loss on remeasurement of retirement benefit	-	-	-	-	-	-	-	-	-	**-**
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	3,241,100	-	-	**3,241,100**
Total other comprehensive (loss)	**-**	**-**	**-**	**-**	**-**	**-**	**3,241,100**	**-**	**-**	**3,241,100**
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**3,241,100**	**-**	**28,425,575**	**31,666,675**
Transactions with equity holders, recorded directly in equity:										
Transfers for the period	-	-	(4,095,666)	4,263,836	-	-	-	-	(168,170)	**-**
Dividend paid to equity holders	-	-			-	-	-	-	(8,009,022)	**(8,009,022)**
Scheme shares	-	-	-	-	152,702	-	-	-	-	**152,702**
Total contributions by and distributions to equity holders	**-**	**-**	**(4,095,666)**	**4,263,836**	**152,702**	**-**	**-**	**-**	**(8,177,192)**	**(7,856,320)**
Balance at 30 June 2015	**11,441,460**	**161,036,211**	**12,906,315**	**38,822,273**	**448,121**	**3,489,081**	**13,074,518**	**-**	**56,748,162**	**297,966,141**

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	Merger Reserve	Retained earnings	Total Equity
Balance at 1 January 2014	**11,441,460**	**161,036,211**	**11,177,662**	**28,567,268**	**112,783**	**3,489,080**	**6,262,140**	**-**	**23,095,392**	**245,181,996**
Total comprehensive income for the period:										
Profit for the period	-	-	-	-	-	-	-	-	19,950,154	**19,950,154**
Other comprehensive income, net of tax										
Actuarial loss on remeasurement of retirement benefit	-	-	-	-	-	-	-	-	-	**-**
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	44,202	-	-	**44,202**
Total other comprehensive (loss)	**-**	**-**	**-**	**-**	**-**	**-**	**44,202**	**-**	**-**	**44,202**
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**44,202**	**-**	**19,950,154**	**19,994,356**
Transactions with equity holders, recorded directly in equity:										
Transfers for the period	-	-	4,703,079	2,992,523	-	-	-	-	(7,695,602)	**-**
Dividend paid to equity holders	-	-	-	-	-	-	-	-	(8,009,048)	**(8,009,048)**
Scheme shares	-	-	-	-	98,449	-	-	-	-	**98,449**
Total contributions by and distributions to equity holders	**-**	**-**	**4,703,079**	**2,992,523**	**98,449**	**-**	**-**	**-**	**(15,704,650)**	**(7,910,599)**
Balance at 30 June 2014	**11,441,460**	**161,036,211**	**15,880,741**	**31,559,791**	**211,232**	**3,489,080**	**6,306,342**	**-**	**27,340,896**	**257,265,753**

Consolidated statement of cash flows
For the period 30 June 2015

In thousands of Naira	Group June 2015	Group June 2014	Bank June 2015	Bank June 2014
Cash flows from operating activities				
Profit before income tax and discontinued operations	**39,113,345**	**27,117,783**	**34,497,806**	**22,412,793**
Adjustments for:				
Depreciation of property and equipment	4,072,324	3,683,769	3,706,776	3,316,067
Amortization of intangible assets	665,496	577,283	609,207	524,243
Gain on disposal of property and equipment	(70,262)	(45,894)	(67,970)	(36,427)
Gain on disposal of investment properties	-	(263,694)	-	(263,694)
Gain on disposal of investment securities	(518,650)	(144,519)	(510,896)	(144,519)
Unrealised gains on derivative financial instruments	(37,130,570)	(1,847,565)	(37,107,669)	(1,847,565)
Impairment on financial assets	8,886,639	3,506,496	9,105,371	2,947,516
Additional gratuity provision	382,246	219,256	382,246	219,256
Loss on disposal of subsidiaries	-	486,827	-	104,266
Equity share-based payment expense	186,728	98,449	152,703	98,449
Property and equipment written off	52,429	-	52,429	-
Share of profit of equity accounted investee	-	(301,109)	-	-
Net interest income	(48,162,889)	(48,742,780)	(41,558,316)	(43,499,463)
Unrealised foreign exchange loss/(gain) on revaluation	8,233,981	(452,440)	8,324,469	(452,440)
Dividend income	(3,602,567)	(2,396,588)	(4,058,999)	(2,875,629)
	(27,891,750)	(18,504,726)	(26,472,843)	(19,497,146)
Increase/(decrease) in operating assets:				
Change in non-pledged trading assets	(20,184,403)	(11,055,557)	(20,184,403)	(11,142,211)
Change in pledged assets	(114,787,097)	(20,098,438)	(113,715,305)	(18,687,705)
Change in restricted deposits	(35,902,767)	(64,576,537)	(21,137,214)	(63,874,053)
Change in loans and advances to banks and customers	(160,744,107)	(142,227,441)	(67,412,854)	(170,324,562)
Change in insurance receivables	-		-	
Change in other assets	(22,233,641)	(20,089,516)	(26,918,278)	(24,948,287)
Change in deposits from banks	33,579,003	20,399,547	33,994,609	12,842,393
Change in deposits from customers	182,286,801	113,590,005	161,013,144	119,204,175
Change in assets and liabilities held for sale	-	1,343,207	-	-
Change in other liabilities	35,297,043	(4,307,854)	36,316,394	(3,530,123)
Interest paid on deposits to banks and customers	(40,455,482)	(26,124,314)	(36,073,482)	(28,098,048)
Interest received on loans and advances and non-pledged trading assets	74,783,209	71,142,634	67,162,701	64,967,928
	(96,253,192)	(100,508,990)	(13,427,531)	(143,087,638)
Income tax paid	(2,304,446)	(4,902,749)	(860,415)	(3,354,963)
Net cash used in operating activities	(98,557,638)	(105,411,739)	(14,287,946)	(146,442,601)
Cash flows from investing activities				
Cash payments to acquire investment securities	(265,177,250)	(76,548,706)	(256,118,418)	(76,548,706)
Interest received on investment securities	19,225,541	6,273,827	16,696,029	6,273,827
Dividend received	3,602,567	2,396,588	4,058,999	2,875,629
Acquisition of property and equipment	(8,063,574)	(5,767,339)	(6,322,498)	(4,817,465)
Proceeds from the sale of property and equipment and intangible assets	1,011,090	781,028	940,828	776,336
Acquisition of intangible assets	(809,269)	(818,555)	(662,968)	(685,631)
Proceeds from matured investment securities	136,953,547	52,417,353	119,085,181	52,417,353
Proceeds from sale of subsidiary and associates	-	543,340	-	543,340
Increase in investment in subsidiaries	-	-		(2,971,047)
Cash lost on disposal of subsidiary	-	(956,473)	-	-
Proceeds from sale of investment securities	211,887,780	101,958,668	200,309,303	96,880,691
Net cash generated from investing activities	98,630,432	80,279,731	77,986,456	74,744,326
Cash flows from financing activities				
Interest paid on borrowings and debt securities issued	(10,193,119)	(2,622,631)	(10,535,240)	(2,731,931)
Proceeds from new interest bearing borrowings	7,682,047	2,396,220	6,435,000	2,396,220
Repayment of interest bearing borrowings	(7,444,124)	(7,157,378)	(7,444,124)	(5,536,580)
Purchase of own shares	(1,007,903)	(515,547)	-	-
Dividends paid to owners	(8,019,381)	(8,052,541)	(8,009,022)	(8,009,048)
Debt securities issued		63,990,609	-	63,990,609
Net cash provided (used in)/by financing activities	(18,982,480)	48,038,731	(19,553,386)	50,109,269
Net (decrease)/increase in cash and cash equivalents	(18,909,686)	22,906,723	44,145,124	(21,589,007)
Cash and cash equivalents at beginning of year	152,748,398	277,033,693	100,897,058	223,567,707
Cash and cash equivalents of assets held for sale	-		-	
Effect of exchange rate fluctuations on cash held	(559,339)	1,167,046	(847,452)	2,740,802
Cash and cash equivalents at end of year	133,279,374	301,107,462	144,194,730	204,719,503
Net (decrease)/increase in cash and cash equivalents	(18,909,685)	22,906,723	44,145,124	(21,589,007)

1.0 General information

Access Bank Plc ("the Bank") is a company domiciled in Nigeria. The address of the Bank's registered office is Plot 999c, Danmole Street, off Adeola Odeku/Idejo Street, Victoria Island, Lagos (formerly Plot 1665, Oyin Jolayemi, Victoria Island, Lagos). The consolidated financial statements of the Bank for the period ended 30 June 2015 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 29 July 2015.

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 Summary of significant accounting policies

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

3.1 Basis of preparation

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

(a) Functional and presentation currency

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

(b) Basis of measurement

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

- derivative financial instruments are measured at fair value.
- non-derivative financial instruments at fair value through profit or loss are measured at fair value.
- available-for-sale financial assets are measured at fair value.
- investment property is measured at fair value.
- the liability for defined benefit obligations is recognised as the present value of the defined benefit obligation 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 judgements

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Information about significant areas of estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated and separate financial statements are described in note 4.

3.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the group

Below are the IFRSs and International Financial Reporting Interpretations Commitee (IFRIC) interpretations that are effective for the first time for the financial year beginning on or after 1 January 2015 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 (FRC).

[i] Ammendments to IFRS 8, 'Operating segments' effective for annual periods after 01 July 2014

The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported. Entities would have to disclose the factors they have considered in identifying reportable segments, including the basis of their organization in the financial statement.

Ammendments to IFRS 13, 'Fair value measurement', effective for annual periods after 01 July 2014

The amendment clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9. Entities are required to apply this amendment prospectively from the beginning of the first annual period in which IFRS 13 is applied.

Ammendments to IFRS 2, 'Share-based payment'effective for annual periods after 01 July 2014

The amendment clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'. Previously, IFRS did not separately define these concepts. The amendment is effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

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

As at 30 June 2015, 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 (2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

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

Other IFRS that are relevant to the group include:

IFRS	Effective Date	Subject of amendment
Ammendments 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.
Amendments to IFRS 15, 'Revenue from contracts with customers'	Annual periods beginning on or after 1 January 2017	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. Early adoption is permitted.
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.
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.
Amendments IFRS 14, Regulatory deferral accounts	Effective 01 January 2016	This standard describes the regulatory deferral account balances as amounts of expense or income that would not be recognised as assets or liabilities in accordance with other standards, but that qualify to be deferred in accordance with this standard because the amount is included or expected to be included by the rate regulator in establishing the price (s) that an entity can charge to customers for rate regulated goods or services

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

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

[i] a contractual arrangement between the investor and other vote holders
[ii] rights arising from other contractual arrangements
[iii] the investor's voting rights (including voting patterns at previous shareholders' meetings)
[iv] potential voting rights

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

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

(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 bargain purchase gain is recognised immediately in statement of comprehensive income,after a re-assessment to ensure correctness.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in 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) Acquisitions from entities under common control

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

(d) 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.

(e) Disposal of subsidaries

When the group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in 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.

(f) 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.

(g) Associates

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

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

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

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

Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.
Investments in associates are measured at cost less impairment in the separate financial statement.

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Changes in the fair value of monetary securities denominated in foreign currency classified as 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 comprehensiveincome.

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 and points paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

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

(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.

(c) Net gains/losses on financial instuments classified held for trading

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

(d) Foreign exchange income

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

(e) Dividends

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

3.7 Lease payments

Payments made under operating leases are recognised in 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 expense

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

(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 derviative financial insturments) 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)	Sub classes
Financial assets	Financial assets at fair value through profit or loss		Non pledged trading assets	Equity securities
				Derivative financial assets
				Debt securities
	Loans and receivables		Cash and balances with banks	Cash on hand and balances with banks
				Unrestricted balances with central banks
				Restricted balances with central banks
				Money market placements and other cash equivalents
			Loans and advances to banks	Loans and advances to banks
			Loans and advances to customers	Loans to individuals
				Loans to corporate entities and other organisations
			Other assets	Receivables
	Held to maturity		Investment securities - debt securities	Listed
	Available for sale financial assets		Investment securities - debt securities	Listed
				Unlisted
			Investment securities - equity securities	Listed
				Unlisted

	Category (as defined by IAS 39)		Class (as determined by the Group)	Sub classes
Financial liabilities	Financial liabilities at fair value through		Derivatives	
	Financial liabilities at amortised cost		Deposits from banks	
			Deposits from customers	Demand deposits
				Savings deposits
				Term deposits
			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 cash consideration to originate or purchase the loan including any transaction costs – and measured subsequently at amortised cost using the effective interest rate method. Loans and receivables are reported in the consolidated statement of financial position as loans and advances to banks or customers or as investment securities. Interest on loans is included in the consolidated income statement and is reported as ‘Interest income’. In the case of an impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognised in the consolidated income statement under "net impairment loss on financial assets"

[iii] Held-to-maturity

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

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

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

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

(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 impairment.

[ii] Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

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

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

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases, the fair value of a financial instrument on initial recognition may be different to its transaction price. If such fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in 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 modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate. Losses are recognised in 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 repossesed 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 seperately 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 years

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

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

(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 year 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 goodwil impairment testing, CGUs to which goodwill has been allcated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to the groups of CGUs that are expected to benefit from the synergies of the combination.

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

3.15 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 are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are initially recognised at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable). Financial guarantees are included within other liabilities.

3.19 Employee benefits

(a) Defined contribution plans

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

(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 immidiately 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

During the period, the bank commenced a new plan called Restricted Share Performance Plan (RSPP). Under the RSPP, shares of the Bank are awarded to employees based on their performance at no cost to them and the shares will have a vesting period of 3 years from date of award.

This new plan will be accounted for as an equity-settled transaction, where the Bank will recognize a cost and a corresponding increase in equity. The cost is recognized as an expense unless it qualifies for recognition as an asset. Initial estimates of the number of equity settled instruments that are expected to vest are adjusted to current estimates and ultimately to the actual number of equity settled instruments that vest unless differences are due to market conditions.

3.20 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 avergae number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

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.

Had there been no expected cashflows from all the significant impaired loans, there would have been an additional impairment of N11.862billion in the financial statements relating to this. In addition, if the PDs and LGDs were increased by 2%, there would have been an additional impairment charge of N233Mn and if the PDs and LGDs decreased by 2%, there would have been a write back of impairment of N228Mn.

Statement of prudential adjustments

Provisions under prudential guidelines are determined using the time based provisioning regime prescribed by the Revised Central Bank of Nigeria (CBN) Prudential Guidelines. This is at variance with the incurred loss model required by IFRS under IAS 39. As a result of the differences in the methodology/provision regime, there will be variances in the impairments allowances required under the two methodologies.

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

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

• Prudential Provisions is greater than IFRS provisions; the excess provision resulting should be transferred from the general reserve account to a "regulatory risk reserve".

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

b) The non-distributable reserve should be classified under Tier 1 as part of the core capital.
The Bank has complied with the requirements of the guidelines as follows:

Statement of prudential adjustments *In thousands of Naira*		**June 2015**	**December 2014**
Bank	Note		
Loans & advances:			
Specific impairment allowances on loans to customers			
- Loans to Individuals	23(b)	277,598	-
- Loans to Corporate	23(b)	7,941,046	6,340,159
Specific impairment allowances on loans to banks	22	-	-
Collective impairment allowances on loans to customers			
- Loans to Individuals	23(b)	658,995	674,228
- Loans to Corporates	23(b)	15,158,904	9,991,751
Collective impairment allowances on loans to banks	22	8,197	6,341
Total impairment allowances on loans per IFRS		**24,044,740**	**17,012,479**
Total regulatory impairment based on prudential gudielines		**37,694,552**	**24,427,091**
Balance, beginning of the year		17,001,981	11,177,662
Additional transfers to regulatory risk reserve		(4,095,666)	5,824,319
Balance, end of the period		**12,906,315**	**17,001,981**

4.1 *Valuation of financial instruments*

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

4.1.1 Recurring fair value measurements

In thousands of Naira
Group
June 2015

	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Non pledged trading assets				
Treasury bills	41,739,239	-	-	41,739,239
Bonds	6,777,368	-	-	6,777,368
Equity	79,440	-	-	79,440
Derivative financial instrument	63,127,743	-	-	63,127,743
Pledged assets				
Treasury bills	124,085,688	-	-	124,085,688
Bonds	4,165,319	-		4,165,319
Investment securities				
Available for sale				
Treasury bills	74,507,178	-	-	74,507,178
Bonds	5,106,138	13,504,071	-	18,610,209
Equity	11,190,848	35,730,306		46,921,154
Assets held for sale	-	23,438,484	-	23,438,484
	330,778,961	72,672,861	-	403,451,822
Liabilities				
Derivative financial instrument	-	2,934,631	-	2,934,631
	-	2,934,631	-	2,934,631

Group
December 2014

	Level 1	Level 2	Level 3	Total
Assets				
Non pledged trading assets				
Treasury bills	24,546,032	-	-	24,546,032
Bonds	3,786,172	-	-	3,786,172
Equity	79,440	-	-	79,440
Derivative financial instrument	-	24,866,681	-	24,866,681
Pledged assets				
Treasury bills	4,495,403	-	-	4,495,403
Investment securities				
Available for sale				
Treasury bills	92,046,032	-	-	92,046,032
Bonds	46,931,249	818,129	-	47,749,378
Equity	11,017,140	34,070,282	-	45,087,422
Assets held for sale	-	23,438,484		23,438,484
	182,901,468	83,193,576	-	266,095,044
Liabilities				
Derivative financial instrument	-	1,989,662	-	1,989,662
	-	1,989,662	-	1,989,662

Bank
June 2015
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Non pledged trading assets				
Treasury bills	41,739,239	-	-	41,739,239
Bonds	6,777,368	-	-	6,777,368
Equity	79,440	-	-	79,440
Pledged assets				
Treasury bills	114,232,396	-	-	114,232,396
Bonds	4,165,000			4,165,000
Derivative financial instrument	63,054,554	-	-	63,054,554
Investment securities				
Available for sale				
Treasury bills	61,247,648	-	-	61,247,648
Bonds	4,165,319	13,504,071	-	17,669,390
Equity	11,190,848	35,730,306	-	46,921,154
Asset held for sale	-	23,438,484	-	23,438,484
	306,651,812	72,672,861	-	379,324,673
Liabilities				
Derivative financial instrument		2,847,331		2,847,331
	-	2,847,331	-	2,847,331

Bank
December 2014
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Non pledged trading assets				
Treasury bills	24,546,032	-	-	24,546,032
Bonds	3,786,172	-	-	3,786,172
Equity	79,440	-	-	79,440
Pledged assets				
Treasury bills	4,495,403	-	-	4,495,403
Derivative financial instrument	-	24,831,145	-	24,831,145
Investment securities				
Available for sale				
Treasury bills	61,656,952	-	-	61,656,952
Bonds	44,725,755	818,129	-	45,543,884
Equity	11,017,140	34,035,134	-	45,052,274
Asset held for sale		23,438,484		23,438,484
	150,306,894	83,122,892	-	233,429,786
Liabilities				
Derivative financial instrument		1,737,791		1,737,791
	-	1,737,791	-	1,737,791

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

4.1.2 Financial instruments not measured at fair value

Group
June 2015
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	421,807,185	-	421,807,185
Loans and advances to banks	-	104,889,344	-	104,889,344
Loans and advances to customers	-	1,112,733,838	-	1,112,733,838
Pledged assets				
Treasury bills	2,462,914	-	-	2,462,914
Bonds	42,671,113	-	-	42,671,113
Investment securities				
Held to Maturity				
Treasury bills	7,153,408	-	-	7,153,408
Bonds	39,332,912		-	39,332,912
Other assets	-	48,656,430	-	48,656,430
	91,620,347	1,688,086,797	-	1,779,707,144
Liabilities				
Deposits from financial institutions	-	210,380,393	-	210,380,393
Deposits from customers	-	1,612,433,725	-	1,612,433,725
Other liabilities	-	48,559,766	-	48,559,766
Debt securities issued	149,401,065		-	149,401,065
Interest-bearing borrowings	-	82,310,714	-	82,310,714
	149,401,065	1,953,684,599	-	2,103,085,664

Group
December 2014
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	405,014,793	-	405,014,793
Loans and advances to banks	-	12,584,887	-	12,584,887
Loans and advances to customers	-	1,068,909,228	-	1,068,909,228
Pledged assets				
Treasury bills	10,543,214	-	-	10,543,214
Bonds	43,005,034	-	-	43,005,034
Investment securities				
Held to Maturity				
Treasury bills	15,826,830	7,532,437	-	23,359,267
Bonds	18,112,104	18,027,415	-	36,139,519
Other assets	-	36,030,750	-	36,030,750
	87,487,182	1,548,099,510	-	1,635,586,692
Liabilities				
Deposits from financial institutions	-	115,765,341	-	115,765,341
Deposits from customers	-	1,455,710,095	-	1,455,710,095
Other liabilities	-	21,689,079	-	21,689,079
Debt securities issued	135,517,192	-	-	135,517,192
Interest-bearing borrowings	-	78,369,011	-	78,369,011
	135,517,192	1,671,533,527	-	1,807,050,719

Bank
June 2015
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	415,968,418	-	415,968,418
Loans and advances to banks	-	72,039,316	-	72,039,316
Loans and advances to customers	-	1,112,733,838	-	1,112,733,838
Pledged assets				
Treasury bills	2,462,914	-	-	2,462,914
Bonds	42,671,113	-	-	42,671,113
Investment securities				
Held to maturity				
Treasury bills	382,961	-	-	382,961
Bonds	18,303,961	17,807,269	-	36,111,230
Other Assets	-	45,352,921	-	45,352,921
	63,820,949	1,663,901,762	-	1,727,722,711
Liabilities				
Deposits from financial institutions	-	158,401,720	-	158,401,720
Deposits from customers	-	1,500,025,804	-	1,500,025,804
Other liabilities	-	43,909,566	-	43,909,566
Debt securities issued	75,396,277	-	-	75,396,277
Interest-bearing borrowings	-	159,257,210	-	159,257,210
	75,396,277	1,861,594,300	-	1,936,990,577

Bank
December 2014
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	351,174,879	-	351,174,879
Loans and advances to banks	-	55,837,270	-	55,837,270
Loans and advances to customers	-	933,545,177	-	933,545,177
Pledged assets				
Treasury bills	8,660,933	-	-	8,660,933
Bonds	42,729,652	-	-	42,729,652
Investment securities				
Held to maturity				
Treasury bills	15,829,500	-	-	15,829,500
Bonds	30,667,663	18,027,415	-	48,695,078
Other Assets	-	30,513,159	-	30,513,159
	97,887,748	1,389,097,900	-	1,486,985,648
Liabilities				
Deposits from financial institutions	-	131,229,630	-	131,229,630
Deposits from customers	-	1,324,796,070	-	1,324,796,070
Other liabilities	-	15,678,189	-	15,678,189
Debt securities issued	70,949,501	-	-	70,949,501
Interest-bearing borrowings	64,567,691	78,369,011	-	142,936,702
	135,517,192	1,550,072,900	-	1,685,590,092

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

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

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

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

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

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

(ii) Determination of fair value of financial instruments.

Valuation techniques used to derive Level 2 fair values
Level 2 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 EBITDAratios 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. Below is a table showing sensitivity analysis of material unquoted investments categorised as Level 2 fair values.\

Description	Fair value at 30 June 2015	Valuation Technique	Unobservable Inputs	Fair value if inputs increased by 5%	Fair value if inputs decreased by 5%	Relationship of unobservable inputs to fair value
Investment in African Finance Corpooration	30,101,935	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	31,607,032	28,596,838	The higher the P/B ratio of similar trading companies, the higher the fair value
Investment in Unified Payment System	2,384,009	Adjusted fair value comparison approach	Median of Enterprise value to EBITDA ratio (EV/EBITDA) of similar comparable companies	2,503,209	2,264,809	The higher the EV/EBITDA ratio of similar trading companies, the higher the fair value
Investment in CSCS	2,171,115	Adjusted fair value comparison approach	Median of Enterprise value to EBITDA ratio (EV/EBITDA) of similar comparable companies	2,279,671	2,062,559	The higher the EV/EBITDA ratio of similar trading companies, the higher the fair value
Investment in Stanbic IBTC Pension managers	1,284,239	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	1,348,451	1,220,027	The higher the P/B ratio of similar trading companies, the higher the fair value
Investment in NIBSS	1,055,709	Adjusted fair value comparison approach	Weighted Price to earnings (P/E) ratio of similar comparable companies	1,108,494	1,002,924	The higher the P/E ratio of similar trading companies, the higher the fair value

(iii) ***Determination of fair value of investment property classified as asset held for sale***
Management employed the services of estate surveyors and valuers expert to value its investment properties. The estimated open market value is deemed to be the fair value based on the assumptions that there will be willing buyers and sellers. Recent market prices of neighborhood properties were also considered in deriving the open market values. A variation of -/+5% will result in N37.5Mn fair value loss/gain respectively.

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

(v) ***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 15.18% and a cash flow growth rate of 10.32% over a period of five years. The Group determined the appropriate discount rate at the end of the reporting period. See note 31b for further details.

(vi) ***Defined benefit plan***
The present value of the long term incentive plan depends on a number of factors that are determined in an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of obligations. The assumptions used in determining the net cost (income) for pensions include the discount rate. The Group determines the appropriate discount rate at the end of the reporting period. In determining the appropriate discount rate, reference is made to the yield on Nigerian Government Bonds that have maturity dates approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions. See note 41 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* **30 June 2015**	**Trading**	**Derivatives held for trading**	**Held-to-maturity**	**Loans and receivables at amortized cost**	**Available-for-sale**	**Financial Liabilities measured at amortized cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	-	-	-	421,807,185	-	-	421,807,185	421,807,185
Non pledged trading assets	-	-	-	-	-	-		
Treasury bills	41,739,239	-	-	-	-	-	41,739,239	41,739,239
Bonds	6,777,368	-	-	-	-	-	6,777,368	6,777,368
Equity	79,440	-	-	-	-	-	79,440	79,440
Derivative financial instruments	-	63,127,743	-	-	-	-	63,127,743	63,127,743
Loans and advances to banks	-	-	-	106,830,748	-	-	106,830,748	104,889,344
Loans and advances to customers	-	-	-	1,173,400,803	-	-	1,173,400,803	1,112,733,838
Pledged assets								
Treasury bills	45,265,616	-	2,485,939	-	71,524,744	-	119,276,299	126,548,602
Bonds	-	-	78,417,538		4,165,319	-	82,582,857	42,671,113
Investment securities								
- Available for sale								
Treasury bills	-	-	-	-	74,507,178	-	74,507,178	74,507,178
Bonds	-	-	-	-	18,610,209	-	18,610,209	18,610,209
Equity	-	-	-	-	46,921,154	-	46,921,154	46,921,154
- Held to Maturity								
Treasury bills	-	-	7,055,563	-	-	-	7,055,563	7,153,408
Bonds	-	-	44,272,514	-	-	-	44,272,514	39,332,912
Other assets	-	-	-	48,656,430	-	-	48,656,430	48,656,430
	93,861,663	**63,127,743**	**132,231,554**	**1,750,695,166**	**215,728,604**	**-**	**2,255,644,730**	**2,155,555,163**
Deposits from financial institutions	-	-	-	-	-	153,236,174	153,236,174	210,380,393
Deposits from customers	-	-	-	-	-	1,639,360,239	1,639,360,239	1,612,433,725
Other liabilities	-	-	-	-	-	48,559,766	48,559,766	48,559,766
Derivative financial instruments	-	-	2,934,631	-	-	-	2,934,631	2,934,631
Debt securities issued	-	-	-	-	-	149,401,065	149,401,065	149,401,065
Interest bearing borrowings	-	-	-	-	-	82,310,714	82,310,714	82,310,714
	-	**-**	**2,934,631**	**-**	**-**	**2,072,867,958**	**2,075,802,589**	**2,106,020,295**

Group *In thousands of Naira* **31 December 2014**	**Trading**	**Derivatives held for trading**	**Held-to-maturity**	**Loans and receivables at amortized cost**	**Available-for-sale**	**Financial Liabilities measured at amortized cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	-	-	-	405,014,793	-	-	405,014,793	405,014,793
Non pledged trading assets								
Treasury bills	24,546,032	-	-	-	-	-	24,546,032	24,546,032
Bonds	3,786,172	-	-	-	-	-	3,786,172	3,786,172
Equity	79,440	-	-	-	-	-	79,440	79,440
Derivative financial instruments	-	24,866,681	-	-	-	-	24,866,681	24,866,681
Loans and advances to banks	-	-	-	12,435,659	-	-	12,435,659	12,584,887
Loans and advances to customers	-	-	-	1,110,464,442	-	-	1,110,464,442	1,068,909,228
Pledged assets								
Treasury bills	188,923	-	10,629,919	-	4,306,480	-	15,125,322	15,038,617
Bonds	-	-	71,946,826	-	-	-	71,946,826	43,005,034
Investment securities								
- Available for sale								
Treasury bills	-	-	-	-	92,046,032	-	92,046,032	91,906,703
Bonds	-	-	-	-	47,749,378	-	47,749,378	46,198,803
Equity	-	-	-	-	45,087,422	-	45,087,422	44,256,723
- Held to Maturity								
Treasury bills	-	-	23,495,446	-	-	-	23,495,446	23,359,267
Bonds	-	-	61,833,110	-	-	-	61,833,110	36,139,519
Other assets	-		-	36,030,750	-	-	36,030,750	36,030,750
	28,600,567	**24,866,681**	**167,905,301**	**1,563,945,644**	**189,189,312**	**-**	**1,974,507,505**	**1,875,722,649**
Deposits from financial institutions	-	-	-	-	-	119,045,423	119,045,423	115,765,391
Deposits from customers	-	-	-	-	-	1,454,419,052	1,454,419,052	1,455,710,695
Other liabilities	-	-	-	-	-	20,201,802	20,201,802	21,689,079
Derivative financial instruments	-	1,989,662	-	-	-	-	1,989,662	1,989,662
Debt securities issued	-	-	-	-	-	138,481,179	138,481,179	135,517,192
Interest bearing borrowings	-	-	-	-	-	79,816,309	79,816,309	78,369,011
	-	**1,989,662**	**-**	**-**	**-**	**1,811,963,765**	**1,813,953,427**	**1,809,041,030**

Bank *In thousands of Naira* **30 June 2015**	**Trading**	**Derivatives held for trading**	**Held-to-maturity**	**Loans and receivables at amortised cost**	**Available-for-sale**	**Financial Liabilities measured at amortized cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	-	-	-	415,968,418	-	-	415,968,418	415,968,418
Non pledged trading assets								
Treasury bills	41,739,239	-	-	-	-	-	41,739,239	41,739,239
Bonds	6,777,368	-	-	-	-	-	6,777,368	6,777,368
Equity	79,440						79,440	79,440
Derivative financial instruments	-	63,054,554	-	-	-	-	63,054,554	63,054,554
Loans and advances to banks	-	-	-	72,039,316	-	-	72,039,316	104,889,344
Loans and advances to customers	-	-	-	1,067,105,983	-	-	1,067,105,983	1,112,733,838
Pledged assets								
Treasury bills	45,265,616	-	2,485,939	-	68,564,246	-	116,315,801	116,695,310
Bonds	-	-	4,165,319	-	78,417,538	-	82,582,857	60,340,503
Investment securities								
Available for sale								
Treasury bills	-	-	-	-	61,247,648	-	61,247,648	61,247,648
Bonds	-	-	-	-	18,029,138	-	18,029,138	18,029,138
Equity	-	-	-	-	46,921,154	-	46,921,154	46,921,154
Held to maturity	-	-	-	-	-	-		
Treasury bills	-	-	386,541	-	-	-	386,541	382,961
Bonds	-	-	41,050,832	-	-	-	41,050,832	36,111,230
Other assets	-	-	-	45,352,920	-		45,352,920	45,352,920
	93,861,663	**63,054,554**	**48,088,630**	**1,600,466,637**	**273,179,725**	**-**	**2,078,651,208**	**2,130,323,065**
Deposits from financial institutions	-	-	-	-	-	169,061,040	169,061,040	158,401,720
Deposits from customers	-	-	-	-	-	1,489,473,412	1,489,473,412	1,500,025,804
Derivative financial instruments	-	2,847,331	-	-	-	-	2,847,331	2,847,331
Other liabilities	-	-	-	-	-	43,909,566	43,909,566	43,909,566
Debt securities issued						77,627,207	77,627,207	75,396,277
Interest bearing borrowings	-	-	-	-	-	152,534,658	152,534,658	159,257,210
	-	**2,847,331**	**-**	**-**	**-**	**1,932,605,883**	**1,935,453,214**	**1,939,837,908**

Bank *In thousands of Naira* **31 December 2014**	**Trading**	**Derivatives held for trading**	**Held-to-maturity**	**Loans and receivables at amortised cost**	**Available-for-sale**	**Financial Liabilities measured at amortized cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	-	-	-	351,174,879	-	-	351,174,879	351,174,879
Non pledged trading assets								
Treasury bills	24,546,032	-	-	-	-	-	24,546,032	24,515,877
Bonds	3,786,172	-	-	-	-	-	3,786,172	3,786,172
Equity	79,440						79,440	79,440
Derivative financial instruments		24,831,145	-	-	-	-	24,831,145	24,831,145
Loans and advances to banks	-	-	-	-	-	-	-	55,837,270
Loans and advances to customers	-	-	-	-	-	-	-	933,545,177
Pledged assets								
Treasury bills	188,923	-	8,741,125	-	4,306,480	-	13,236,528	13,156,336
Bonds	-	-	71,946,826	-	-	-	71,946,826	42,729,652
Investment securities								
Available for sale								
Treasury bills	-	-	-	-	61,656,952	-	61,656,952	61,656,952
Bonds	-	-	-	-	45,543,884	-	45,543,884	45,543,884
Equity					45,052,274		45,052,274	45,052,274
Held to maturity								
Treasury bills	-	-	15,963,009	-	-	-	15,963,009	-
Bonds	-	-	73,884,873	-	-	-	73,884,873	-
Other assets	-	-	-	(22,321,171)	-	-	(22,321,171)	(22,321,171)
	28,600,567	**24,831,145**	**170,535,833**	**328,853,708**	**156,559,590**	**-**	**709,380,843**	**1,579,587,887**
Deposits from financial institutions	-	-	-	-	-	-	-	131,229,630
Deposits from customers	-	-	-	-	-	-	-	1,324,796,070
Derivative financial instruments	-	1,737,791	-	-	-	-	1,737,791	1,737,791
Other liabilities	-	-	-	-	-	-	-	-
Debt securities issued						-	-	70,949,501
Interest bearing borrowings	-	-	-	-	-	-	-	142,936,702
	-	**1,737,791**	**-**	**-**	**-**	**-**	**1,737,791**	**1,671,649,693**

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 (less than 3months) 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 assets in other liabilities is a reasonable approximation of fair value.

(vii) Interest bearing borrowings

The estimated fair value of fixed interest-bearing borrowings not quoted in an active market is based on discounted cash flows using the contractual interest rates 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 June 2015	Group December 2014	Bank June 2015	Bank December 2014
Cash and balances with banks				
- Current balances with banks outside Nigeria	25,907,986	15,109,636	20,425,776	9,351,944
- Unrestricted balances with central banks	38,914,156	32,060,575	26,523,202	22,262,582
- Restricted balances with central banks	296,591,818	257,591,933	279,837,694	255,603,361
- Money market placements	29,164,127	65,813,241	62,742,747	36,965,179
Non pledged trading assets				
Treasury bills	41,739,239	24,546,032	41,739,239	24,546,032
Bonds	6,777,368	3,786,172	6,777,368	3,786,172
Derivative financial instruments	63,127,743	24,866,681	63,054,554	24,831,145
Loans and advances to banks	106,830,748	12,435,659	72,039,316	55,776,837
Loans and advances to customers	1,173,400,803	1,110,464,442	1,067,105,983	1,019,908,848
Pledged assets				
Treasury bills	119,276,387	15,125,322	116,315,801	13,236,528
Bonds	82,582,857	71,946,825	82,582,857	71,946,825
Investment securities				
Available for sale				
Treasury bills	74,507,178	92,046,032	61,247,648	61,656,952
Bonds	18,610,209	47,749,378	18,029,138	45,543,884
Held to Maturity				
Treasury bills	7,055,563	23,495,446	386,541	15,963,009
Bonds	44,272,514	61,833,110	41,050,832	57,921,864
Other assets	48,656,430	36,030,750	45,352,920	30,513,159
Total	**2,177,415,126**	**1,894,901,235**	**2,005,211,616**	**1,749,814,321**
Off balance sheet exposuress			-	
Transaction related bonds and guarantees	248,142,090	165,466,393	174,397,793	145,831,160
Guaranteed facilities	95,440,470	91,373,327	82,276,079	72,221,845
Clean line facilities for letters of credit and other commitments	460,119,239	377,152,396	458,488,129	372,652,653
Total	**803,701,799**	**633,992,116**	**715,162,001**	**590,705,658**

Balances included in Other Assets above are those subject to credit risks. The table above shows a worst-case scenario of credit risk exposure to the Group as at 30 June 2015 and 31 December 2014, without taking account of any collateral held or other credit enhancements attached.

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

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

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

In thousands of Naira	Group June 2015	Group December 2014	Bank June 2015	Bank December 2014
Agriculture	22,106,466	14,740,963	22,106,466	14,483,622
Capital market	286,288	1,316,637	286,288	1,316,637
Construction	85,078,246	65,583,095	69,246,861	55,747,139
Education	1,588,478	1,482,317	1,588,478	1,482,317
Financand insurance	20,877,812	22,537,038	20,114,233	22,091,245
General	39,495,119	27,709,205	36,432,145	26,521,378
General commerce	175,654,869	170,977,055	164,573,086	148,635,603
Government	25,213,802	55,409,711	22,568,087	54,100,558
Information And communication	106,037,884	111,394,390	101,694,964	108,560,585
Other Manufactiring (Industries)	77,009,334	75,553,584	58,929,384	53,534,031
Basic Metal Products	4,145,339	2,271,646	4,145,339	2,271,646
Cement	25,014,777	28,528,775	25,014,777	28,528,775
Conglomerate	7,440,268	6,924,579	7,440,268	6,924,579
Steel Rolling Mills	67,525,017	66,843,130	67,525,017	66,843,130
Flourmills And Bakeries	1,619,048	4,795,238	1,619,048	4,795,238
Food Manufacturing	13,536,729	19,386,264	13,536,729	19,386,264
Oil And Gas - Downstream	113,784,968	128,040,641	102,348,754	108,160,569
Oil And Gas - Services	93,510,630	89,343,529	82,074,416	89,343,529
Oil And Gas - Upstream	52,422,572	63,154,069	52,422,572	63,154,069
Crude oil refining	31,628,487	26,157,810	31,628,487	26,157,810
Real estate activities	87,996,435	66,444,681	87,106,901	65,943,853
Transportation and storage	91,412,095	47,154,949	88,799,998	45,393,168
Power and energy	19,638,668	23,236,149	10,018,780	15,502,705
Professional, scientific and technical activities	6,274,745	2,106,274	6,274,745	2,106,274
Others	29,450,101	8,354,541	13,646,700	5,930,263
	1,198,748,180	**1,129,446,268**	**1,091,142,526**	**1,036,914,986**

5.1.3(a) Group
Credit quality by class
In thousands of Naira

	Loans and advances to Individuals		Loans and advances Corporates		Loans and advances to banks		Off balance sheet	
	June 2015	**December 2014**	**June 2015**	**December 2014**	**June 2015**	**December 2014**	**June 2015**	**December 2014**
Carrying amount	39,661,148	27,798,741	1,133,739,655	1,082,665,704	106,830,748	12,435,659	463,207,249	633,992,116
Neither past due nor impaired								
Grade 1 - 3:	38,456,782	24,625,482	1,113,476,075	1,025,873,789	106,828,553	12,417,088		633,424,581
Grade 4 -5:	37,097	1,901,440	11,130,223	37,399,652	-	-	463,157,634	80,573
							49,615	
Gross amount	38,493,879	26,526,921	1,124,606,298	1,063,273,441	106,828,553	12,417,088	463,207,249	633,505,154
Impairment	(356,119)	(381,007)	(13,235,078)	(8,757,115)	-	(1,655)	-	-
Carrying amount	38,137,760	26,145,914	1,111,371,220	1,054,516,326	106,828,553	12,415,433	463,207,249	633,505,154
Past due but not impaired:								
Grade 6:	272,557	117,669	921,249	1,851,029	-	15,918	-	-
Grade 7:	906,324	724,616	1,079,115	3,050,021	10,388	8,994	-	-
Grade 8:	788,924	1,227,641	7,984,164	7,413,786	-	-		486,962
Gross amount	1,967,805	2,069,927	9,984,528	12,314,836	10,388	24,912	-	486,962
Impairment	(444,417)	(417,104)	(2,102,573)	(1,459,071)	(8,193)	(4,686)	-	-
Carrying amount	1,523,388	1,652,823	7,881,955	10,855,765	2,195	20,226	-	486,962
Past due and impaired:								
Grade 6: Impaired	-	-	3,807,406	573,858	-	-	-	-
Grade 7: Impaired	-	-	10,982,961	16,004,792	-	-	-	-
Grade 8: Impaired	143,457	636	8,761,846	8,683,128	-	-	-	-
Gross amount	143,457	636	23,552,213	25,261,778	-	-	-	-
Allowance for impairment	(143,457)	(636)	(9,065,734)	(7,968,165)	-	-	-	-
Carrying amount	-	-	14,486,479	17,293,613	-	-	-	-

Bank
Credit quality by class
In thousands of Naira

	Loans and advances to Individuals		Loans and advances Corporates		Loans and advances to banks		Off balance sheet	
	June 2015	**December 2014**	**June 2015**	**December 2014**	**June 2015**	**December 2014**	**June 2015**	**December 2014**
Carrying amount	27,242,807	20,474,333	1,039,863,176	999,434,515	72,039,316	55,776,837	432,613,813	590,705,657
Neither past due nor impaired								
Grade 1 - 3:	26,044,212	19,064,106	1,023,807,825	947,196,486	72,037,121	55,758,266	432,564,198	590,218,383
Grade 4 -5:	17,037	14,528	9,776,910	36,288,582	-	-	49,615	313
Gross amount	26,061,249	19,078,634	1,033,584,735	983,485,068	72,037,121	55,758,266	432,613,813	590,218,695
Impairment	(305,587)	(257,123)	(13,085,523)	(8,532,680)	-	(1,655)	-	-
Carrying amount	25,755,662	18,821,511	1,020,499,212	974,952,388	72,037,121	55,756,611	432,613,813	590,218,695
Past due but not Impaired:								
Grade 6:	182,712	117,669	913,767	1,851,028	-	-	-	-
Grade 7:	868,916	724,616	1,057,988	3,050,021	10,388	15,918	-	-
Grade 8:	788,924	1,227,641	7,983,934	7,413,786		8,994		486,962
Gross amount	1,840,552	2,069,926	9,955,689	12,314,835	10,388	24,912	-	486,962
Impairment	(353,408)	(417,104)	(2,073,383)	(1,459,071)	(8,193)	(4,686)		-
Carrying amount	1,487,144	1,652,822	7,882,306	10,855,764	2,195	20,226	-	486,962

Past due and Impaired:								
Grade 6: Impaired	-	-	3,248,142	169,051	-	-	-	-
Grade 7: Impaired	-	-	10,616,966	15,268,156	-	-	-	-
Grade 8: Impaired	143,457	-	5,691,738	4,529,314	-	-	-	-
Gross amount	143,457	-	19,556,846	19,966,521	-	-	-	-
Allowance for impairment	(143,457)	-	(8,075,187)	(6,340,159)	-	-	-	-
Carrying amount	-	-	11,481,659	13,626,362	-	-	-	-

5.1.3

(b) Aging analysis of credit quality

	Group		Bank	
30 June 2015	**Loans to individuals**	**Loans to Corporates and Banks**	**Loans to individuals**	**Loans to Corporates and Banks**
Past due & not impaired				
Past due up to 30days	272,557	921,249	182,712	913,767
Past due up 30 - 60 days	906,324	1,079,115	868,916	1,057,988
Past due up 60 - 90 days	788,924	7,984,164	788,924	7,983,934
Total	1,967,805	9,984,528	1,840,552	9,955,689
Past due & impaired				
Past due up to 91 - 180days	-	3,807,406	-	3,248,142
Past due up 180 - 360 days	-	10,982,961	-	10,616,966
Above 360days	143,457	8,761,846	143,457	5,691,738
Total	143,457	23,552,213	143,457	19,556,846
31 December 2014				
Past due & not impaired				
Past due up to 30days	117,669	1,851,029	117,669	1,851,029
Past due up 30 - 60 days	724,616	3,065,939	724,616	3,065,939
Past due up 60 - 90 days	1,227,641	7,422,780	1,227,641	7,422,780
Total	2,069,926	12,339,748	2,069,926	12,339,748
Past due & impaired				
Past due up to 91 - 180days	-	573,859	-	169,051
Past due up 180 - 360 days	-	16,004,792	-	15,268,156
Above 360days	636	8,683,128	-	4,529,314
Total	636	25,261,780	-	19,966,521

(c) Debt securities

Grade 1-3: Low-fair risk

	June 2015			December 2014		
Group	**Treasury bills**	**Bonds**	**Total**	**Treasury bills**	**Bonds**	**Total**
Available-for-sale assets	74,507,178	18,610,209	93,117,387	92,046,032	47,749,378	139,795,410
Held to maturity assets	7,055,563	44,272,514	51,328,077	23,495,446	61,833,110	85,328,556
Non pledged trading assets	41,739,239	6,777,368	48,516,607	24,546,032	3,786,172	28,332,204
Pledged assets	119,276,387	82,582,857	201,859,244	15,125,322	71,946,825	87,072,147
Carrying amount	242,578,367	152,242,948	394,821,315	155,212,832	185,315,485	340,528,317
Bank	**Treasury bills**	**Bonds**	**Total**	**Treasury bills**	**Bonds**	**Total**
Available-for-sale assets	61,247,648	18,029,138	79,276,786	61,656,952	45,543,884	107,200,836
Held to maturity assets	386,541	41,050,832	41,437,373	15,963,009	57,921,864	73,884,873
Non pledged trading assets	41,739,239	6,777,368	48,516,607	24,546,032	3,786,172	28,332,204
Pledged assets	116,315,801	82,582,857	198,898,658	13,236,528	71,946,825	85,183,353
Carrying amount	219,689,229	148,440,195	368,129,424	115,402,521	179,198,745	294,601,266

The credit risk associated with Cash and balances with banks, derivatives and other assets (all neither past due nor impaired) are considered to be low at 30 June 2015.

5.1.3 Credit quality
(d) Credit quality by risk rating class

Group

In thousands of Naira

External Rating Equivalent	Grade	Risk Rating	Loans and advances to Individuals June 2015	Loans and advances to Individuals December 2014	Loans and advances Corporates June 2015	Loans and advances Corporates December 2014	Loans and advances to banks June 2015	Loans and advances to banks December 2014
AAA	Investment	1	-	-	100,679,425	103,411,591	106,289,915	12,290,573
AA	Investment	2+	-	-	166,097,532	160,138,302	-	-
A	Investment	2	-	-	132,698,231	125,585,058	-	-
BBB	Investment	2-	-	-	262,097,790	205,089,767	-	-
BB+	Standard	3+	-	1,289,875	136,678,732	184,994,108	-	-
BB	Standard	3	38,456,782	20,688,668	230,438,481	174,611,584	538,642	126,515
BB-	Standard	3-	-	2,646,939	84,785,882	72,043,380	-	-
B	Non-Investment	4	37,097	1,107,304	9,595,931	34,754,218	-	-
B-	Non-Investment	5	-	794,136	1,534,292	2,645,434	-	-
CCC	Non-Investment	6	272,557	117,669	4,728,654	2,424,888	-	-
C	Non-Investment	7	906,323	724,616	12,062,077	19,054,813	10,388	15,918
D	Non-Investment	8	932,381	1,228,277	16,746,012	16,096,914	-	8,994
Gross amount			40,605,140	28,597,483	1,158,143,041	1,100,850,056	106,838,945	12,442,000
Collective Impairment			(800,534)	(798,111)	(15,337,652)	(10,216,186)	(8,197)	(6,341)
Specific Impairment			(143,457)	(636)	(9,065,734)	(7,968,165)	-	-
Carrying amount			**39,661,149**	**27,798,736**	**1,133,739,655**	**1,082,665,705**	**106,830,748**	**12,435,659**

Derivative Financial Instruments

External Rating Equivalent	Grade	Risk Rating	Gross Nominal June 2015	Gross Nominal December 2014	Fair Value June 2015	Fair Value December 2014
AAA-A	Investment	1	412,173,095	221,399,500	61,359,097	24,761,064
A	Investment	2	36,129,270	-	1,768,646	-
BBB-B	Non-Investment	5	-	5,242,089	-	105,617
Gross amount			448,302,365	226,641,589	63,127,743	24,866,681
Collective Impairment			-	-	-	-
Specific Impairment			-	-	-	-
Carrying amount			**448,302,365**	**226,641,589**	**63,127,743**	**24,866,681**

The external rating equivalent refers to the equivalent ratings for loans and advances by credit rating agencies.

Credit quality by risk rating class

Bank			**Loans and advances to Individuals**		**Loans and advances Corporates**		**Loans and advances to banks**	
In thousands of Naira			**June 2015**	**December 2014**	**June 2015**	**December 2014**	**June 2015**	**December 2014**
External Rating Equivalent	**Grade**	**Risk Rating**						
AAA	Investment	1	-	-	100,306,357	101,796,663	71,498,479	55,631,752
AA	Investment	2+	-	-	165,614,474	145,945,811		-
A	Investment	2	-	-	132,215,172	117,107,385		-
BBB	Investment	2-		-	235,190,531	200,318,443		-
BB+	Standard	3+	880,673	920,644	136,195,674	170,052,461		-
BB	Standard	3	24,481,982	17,438,164	169,499,738	143,399,733	538,642	126,515
BB-	Standard	3-	681,559	705,298	84,785,874	68,575,990		-
B	Non-Investment	4	17,037	14,528	8,242,618	34,515,625		-
B-	Non-Investment	5	-	-	1,534,294	1,772,958		-
CCC	Non-Investment	6	182,712	117,669	4,161,911	2,020,080		-
C	Non-Investment	7	868,916	724,616	11,674,954	18,318,177	10,388	15,918
D	Non-Investment	8	932,381	1,227,642	13,675,671	11,943,100		8,994
Gross amount			28,045,260	21,148,561	1,063,097,268	1,015,766,425	72,047,509	55,783,178
Collective Impairment			(658,994)	(674,228)	(15,158,906)	(9,991,750)	(8,193)	(6,341)
Specific Impairment			(143,457)	-	(8,075,186)	(6,340,159)	-	-
Carrying amount			**27,242,809**	**20,474,334**	**1,039,863,177**	**999,434,515**	**72,039,316**	**55,776,837**

			Derivative Financial Instruments			
			Gross Nominal		**Fair Value**	
External Rating Equivalent	**Grade**	**Risk Rating**	**June 2015**	**December 2014**	**June 2015**	**December 2014**
AAA-A	Investment	1	412,173,095	221,399,500	61,359,097	24,761,064
A	Investment	2	30,336,761	-	1,695,456	-
BBB-B	Standard	3	-	3,096,726	-	70,081
Gross amount			442,509,856	224,496,226	63,054,553	24,831,145
Collective Impairment			-	-	-	-
Specific Impairment			-	-	-	-
Carrying amount			**442,509,856**	**224,496,226**	**63,054,553**	**24,831,145**

The external rating equivalent refers to the equivalent ratings for loans and advances bycredit rating agencies.

5.1.3 Credit quality

(e) Credit quality by credit risk rating model

Group
In thousands of Naira

Risk Rating (ORR) Model	Loans and advances to Individuals June 2015	Loans and advances to Individuals December 2014	Loans and advances Corporates June 2015	Loans and advances Corporates December 2014	Loans and advances to banks June 2015	Loans and advances to banks December 2014
Auto Loan	1,749,632	1,049,322	2,514,881	2,186,891	11,428	3,491
Credit Card	2,271,968	1,701,880	190,325	251,828	284	-
Finance Lease	-	67,905	2,124,573	2,684,171	-	-
Mortgage Loan	6,628,775	4,291,312	5,358,995	179,950	-	-
Overdraft	8,119,637	5,653,252	231,154,258	255,765,676	433,492	26,149
Personal Loan	11,274,403	8,195,722	-	-	-	-
Term Loan	8,755,974	4,263,687	574,049,457	541,142,322	103,826	121,787
Time Loan	1,804,751	3,374,403	342,750,551	298,639,218	106,289,915	12,290,573
Gross amount	40,605,140	28,597,483	1,158,143,041	1,100,850,056	106,838,945	12,442,000
Collective Impairment	(800,535)	(798,111)	(15,337,652)	(10,216,186)	(8,197)	(6,341)
Specific Impairment	(143,457)	(636)	(9,065,734)	(7,968,165)		-
Carrying amount	39,661,148	27,798,737	1,133,739,655	1,082,665,705	106,830,748	12,435,659

Bank
In thousands of Naira

Risk Rating (ORR) Model	Loans and advances to Individuals June 2015	Loans and advances to Individuals December 2014	Loans and advances Corporates June 2015	Loans and advances Corporates December 2014	Loans and advances to banks June 2015	Loans and advances to banks December 2014
Auto Loan	1,734,620	1,039,755	2,514,744	2,186,891	11,428	3,491
Credit Card	2,240,688	1,619,091	190,322	251,828	284	-
Finance Lease	-	-	1,945,745	2,480,457	-	-
Mortgage Loan	5,327,012	3,570,299	157,175	179,950	-	-
Overdraft	4,366,379	4,111,434	226,471,164	226,471,125	433,492	26,149
Personal Loan	10,407,468	6,865,011		-	-	-
Term Loan	3,396,979	3,274,321	558,929,301	509,908,732	103,826	121,786
Time Loan	572,112	668,650	272,888,817	274,287,441	71,498,483	55,631,752
Gross amount	28,045,258	21,148,558	1,063,097,268	1,015,766,425	72,047,513	55,783,178
Collective Impairment	(658,995)	(674,228)	(15,158,906)	(9,991,750)	(8,197)	(6,341)
Specific Impairment	(143,457)	-	(8,075,186)	(6,340,159)	-	-
Carrying amount	27,242,806	20,474,330	1,039,863,177	999,434,516	72,039,316	55,776,837

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

Group *In thousands of Naira*	**Loans and advances to customers**		**Loans and advances to banks**	
	June 2015	**December 2014**	**June 2015**	**December 2014**
Against neither past due and not impaired				
Property	308,876,984	394,328,852	-	-
Equities	17,922,084	5,343,810	-	-
Cash	64,884,204	29,996,336	-	-
Pledged goods/receivables	300,509,105	-	-	-
Others		45,395,427	-	-
Total	**692,192,377**	**475,064,425**	-	
Against past due but not impaired:				
Property	17,379,256	11,445,304	-	-
Equities	32,088	2,539	-	-
Cash	2,530,986	-	-	-
Pledged goods/receivables	21,590,478	-	-	-
Others		-	-	-
Total	**41,532,808**	**11,447,843**	-	-
Against past due and impaired				
Property	82,908	8,471,685	-	-
Equities	515,951	4,129	-	-
Others	8,421,995	947,815	-	-
	9,020,854	**9,423,629**	-	-
Total	**742,746,039**	**495,935,897**	-	-

Bank *In thousands of Naira*	**Loans and advances to customers**		**Loans and advances to banks**	
	June 2015	**December 2014**	**June 2015**	**December 2014**
Against neither past due and not impaired				
Property	204,818,141	375,551,288	-	-
Equities	17,916,814	5,188,165	-	-
Cash	54,805,207	26,083,771	-	-
Others	196,603,824	40,172,943	-	-
Total	**474,143,986**	**446,996,167**	-	-
Against past due but not impaired:				
Property	6,188,340	11,445,304	-	-
Equities	32,088	2,539	-	-
Cash	32,088	-	-	-
Others	7,140,862	-	-	-
Total	**13,393,378**	**11,447,843**	-	-
Against past due and impaired				
Property	4,166,946	6,777,347	-	-
Equities	82,130	4,129		
Cash				
Others	3,900,880	653,666	-	-
Total	**8,149,956**	**7,435,142**	-	-
Total	**495,687,320**	**465,879,152**	-	-

There are no collaterals held against other financial assets.

Collateral held and other credit enhancements, and their financial effect

The general creditworthiness of a customer tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional security and the Group generally requests that corporate borrowers provide it. The Group may take collateral in the form of a first charge over real estate, floating charges over all corporate assets and other liens and guarantees. Because of the Group's focus on customers' creditworthiness, the Group does not routinely update the valuation of collateral held against all loans to customers. Valuation of collateral is updated when the credit risk of a loan deteriorates significantly and the loan is monitored more closely. For impaired loans, the Group obtains appraisals of collateral because the current value of the collateral is an input to the impairment measurement.

5.1.4 Offsetting financial assets and financial liabilities

As at 30 June 2015

In thousands of Naira

The following financial assets are subject to offsetting	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
Financial assets			
Loans and advances to banks	106,830,748	486,206	106,344,542
Total	**106,830,748**	**486,206**	**106,344,542**

As at 30 June 2015

	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
Financial liabilities			
Interest bearing borrowing	82,310,714	486,206	81,824,508
Total	**82,310,714**	**486,206**	**81,824,508**

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

The gross amounts of financial assets and financial liabilities disclosed in the above tables have been measured in the statement of financial position on the following bases:
(1) Loans and advances to customers – amortised cost; and
(2) Interest bearing borrowings – amortised cost.

A master netting arrangement exists for the financial derivatives entered into with certaibbut there is no instrument offsetting the financial derivatives recorded in the financial statements.

5.1.5 (a) Credit concentration

The Group monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of net credit risk at the reporting date is shown below:

Group
By Sector

June 2015

In thousands of Naira	**Corporate**	**Commercial**	**Bank**	**Retail**	**Government**	**Others**	**Total**
Cash and balances with banks	-	-	390,578,087	-		-	390,578,087
Non pledged trading assets		-	-	-			
Treasury bills	-	-	-	-	41,739,239	-	41,739,239
Bonds	-	184,941	-	-	6,592,427	-	6,777,368
Derivative financial instruments	755	-	1,694,702	-	61,432,286	-	63,127,743
Loans and advances to banks	-	-	106,830,748	-	-	-	106,830,748
Loans and advances to customers	-	-	-	-	-	-	-
Auto Loan	363,449	1,928,050	-	1,728,847	196,073	-	4,216,421
Credit Card	12,489	175,659	-	2,245,241	-	-	2,433,389
Finance Lease	837,291	1,267,001	-	-	-	-	2,104,292
Mortgage Loan	-	5,358,530	-	6,562,163	-	-	11,920,693
Overdraft	105,567,103	104,640,904	-	7,102,186	3,977,776	-	221,287,967
Personal Loan	-	-	-	11,149,685	-	-	11,149,684
Term Loan	294,934,185	251,431,937	-	8,711,318	21,020,487	-	576,097,927
Time Loan	139,855,000	203,770,174	-	565,256	-	-	344,190,430
Pledged assets							
Treasury bills	-	-	-	-	119,276,387	-	119,276,387
Bonds	-	-	-	-	82,582,857	-	82,582,857
Investment securities					-		
- Available for sale	-	-	-	-	-	-	-
Treasury bills	-	-	-	-	74,507,178	-	74,507,178
Bonds	63,712		7,684,420		10,862,077		18,610,209
- Held to Maturity					-		
Treasury bills	-	-	-	-	7,055,563	-	7,055,563
Bonds	2,291,246	-	1,041,636	-	40,939,632	-	44,272,514
Other assets	5,851,417	-	581,030	-	3,681,674	38,542,309	48,656,430
Total	**549,776,647**	**568,757,196**	**508,410,623**	**38,064,695**	**473,863,656**	**38,542,309**	**2,177,415,125**
Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	248,134,965	-	-	7,125	-	-	248,142,090
Guaranteed facilities	94,026,542	-	468,790	-	945,138	-	95,440,470
Clean line facilities for letters of credit and other commitments	172,019,097	-	2,118,514	-	285,981,628	-	460,119,239
Total	**514,180,604**	**-**	**2,587,304**	**7,125**	**286,926,766**	**-**	**803,701,799**

Group
By Sector

December 2014

In thousands of Naira	**Corporate**	**Commercial**	**Bank**	**Retail**	**Government**	**Others**	**Total**
Cash and balances with banks	-	-	370,575,385	-		-	370,575,385
Non pledged trading assets							
Treasury bills	-	-	-	-	24,546,032	-	24,546,032
Bonds	-	-	-	-	3,786,172	-	3,786,172
Derivative financial instruments	52,388	-	24,814,293	-	-	-	24,866,681
Loans and advances to banks	-	-	12,435,659	-		-	12,435,659
Loans and advances to customers	-	-	-	-		-	-
Auto Loan	407,110	1,414,713	-	1,121,666	252,306	-	3,195,795
Credit Card	23,884	130,420	-	1,764,825	-	-	1,919,129
Finance Lease	1,109,582	1,555,628	-	67,558	-	-	2,732,768
Mortgage Loan	-	34,844	-	4,373,896	-	-	4,408,740
Overdraft	127,191,153	107,823,260	-	6,274,984	8,120,785	-	249,410,182
Personal Loan	-	-	-	8,099,089	-	-	8,099,089
Term Loan	285,000,294	212,988,576	-	4,224,648	37,768,413	-	539,981,931
Time Loan	114,911,265	172,334,423	-	4,458,741	9,012,378	-	300,716,808
Pledged assets							
Treasury bills	-	-	-	-	15,125,322	-	15,125,322
Bonds	-	-	-	-	71,946,825	-	71,946,825
Investment securities							
- Available for sale	-	-	-	-	92,046,032	-	92,046,032
Treasury bills	11,941,140	-	9,171,429	-	26,636,808	-	47,749,378
Bonds							
- Held to Maturity							
Treasury bills	-	-	-	-	23,495,446	-	23,495,446
Bonds	5,225,169	-	1,031,974	-	55,575,967	-	61,833,110
Other assets	8,304,220	702,502	2,407,285	3,833,245	10,100,525	10,682,974	36,030,750
Total	**554,166,205**	**496,984,366**	**420,436,025**	**34,218,651**	**378,413,010**	**10,682,974**	**1,894,901,234**
Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	23,601,545	115,996,127	-	346,462	24,882,433	639,826	165,466,393
Guaranteed facilities	27,622,038	59,530,706	-	259,327	3,648,713	312,543	91,373,327
Clean line facilities for letters of credit and other commitments	64,015,860	57,639,456	1,886,733	128,746	253,481,601	-	377,152,396
Total	**115,239,443**	**233,166,289**	**1,886,733**	**734,535**	**282,012,747**	**952,369**	**633,992,116**

5.1.5(a)i Concentration by location for loans and advances is measured based on the location of the Group entity holding the asset, which has a high correlation with the location of the borrower. Concentration by location for investment securities is measured based on the location of the issuer of the security.

By geography

Group

June 2015 *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Others**	**Total**
Cash and balances with banks	333,963,220	13,352,570	34,810,755	8,451,542	390,578,087
Non pledged trading assets					
Treasury bills	41,739,239	-	-	-	41,739,239
Bonds	6,777,368	-	-	-	6,777,368
Derivative financial instruments	61,411,664	209,299	1,506,780	-	63,127,743
Loans and advances to banks	540,837	-	106,289,911	-	106,830,748
Loans and advances to customers					
Auto Loan	4,201,407	15,012	-	-	4,216,419
Credit Card	2,402,110	31,280	-	-	2,433,390
Finance Lease	1,925,464	178,828	-	-	2,104,292
Mortgage Loan	5,417,109	4,677	6,498,907	-	11,920,693
Overdraft	198,622,057	22,665,910	-	-	221,287,967
Personal Loan	10,282,750	866,935	-	-	11,149,685
Term Loan	558,217,408	16,177,434	1,703,085	-	576,097,927
Time Loan	308,041,495	15,526,573	20,622,362	-	344,190,430
Pledged assets					
Treasury bills	116,315,801	2,960,586	-	-	119,276,387
Bonds	82,582,857	-	-	-	82,582,857
Investment securities					
- Available for sale					
Treasury bills	61,072,466	10,164,501	-	3,270,211	74,507,178
Bonds	18,610,209	-	-	-	18,610,209
- Held to Maturity					
Treasury bills	386,541	6,669,022	-	-	7,055,563
Bonds	41,729,650	632,246	1,910,618	-	44,272,514
Other assets	73,393,273	4,017,058	505,475	-	77,915,806
Total	**1,927,632,925**	**93,471,931**	**173,847,893**	**11,721,753**	**2,206,674,501**
Credit risk exposures relating to othr credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	174,397,793	27,882,325	45,861,972	-	248,142,090
Guaranteed facilities	82,276,079	13,164,391	-	-	95,440,470
Clean line facilities for letters of credit and other commitments	458,488,129	1,631,110	-	-	460,119,239
Total	**715,162,001**	**42,677,826**	**45,861,972**	**-**	**803,701,799**

By geography

Group **December 2014** *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Others**	**Total**
Cash and balances with banks	316,735,471	31,931,324	21,908,590	-	370,575,385
Non pledged trading assets					
Treasury bills	3,786,172	-	-	-	3,786,172
Bonds	24,546,032	-	-	-	24,546,032
Derivative financial instruments	24,761,064	-	105,617	-	24,866,681
Loans and advances to banks	12,435,659	-	-	-	12,435,659
Loans and advances to customers					
Auto Loan	3,186,276	9,519	-	-	3,195,795
Credit Card	1,836,831	82,299	-	-	1,919,130
Finance Lease	2,462,536	270,231	-	-	2,732,767
Mortgage Loan	3,696,197	712,544	-	-	4,408,740
Overdraft	220,076,669	29,333,513	-	-	249,410,182
Personal Loan	6,771,929	1,327,160	-	-	8,099,089
Term Loan	507,949,921	18,296,164	13,735,847	-	539,981,932
Time Loan	273,928,488	26,255,890	532,429	-	300,716,807
Pledged assets					
Treasury bills	13,236,528	1,888,794	-	-	15,125,322
Bonds	71,946,825	-	-	-	71,946,825
Investment securities					
- Available for sale					
Treasury bills	61,656,952	13,703,364	16,685,716	-	92,046,032
Bonds	37,193,593	-	10,555,785	-	47,749,378
- Held to Maturity					
Treasury bills	22,819,121	-	676,325	-	23,495,446
Bonds	60,088,642	-	1,744,468	-	61,833,110
Other assets	30,513,159	2,652,048	2,865,543	-	36,030,750
Total	**1,699,628,065**	**126,462,850**	**68,810,319**	**-**	**1,894,901,234**

Credit risk exposures relating to othr credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	145,828,839	19,636,482	1,072	-	165,466,393
Guaranteed facilities	72,209,932	19,163,395	-	-	91,373,327
Clean line facilities for letters of credit and other commitments	372,652,651	4,455,746	43,999	-	377,152,396
Total	**590,691,422**	**43,255,623**	**45,071**	**-**	**633,992,116**

Credit risk management

5.1.5 (b) By Sector

Bank
June 2015

In thousands of Naira	Corporate	Commercial	Bank	Retail	Government	Others	Total
Cash and balances with banks	-	-	389,529,419	-	-	-	389,529,419
Non pledged trading assets							
Treasury bills	-	-	-	-	41,739,239	-	41,739,239
Bonds	-	184,941	-	-	6,592,427	-	6,777,368
Derivative financial instruments	755		1,694,702	-	61,359,097	-	63,054,554
Loans and advances to banks	-	-	72,039,316	-	-	-	72,039,316
Loans and advances to customers							
Auto Loan	367,912	1,923,450	-	1,713,834	196,074	-	4,201,270
Credit Card	10,373	177,773	-	2,213,961	-	-	2,402,107
Finance Lease	643,061	1,282,403	-	-	-	-	1,925,464
Mortgage Loan	-	38,410	-	5,385,041	-	-	5,423,451
Overdraft	100,523,973	104,979,436	-	3,827,564	3,985,867	-	213,316,842
Personal Loan	-	-	-	10,282,750	-	-	10,282,750
Term Loan	281,187,714	253,599,766	-	3,502,036	18,376,414	-	556,665,930
Time Loan	103,413,087	168,909,828	-	565,256	-	-	272,888,171
Pledged assets							
Treasury bills	-	-	-	-	116,315,801	-	116,315,801
Bonds	-	-	-	-	82,582,857	-	82,582,857
Investment securities							
Available for sale							
Treasury bills	-	-	-	-	61,247,648	-	61,247,648
Bonds	63,712	7,103,349	-	-	10,862,077	-	18,029,138
Held to Maturity							
Treasury bills	-	-	-	-	386,541	-	386,541
Bonds	2,291,246	1,041,636	-	-	37,717,950	-	41,050,832
Other assets	10,440,216	-	9,819,777	3,847,550	17,281,727	3,963,650	45,352,919
Total	**498,942,049**	**539,240,992**	**473,083,214**	**31,337,992**	**458,643,719**	**3,963,650**	**2,005,211,617**

Credit risk exposures relating to other credit commitments at gross amount are as follows:	Corporate	Commercial	Bank	Retail	Government	Others	Total
Transaction related bonds and guarantees	172,976,740	-	-	7,125	-	-	172,983,865
Guaranteed facilities	84,295,592	-	468,790	-	945,138	-	85,709,520
Clean line facilities for letters of credit and other commitments	145,119,813	57,639,455	2,118,514	128,746	253,481,601	-	458,488,128
Total	**402,392,145**	**57,639,455**	**2,587,304**	**135,871**	**254,426,739**	**-**	**717,181,513**

By Sector

Bank
December 2014

In thousands of Naira	Corporate	Commercial	Bank	Retail	Government	Others	Total
Cash and balances with banks	-	-	324,183,066	-		-	324,183,066
Non pledged trading assets							
Treasury bills	-	-	-	-	24,546,032	-	24,546,032
Bonds	-	-	-	-	3,786,172	-	3,786,172
Derivative financial instruments	52,388	-	17,693	-	24,761,064	-	24,831,145
Loans and advances to banks	-	-	55,776,837	-		-	55,776,837
Loans and advances to customers	-	-	-	-		-	-
Auto Loan	407,110	1,414,713	-	1,112,147	252,306	-	3,186,276
Credit Card	23,884	130,420	-	1,682,526	-	-	1,836,831
Finance Lease	998,111	1,464,425	-	-	-	-	2,462,536
Mortgage Loan	-	34,844	-	3,661,352	-	-	3,696,197
Overdraft	111,864,393	95,283,183	-	4,808,309	8,120,785	-	220,076,669
Personal Loan	-	-	-	6,771,929	-	-	6,771,929
Term Loan	267,921,588	200,116,138	-	3,244,831	36,667,365	-	507,949,921
Time Loan	101,651,047	161,485,154	-	1,779,910	9,012,378	-	273,928,489
Pledged assets							
Treasury bills	-	-	-	-	13,236,528	-	13,236,528
Bonds	-	-	-	-	71,946,826	-	71,946,826
Investment securities							
Available for sale							
Treasury bills	-	-	-	-	61,656,952	-	61,656,952
Bonds	1,384,355	-	6,965,935	-	37,193,593	-	45,543,884
Held to Maturity							
Treasury bills	-	-	-	-	15,963,009	-	15,963,009
Bonds	2,886,419	-	1,031,974	-	54,003,471	-	57,921,864
Other assets	6,777,688	140,437	1,100,860	2,836,891	9,763,994	9,893,290	30,513,159
Total	**493,966,983**	**460,069,314**	**389,076,365**	**25,897,895**	**370,910,475**	**9,893,290**	**1,749,814,323**
Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	13,964,545	105,997,893	-	346,462	24,882,433	639,826	145,831,160
Guaranteed facilities	20,122,038	47,902,619	-	255,932	3,638,713	302,543	72,221,845
Clean line facilities for letters of credit and other commitments	60,015,860	57,139,712	1,886,733	128,746	253,481,602	-	372,652,653
Total	**94,102,443**	**211,040,224**	**1,886,733**	**731,140**	**282,002,748**	**942,369**	**590,705,658**

5.1.5 (b)i By geography

Bank **June 2015** *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Others**	**Total**
Cash and balances with banks	305,995,962	203,142	70,704,479	12,625,836	389,529,419
Non pledged trading assets					
Treasury bills	41,739,239	-	-	-	41,739,239
Bonds	6,777,368	-	-	-	6,777,368
Derivative financial instruments	61,411,664	209,229	1,433,661	-	63,054,554
Loans and advances to banks	537,846	-	71,501,470	-	72,039,316
Loans and advances to customers					
Auto Loan	4,201,270	-	-	-	4,201,270
Credit Card	2,402,107	-	-	-	2,402,107
Finance Lease	1,925,464	-	-	-	1,925,464
Mortgage Loan	5,423,451	-	-	-	5,423,451
Overdraft	213,316,840	-	-	-	213,316,840
Personal Loan	10,282,750	-	-	-	10,282,750
Term Loan	556,665,929	-	-	-	556,665,930
Time Loan	272,888,171	-	-	-	272,888,171
Pledged assets					
Treasury bills	116,315,801	-	-	-	116,315,801
Bonds	82,582,857	-	-	-	82,582,857
Investment securities					
Available for sale					
Treasury bills	61,247,648	-	-	-	61,247,648
Bonds	18,029,138	-	-	-	18,029,138
Held to Maturity					
Treasury bills	386,541	-	-	-	386,541
Bonds	41,050,832	-	-	-	41,050,832
Other assets	44,611,028	408,420	333,472	-	45,352,920
Total	**1,847,791,906**	**820,791**	**143,973,082**	**12,625,836**	**2,005,211,615**

Credit risk exposures relating to othr credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	174,397,793	-	-	-	174,397,793
Guaranteed facilities	82,276,079	-	-	-	82,276,079
Clean line facilities for letters of credit and other commitments	458,488,129	-	-	-	458,488,129
Total	**715,162,001**	**-**	**-**	**-**	**715,162,001**

By geography

Bank **December 2014** *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Others**	**Total**
Cash and balances with banks	307,912,599	3,624,876	2,737,562	9,908,029	324,183,066
Non pledged trading assets					
Treasury bills	24,546,032	-	-	-	24,546,032
Bonds	3,786,172	-	-	-	3,786,172
Derivative financial instruments	24,813,452	-	17,693	-	24,831,145
Loans and advances to banks	55,776,837	-	-	-	55,776,837
Loans and advances to customers					
Auto Loan	3,186,276	-	-	-	3,186,276
Credit Card	1,836,831	-	-	-	1,836,831
Finance Lease	2,462,536	-	-	-	2,462,536
Mortgage Loan	3,696,197	-	-	-	3,696,197
Overdraft	220,076,672	-	-	-	220,076,672
Personal Loan	6,771,929	-	-	-	6,771,929
Term Loan	507,949,921	-	-	-	507,949,921
Time Loan	273,928,486	-	-	-	273,928,486
Pledged assets					
Treasury bills	13,236,528	-	-	-	13,236,528
Bonds	71,946,826	-	-	-	71,946,826
Investment securities					
Available for sale					
Treasury bills	61,656,952	-	-	-	61,656,952
Bonds	36,672,871	-	8,871,013	-	45,543,884
Held to Maturity					
Treasury bills	15,963,009	-	-	-	15,963,009
Bonds	57,921,864	-	-	-	57,921,864
Other assets	29,490,011	1,023,148	-	-	30,513,159
Total	**1,723,632,000**	**4,648,024**	**11,626,268**	**9,908,029**	**1,749,814,323**

Credit risk exposures relating to othr credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	145,831,160	-	-	-	145,831,160
Guaranteed facilities	72,221,845	-	-	-	72,221,845
Clean line facilities for letters of credit and other commitments	372,652,653	-	-	-	372,652,653
Total	**590,705,658**	**-**	**-**	**-**	**590,705,658**

5.2.1 A summary of the Group's interest rate gap position on financial instruments is as follows:

Group

In thousands of Naira **30 June 2015**	**Less than 3 months**	**4 - 6 months**	**7 - 12 months**	**1 - 5 years**	**More than 5 years**	**Non-Interest bearing**	**Total**
	Re-pricing period						
Non-derivative assets							
Cash and balances with banks	125,215,367	-	-	-	296,591,818	-	421,807,185
Non pledged trading assets							
Treasury bills	16,439,502	12,871,296	12,428,441	-	-	-	41,739,239
Bonds	-	-	-	3,827,587	2,949,783	-	6,777,368
Loans and advances to banks	-	-	-	106,830,748	-	-	106,830,748
Loans and advances to customers							
Auto Loan	18,310	31,822	174,823	211,085	3,780,378	-	4,216,419
Credit Card	205,126	95,874	1,374,858	757,532	-	-	2,433,390
Finance Lease	-	499	389,973	1,534,992	178,828	-	2,104,292
Mortgage Loan	-	-	14,044	1,050,415	10,856,234	-	11,920,693
Overdraft	90,954,332	6,436,817	123,896,818	-	-	-	221,287,967
Personal Loan	29,620	97,655	488,325	10,534,085	-	-	11,149,685
Term Loan	100,054,938	8,753,354	23,018,477	291,941,624	152,329,534	-	576,097,927
Time Loan	266,352,605	38,599,331	32,036,048	7,202,446	-	-	344,190,430
Pledged assets							
Treasury bills	48,450,382	24,569,421	46,256,584	-	-	-	119,276,387
Bonds	-	-	-	4,165,319	78,417,538	-	82,582,857
Investment securities							
- Available for sale							
Treasury bills	14,631,224	52,176,570	7,699,384	-	-	-	74,507,178
Bonds	-	581,071	612,071	8,081,772	9,335,295	-	18,610,209
- Held to Maturity							
Treasury bills	-	7,055,565	-	-	-	-	7,055,565
Bonds	-	566,416	4,223,435	27,457,833	12,024,830	-	44,272,514
Other assets	-	-	-	-	-	48,656,430	48,656,430
	662,351,406	**151,835,692**	**252,613,281**	**463,595,439**	**566,464,238**	**48,656,430**	**2,145,516,482**
Non-derivative liabilities							
Deposits from financial institutions	74,686,975	55,536,795	23,012,404	-	-	-	153,236,174
Deposits from customers	1,379,268,784	197,361,488	32,720,592	1,730,821	-	28,278,554	1,639,360,239
Other liabilties	-	-	-	-	-	48,559,766	48,559,766
Debt securities issued	-	-	-	71,773,858	77,627,207	-	149,401,065
Interest bearing borrowings	-	-	-	30,667,237	17,710,712	33,932,765	82,310,714
	1,453,955,759	**252,898,283**	**55,732,996**	**104,171,916**	**95,337,919**	**110,771,085**	**2,072,867,958**
Total interest re-pricing gap	(791,604,353)	(101,062,591)	196,880,285	359,423,523	471,126,319	(62,114,655)	72,648,525

Group

In thousands of Naira **31 December 2014**	Re-pricing period						
	Less than 3 months	**4 - 6 months**	**7 - 12 months**	**1 - 5 years**	**More than 5 years**	**Non-Interest bearing**	**Total**
Non-derivative assets							
Cash and balances with banks	147,422,860	-	-	-	-	257,591,933	405,014,793
Non pledged trading assets							
Treasury bills	18,108,814	1,348,700	5,088,518	-	-	-	24,546,032
Bonds	-	3,552,375	-	233,797	-	-	3,786,172
Loans and advances to banks	-	4,976,800	7,458,859	-	-	-	12,435,659
Loans and advances to customers							
Auto Loan	16,962	36,691	115,857	3,026,286	-	-	3,195,795
Credit Card	1,832,205	-	14,797	72,128	-	-	1,919,130
Finance Lease	249,344	164,056	41,560	2,277,808	-	-	2,732,767
Mortgage Loan	-	71,254	121,132	1,087,129	3,129,225	-	4,408,740
Overdraft	180,987,892	31,870,190	36,531,732	20,366	-	-	249,410,181
Personal Loan	362,620	448,015	686,373	6,509,209	92,872	-	8,099,089
Term Loan	87,032,638	31,592,080	22,181,512	271,447,831	127,727,871	-	539,981,932
Time Loan	209,197,627	39,510,144	48,217,990	3,790,287	759	-	300,716,808
Pledged assets							
Treasury bills	10,633,684	2,137,392	2,354,246	-	-	-	15,125,322
Bonds	-	-	-	-	71,946,825	-	71,946,825
Investment securities							
- Available for sale							
Treasury bills	31,374,867	56,915,907	3,755,259	-	-	-	92,046,032
Bonds	-	37,193,593	-	10,555,785	-	-	47,749,378
- Held to Maturity							
Treasury bills	5,838,977	14,930,757	2,725,712	-	-	-	23,495,446
Bonds	7,966,321	-	-	40,297,926	13,604,010	-	61,868,258
Other assets	-	-	-	-	-	36,030,750	36,030,750
	701,024,811	**224,747,954**	**129,293,546**	**339,318,552**	**216,501,562**	**293,622,683**	**1,904,509,109**
Non-derivative liabilities							
Deposits from financial institutions	104,196,956	10,592,358	4,256,109	-	-	-	119,045,423
Deposits from customers	1,295,131,921	57,033,357	101,953,774	300,000	-	-	1,454,419,052
Other liabilties	7,047,903	3,674,411	4,601,503	4,783,730	-	94,255	20,201,802
Debt securities issued	-	-	-	65,325,788	73,155,391	-	138,481,179
Interest bearing borrowings	156,136	-	-	31,541,774	48,118,399	-	79,816,309
	1,406,532,916	**71,300,126**	**110,811,386**	**101,951,292**	**121,273,790**	**94,255**	**1,811,963,765**
Total interest re-pricing gap	(705,508,105)	153,447,828	18,482,160	237,367,261	95,227,772	293,528,428	92,545,344

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

Bank

In thousands of Naira **30 June 2015**	**Less than 3 months**	**4 - 6 months**	**7 - 12 months**	**1 - 5 years**	**More than 5 years**	**Non-Interest bearing**	**Total**
	Re-pricing period						
Non-derivative assets							
Cash and balances with banks	136,130,724	-	-	-	-	279,837,694	415,968,418
Non- pledged trading assets							
Treasury bills	16,439,502	12,871,296	12,428,441	-	-	-	41,739,239
Bonds	-	-	-	3,827,588	2,949,780	-	6,777,368
Loans and advances to banks	-	-	-	72,039,316	-	-	72,039,316
Loans and advances to customers							
Auto Loan	18,311	31,822	174,823	3,976,314	-	-	4,201,270
Credit Card	205,126	95,874	1,343,856	757,251	-	-	2,402,107
Finance Lease	-	499	389,973	1,534,992	-	-	1,925,464
Mortgage Loan	-	-	14,044	1,050,415	4,358,992	-	5,423,451
Overdraft	90,949,944	6,439,013		115,927,883	-	-	213,316,840
Personal Loan	29,620	97,656	488,325	9,667,149	-	-	10,282,750
Term Loan	100,054,938	8,753,353	23,018,477	291,941,625	132,897,537	-	556,665,930
Time Loan	218,347,361	37,366,692	9,971,672	7,202,446	-	-	272,888,171
Pledged assets							
Treasury bills	45,489,795	24,569,421	46,256,585	-	-	-	116,315,801
Bonds	-	-	-	4,165,319	78,417,538	-	82,582,857
Investment securities							
- Available for sale							
Treasury bills	1,463,122	38,741,859	21,042,667	-	-	-	61,247,648
Bonds	-	-	612,503	8,081,772	9,334,863	-	18,029,138
- Held to Maturity							
Treasury bills	-	386,541	-	-	-	-	386,541
Bonds	-	566,416	1,001,753	27,457,833	12,024,830	-	41,050,832
Other assets	-	-	-	-	-	45,352,920	45,352,920
	609,128,444	**129,920,444**	**116,743,119**	**547,629,905**	**239,983,540**	**325,190,614**	**1,968,596,061**
Non-derivative liabilities							
Deposits from financial institutions	116,501,177	42,542,127	10,017,736	-	-	-	169,061,040
Deposits from customers	1,302,837,209	178,947,878	7,621,673	66,652	-	-	1,489,473,412
Other liabilities	-	-	-	-	-	43,909,566	43,909,566
Debt securities	-	7,304,540	7,304,540	29,218,160	33,799,967	-	77,627,207
Interest bearing borrowings	-	-	-	100,901,601	17,710,712	33,922,345	152,534,658
	1,419,338,386	**228,794,545**	**24,943,949**	**130,186,413**	**51,510,679**	**77,831,911**	**1,932,605,883**
Total interest re-pricing gap	(810,209,943)	(98,874,102)	91,799,170	417,443,491	188,472,861	247,358,703	35,990,178

Bank

In thousands of Naira **31 December 2014**	**Less than 3 months**	**4 - 6 months**	**7 - 12 months**	**1 - 5 years**	**More than 5 years**	**Non-Interest bearing**	**Total**
	Re-pricing period						
Non-derivative assets							
Cash and balances with banks	95,571,518		-	-	-	255,603,361	351,174,879
Non- pledged trading assets							
Treasury bills	18,445,882	1,426,320	4,673,830	-	-	-	24,546,032
Bonds	-	3,054,118	-	332,054	400,000	-	3,786,172
Loans and advances to banks	21,447	-	55,631,752	123,638	-	-	55,776,837
Loans and advances to customers	-	-	-	-	-	-	-
Auto Loan	15,914	34,311	111,573	3,024,477	-	-	3,186,275
Credit Card	1,749,906	-	14,797	72,128	-	-	1,836,831
Finance Lease	168,275	96,498	1,025	2,196,738	-	-	2,462,536
Mortgage Loan	-	-	-	887,617	2,808,580	-	3,696,197
Overdraft	172,481,174	20,430,121	27,145,009	20,366	-	-	220,076,670
Personal Loan	97,188	63,139	235,139	6,283,592	92,872	-	6,771,930
Term Loan	83,829,436	26,787,279	14,173,509	266,643,030	116,516,667	-	507,949,921
Time Loan	203,839,963	31,473,649	34,823,831	3,790,287	758	-	273,928,488
Pledged assets							
Treasury bills	8,415,414	2,260,000	2,561,114	-	-	-	13,236,528
Bonds	-	-	-	-	71,946,825	-	71,946,825
Investment securities							
- Available for sale							-
Treasury bills	16,303,382	41,450,379	3,903,191	-	-	-	61,656,952
Bonds	-	35,460,759	-	10,027,310	55,815	-	45,543,884
- Held to Maturity							-
Treasury bills	4,507,169	11,063,387	392,453	-	-	-	15,963,009
Bonds	30,000	8,749,900	1,050,000	38,485,362	9,606,602	-	57,921,864
Other assets	-	-	-	-	-	30,513,159	30,513,159
	605,476,668	**182,349,860**	**144,717,223**	**331,886,599**	**201,428,119**	**286,116,520**	**1,751,974,989**
Non-derivative liabilities							
Deposits from financial institutions	132,429,521	2,080,141	-	-		-	134,509,662
Deposits from customers	1,242,641,410	51,537,687	30,321,514	300,000	-	-	1,324,800,611
Other liabilities	7,402,275	3,674,411	4,601,503	-		-	15,678,189
Debt securities	-	-	-	-	73,155,391	-	73,155,391
Interest bearing borrowings	1,346,365	5,135,743	5,091,139	104,654,102	22,159,426	7,958,992	146,345,767
	1,383,819,571	**62,427,982**	**40,014,156**	**104,954,102**	**95,314,817**	**7,958,992**	**1,694,489,620**
Total interest re-pricing gap	(778,342,903)	119,921,877	104,703,067	226,932,497	106,113,302	278,157,528	57,485,369

Market risk management

The Group trades on bonds, treasury bills and foreign exchange. Market risk in trading portfolios is monitored and controlled using tools such as position limits, value at risk and present value of an assumed basis points change in yields or exchange rates coupled with concentration limits. The major measurement technique used to measure and control market risk is outlined below.

The table below sets out information on the exposure to fixed and variable interest instruments.

Exposure to fixed and variable interest rate risk
Group
In thousands of Naira

30 June 2015	**Fixed**	**Floating**	**Non-interest bearing**	**Total**
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	120,368,047	-	301,439,138	421,807,185
Non pledged trading assets	48,596,047	-	-	48,596,047
Derivative financial instruments	-	-	63,127,743	63,127,743
Loans and advances to banks	106,830,748	-	-	106,830,748
Loans and advances to customers	4,172,937	1,169,227,866	-	1,173,400,803
Pledged assets	201,859,244	-	-	201,859,244
Investment securities:	-	-	-	
– Available-for-sale	93,117,387	-	46,921,154	140,038,541
– Held-to-maturity	51,328,077	-	-	51,328,077
TOTAL	**626,272,487**	**1,169,227,866**	**411,488,035**	**2,206,988,388**
LIABILITIES				
Deposits from financial institutions	153,236,174	-	-	153,236,174
Deposits from customers	777,735,748	127,188,612	734,435,879	1,639,360,239
Derivative financial instruments	-	-	2,934,631	2,934,631
Debt securities issued	149,401,065	-	-	149,401,065
Interest-bearing borrowings	30,030,621	47,408,305	4,871,788	82,310,714
TOTAL	**1,110,403,608**	**174,596,917**	**742,242,298**	**2,027,242,823**

31 December 2014	**Fixed**	**Floating**	**Non-interest bearing**	**Total**
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	147,422,860	-	257,591,933	405,014,793
Non pledged trading assets	28,332,204	-	79,440	28,411,644
Derivative financial instruments	-	-	24,866,681	24,866,681
Loans and advances to banks	12,435,659	-	-	12,435,659
Loans and advances to customers	8,094,817	1,102,369,625	-	1,110,464,442
Pledged assets	87,072,147	-	-	87,072,147
Investment securities:				
– Available-for-sale	139,795,410	-	45,087,422	184,882,832
– Held-to-maturity	85,328,556	-	-	85,328,556
TOTAL	**508,481,653**	**1,102,369,625**	**327,625,476**	**1,938,476,754**
LIABILITIES				
Deposits from financial institutions	119,045,423	-	-	119,045,423
Deposits from customers	629,193,731	825,225,318	-	1,454,419,049
Derivative financial instruments	-	-	1,989,662	1,989,662
Debt securities issued	138,481,179	-	-	138,481,179
Interest-bearing borrowings	31,394,994	48,421,315	-	79,816,309
TOTAL	**918,115,327**	**873,646,633**	**1,989,662**	**1,793,751,622**

Bank

30 June 2015	Fixed	Floating	Non-interest bearing	Total
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	82,031,121	-	333,937,297	415,968,418
Non pledged trading assets	48,596,047	-	-	48,596,047
Derivative financial instruments	-	-	63,054,554	63,054,554
Loans and advances to banks	72,039,316	-	-	72,039,316
Loans and advances to customers	3,922,937	1,063,183,046	-	1,067,105,983
Pledged assets	198,898,658	-	-	198,898,658
Investment securities:				-
– Available-for-sale	79,276,786	-	46,921,154	126,197,940
– Held-to-maturity	41,437,373	-	-	41,437,373
TOTAL	**526,202,238**	**1,063,183,046**	**443,913,005**	**2,033,298,289**
LIABILITIES				
Deposits from financial institutions	169,061,040	-	-	169,061,040
Deposits from customers	720,982,097	119,110,546	649,380,769	1,489,473,412
Derivative financial instruments	-	-	2,847,331	2,847,331
Debt securities issued	-	77,627,207	-	77,627,207
Interest-bearing borrowings	101,791,303	47,408,305	3,335,050	152,534,658
TOTAL	991,834,440	244,146,058	655,563,150	1,891,543,648

31 December 2014	Fixed	Floating	Non-interest bearing	Total
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	36,965,179	-	314,209,700	351,174,879
Non pledged trading assets	28,411,644	-	-	28,411,644
Derivative financial instruments	-	-	24,866,681	24,866,681
Loans and advances to banks	55,776,837	-	-	55,776,837
Loans and advances to customers	4,055,691	1,015,853,157	-	1,019,908,848
Pledged assets	85,183,353	-	-	85,183,353
Investment securities:				-
– Available-for-sale	106,680,114	-	39,431,796	146,111,910
– Held-to-maturity	73,884,873	-	-	73,884,873
TOTAL	**390,957,691**	**1,015,853,157**	**378,508,177**	**1,785,319,025**
LIABILITIES				
Deposits from financial institutions	134,509,662	-	-	134,509,662
Deposits from customers	586,973,211	737,827,398	-	1,324,800,609
Derivative financial instruments	-	-	1,737,791	1,737,791
Debt securities issued	-	73,155,391	-	73,155,391
Interest-bearing borrowings	97,924,452	48,421,317	-	146,345,769
TOTAL	819,407,325	859,404,106	1,737,791	1,680,549,222

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 and long-term borrowings, deposits from banks and customers. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Other financial liabilities issued at fixed rates expose the group to fair value interest rate risk.

The management of interest rate risk against interest rate gap limits is supplemented with monitoring the sensitivity of the Group's financial assets and liabilities to various scenarios.

Interest rate movement have both cash flow and fair value effect depending on whether interest rate is fixed or floating. The impact resulting from adverse or favourable movement flows from either retained earnings or OCI and ultimately ends in equity in the following manner:

(i) Retained earnings arising from increase or decrease in net interest income and the fair value changes reported in profit or loss.

(ii) Fair value reserves arising from increases or decreases in fair value of available-for-sale financial instruments reported directly in other comprehensive income.

Group
Interest sensitivity analysis - 30 June 2015
Impact on net interest income of +/-100 basis points changes in rates over a one year period (N'000)

Time Band	**Cashflow interest rate risk 100 basis points decline in rates**	**100 basis points increase in rates**
Less than 3 months	2,067,093	(2,067,093)
6 months	497,891	(497,891)
12 months	(2,308,837)	2,308,837
	256,147	**(256,147)**

Interest sensitivity analysis - 31 December 2014
Impact on net interest income of +/-100 basis points changes in rates over a one year period (N'000)

Time Band	**Cashflow interest rate risk 100 basis points decline in rates**	**100 basis points increase in rates**
Less than 3 months	1,739,693	(1,739,693)
6 months	(746,508)	746,508
12 months	(162,018)	162,018
	831,167	**(831,167)**

Bank
Interest sensitivity analysis - 30 June 2015
Impact on net interest income of +/-100 basis points changes in rates over a one year period (N'000)

Time Band	**Cashflow interest rate risk rates**	**increase in rates**
Less than 3 months	2,003,828	(2,003,828)
6 months	487,598	(487,598)
12 months	(1,950,473)	1,950,473
	540,953	**(540,953)**

Interest sensitivity analysis - 31 December 2014
Impact on net interest income of +/-100 basis points changes in rates over a one year period (N'000)

Time Band	**Cashflow interest rate risk rates**	**increase in rates**
Less than 3 months	1,807,525	(1,807,525)
6 months	(1,024,497)	1,024,497
12 months	(1,205,823)	1,205,823
	(422,795)	**422,797**

The table above sets out the impact on net interest income of a 100 basis points parallel fall or rise in all yields. A parallel increase in yields by 100 basis points would lead to an increase in net interest income while a parallel falls in yields by 100 basis points would lead to a decline in net interest income. The interest rate sensitivities are based on simplified scenarios and assumptions, including that all positions will be retained and rolled over upon maturity. The figures represent the effect of movements in net interest income based on the 100 basis point shift in interest rate and subject to the current interest rate exposures. However, the effect has not taken into account the possible risk management measures undertaken by the Bank to mitigate interest rate risk. In practice, the Assets and Liability Committee, ALCO seeks proactively to change the interest rate risk profile to minimize losses and optimise net revenues. The projections also assume that interest rates on various maturities will move within similar ranges, and therefore do not reflect any potential effect on net interest income in the event that some interest rates may change and others remain unchanged.

Price sensitivity analysis on bonds and treasury bills

The table below shows the impact of likely movement in yields on the value of bonds and treasury bills. This relates to the positions held for trade and available for sales. Since an increase in yields would lead to decline in market values of bonds and treasury bills, the analysis was carried out to show the likely impact of 50 and 100 basis points increase in market yields. The impact of held for trading investments is on the income statement while the impact of available for sale instruments is on the statement of other comprehensive income.

Group

30 June 2015	**Caryalying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive			
Held for trading Bonds	6,777,368	(122,876)	(144,661)
Held for trading T-bills	41,739,239	353,368	222,317
	48,516,607	**230,492**	**77,656**
Impact on Other Comprehensive Income			
Available for sale investments	93,292,568	(234,221)	(319,038)
TOTAL	**141,809,175**	**(3,729)**	**(241,382)**

31 December 2014	**Caryalying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive			
Held for trading Bonds	3,786,172	34,987	13,075
Held for trading T-bills	24,546,032	(85,430)	(122,835)
Impact on Other Comprehensive Income			
Available for sale investments	141,716,040	(626,969)	(19,767)
TOTAL	**170,048,244**	**(591,982)**	**(6,692)**

Bank

30 June 2015	**Caryalying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive Income			
Held for trading Bonds	6,777,368	(122,876)	(144,661)
Held for trading T.bills	41,739,239	353,368	222,317
	48,516,607	**230,492**	**77,656**
Impact on Other Comprehensive Income			
Available for sale investments	79,276,786	(199,033)	(271,107)
TOTAL	**127,793,393**	**31,459**	**(193,451)**

31 December 2014	**Caryalying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive Income			
Held for trading Bonds	3,786,172	34,987	13,075
Held for trading T.bills	24,546,032	(85,430)	(122,835)
	28,332,204	**(50,443)**	**(109,759)**
Impact on Other Comprehensive Income			
Available for sale investments	109,121,466	(482,766)	(569,704)
TOTAL	**165,785,874**	**(533,209)**	**(679,463)**

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

Financial instruments by currency
Group

In thousands of Naira

30 June 2015	Total	Naira	US $	GBP	Euro	Others
Cash and balances with banks	421,807,185	355,358,509	33,987,388	21,885,995	7,467,217	3,108,076
Non-pledged trading assets						
Treasury bills	41,739,239	41,739,239	-	-	-	-
Bonds	6,777,368	6,592,427	184,941	-	-	-
Equity	79,440	79,440	-	-	-	-
Derivative financial instruments	63,127,743	-	63,127,743	-	-	-
Loans and advances to banks	106,830,748	-	106,830,748	-	-	-
Loans and advances to customers						
Auto Loan	4,216,419	4,005,333	-	-	-	211,086
Credit Card	2,433,390	289,823	2,143,272	295	-	-
Finance Lease	2,104,292	1,073,437	852,027	-	-	178,828
Mortgage Loan	11,920,693	5,221,777	38,157	6,184,614	-	476,145
Overdraft	221,287,968	145,937,508	39,728,213	784	2,457	35,619,007
Personal Loan	11,149,685	9,791,589	491,161	-	-	866,935
Term Loan	576,097,927	252,485,585	309,491,345	-	-	14,120,997
Time Loan	344,190,430	156,978,207	162,933,471	20,598,877	2,655,340	1,024,534
Pledged assets						
Treasury bills	119,276,386	116,315,801	-	-	-	2,960,586
Bonds	82,582,857	82,582,857	-	-	-	-
Investment securities	-	-	-	-	-	-
- Available for sale						
Treasury bills	74,507,178	61,352,420	-	-	-	13,154,758
Bonds	18,610,209	10,862,077	7,167,061	581,071	-	-
Equity	46,921,154	46,921,154	-	-	-	-
- Held to Maturity			-			
Treasury bills	7,055,563	386,541	-	-	-	6,669,022
Bonds	44,272,514	40,049,079	1,001,753	1,910,657	-	1,311,025
Other assets	48,656,450	42,226,051	3,864,975	3,676	2,504	2,559,244
	2,255,644,837	**1,380,248,854**	**731,842,257**	**51,165,969**	**10,127,518**	**82,260,243**
						-
Deposits from financial institutions	153,236,174	79,271,120	72,278,356	196,608	841,160	648,930
Deposits from customers	1,639,360,239	1,025,417,414	500,438,057	24,764,605	6,755,842	81,984,321
Derivative financial instruments	2,934,631	-	16,665	2,903,277	14,689	-
Other liabilities	48,559,766	17,643,210	21,511,490	1,237,240	922	8,166,904
Debt securities issued	149,401,065	-	149,401,065	-		-
Interest bearing borrowings	82,310,714	32,911,973	49,304,035	-	94,706	-
	2,075,802,589	**1,155,243,717**	**792,949,668**	**29,101,730**	**7,707,319**	**90,800,155**
Off balance sheet exposuress						
Transaction related bonds and guarantees	248,142,090	129,127,988	44,344,706	1,872,438	373,052	72,423,906
Guaranteed facilities	95,440,470	33,760,413	30,390,977	-	18,079,359	13,209,721
Clean line facilities for letters of credit and other commitments	460,119,239	58,529,071	395,373,484	1,834,804	4,313,812	68,070
	803,701,799	**221,417,473**	**470,109,166**	**3,707,242**	**22,766,223**	**85,701,697**

31 December 2014	Total	Naira	US $	GBP	Euro	Others
Cash and balances with banks	405,014,793	334,720,873	33,190,564	14,354,481	11,542,629	11,206,247
Non-pledged trading assets						
Treasury bills	24,546,032	24,546,032	-	-	-	-
Bonds	3,786,172	3,786,172	-	-	-	-
Equity	79,440	79,440	-	-	-	-
Derivative financial instruments	24,866,681	-	24,866,681	-	-	-
Loans and advances to banks	12,435,659	145,085	-	12,290,574	-	-
Loans and advances to customers	-	-	-	-	-	-
Auto Loan	3,195,795	3,186,276	-	-	-	9,519
Credit Card	1,919,130	260,850	1,658,027	253	-	-
Finance Lease	2,732,767	1,354,013	1,108,524	-	-	270,231
Mortgage Loan	4,408,740	3,645,130	51,066	-	-	712,544
Overdraft	249,410,182	196,679,153	26,326,190	2,256	2,421	26,400,162
Personal Loan	8,099,089	6,531,859	240,071	-	-	1,327,159
Term Loan	539,981,931	244,883,197	266,269,925	12,362,262	-	16,466,547
Time Loan	300,716,807	111,981,927	168,694,753	580,322	957,015	18,502,790
Pledged assets						
Treasury bills	15,125,322	13,236,528	-	-	-	1,888,794
Bonds	71,946,825	71,946,825	-	-	-	-
Investment securities	-	-	-	-	-	-
- Available for sale						
Treasury bills	92,046,032	61,656,952	-	19,567,536		10,821,544
Bonds	47,749,378	37,193,593	10,555,785	-	-	-
Equity	45,087,422	45,087,422	-	-	-	-
- Held to Maturity						
Treasury bills	23,495,446	23,495,446	-	-	-	-
Bonds	61,833,110	49,432,542	1,551,167	1,744,468	-	9,104,933
Other assets	36,030,750	21,235,572	4,933,087	482,266	4,962	9,374,863
	1,974,507,503	**1,255,084,886**	**539,445,840**	**61,384,417**	**12,507,027**	**106,085,334**
						-
Deposits from financial institutions	119,045,423	-	104,440,854	5,220,977	4,057,703	5,325,889
Deposits from customers	1,454,419,052	962,857,337	396,080,908	18,068,662	16,433,183	60,978,963
Derivative financial instruments	1,989,662	-	1,737,791	251,871	-	-
Other liabilities	20,201,802	8,417,676	8,592,050	333,528	1,133,634	1,724,914
Debt securities issued	138,481,179	-	138,481,179	-	-	-
Interest bearing borrowings	79,816,309	31,391,634	48,424,675	-	-	-
	1,813,953,427	**1,002,666,647**	**697,757,457**	**23,875,038**	**21,624,520**	**68,029,766**
Off balance sheet exposuress						
Transaction related bonds and guarantees	165,466,393	110,544,517	46,395,843	349,724	90,246	8,086,063
Guaranteed facilities	91,373,327	23,316,732	39,498,364	-	17,954,443	10,603,788
Clean line facilities for letters of credit and other commitments	377,152,396	31,382	367,511,575	356,957	5,353,943	3,898,539
	633,992,116	**133,892,631**	**453,405,782**	**706,681**	**23,398,632**	**22,588,390**

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

Financial instruments by currency

Bank
In thousands of Naira

30 June 2015	Total	Naira	US $	GBP	Euro	Others
Cash and balances with banks	415,968,418	396,901,853	9,627,584	1,855,868	7,467,217	115,896
Non-pledged trading assets						
Treasury bills	41,739,239	41,739,239	-	-	-	-
Bonds	6,777,368	6,592,427	184,941	-	-	-
Equity	79,440	79,440	-	-	-	-
Derivative financial instruments	63,054,554	-	63,054,554	-	-	-
Loans and advances to banks	72,039,316	537,846	71,501,470	-	-	-
Loans and advances to customers	-			-		
Auto Loan	4,201,270	4,201,270	-	-	-	-
Credit Card	2,402,107	289,543	2,112,269	295	-	-
Finance Lease	1,925,464	1,073,437	852,027	-	-	-
Mortgage Loan	5,423,451	5,385,293	38,157	-	-	-
Overdraft	213,316,840	180,097,633	33,215,966	784	2,457	-
Personal Loan	10,282,750	9,791,589	491,161	-	-	-
Term Loan	556,665,930	265,147,182	291,518,748	-	-	-
Time Loan	272,888,171	107,740,325	162,933,471	195,637	1,331,022	687,716
Pledged assets						
Treasury bills	116,315,801	116,315,801	-	-	-	-
Bonds	82,582,857	82,582,857	-	-	-	-
Investment securities						
Available for sale						
Treasury bills	61,247,648	61,247,648	-	-	-	-
Bonds	18,029,138	10,862,077	7,167,061	-	-	-
Equity	46,921,154	46,921,154	-	-	-	-
Held to Maturity						
Treasury bills	386,541	386,541	-	-	-	-
Bonds	41,050,832	40,049,079	1,001,753	-	-	-
Other assets	45,352,920	42,226,050	3,120,710	3,676	2,484	-
	2,078,651,209	**1,420,168,284**	**646,819,873**	**2,056,260**	**8,803,179**	**803,612**
Deposits from financial institutions	169,061,040	79,271,120	88,752,152	196,608	841,160	-
Deposits from customers	1,489,473,412	990,929,519	488,040,381	5,383,339	5,120,173	-
Derivative financial instruments	2,847,331	-	2,847,331	-	-	-
Other liabilities	43,999,566	17,643,210	21,325,891	151,128	4,668,565	210,772
Debt securities issued	77,627,207	-	77,627,207	-	-	-
Interest bearing borrowings	152,304,658	33,932,765	118,371,893	-	-	-
	1,935,313,214	1,121,776,614	796,964,855	5,731,075	10,629,898	210,772
Off balance sheet exposuress						
Transaction related bonds and guarantees	174,397,793	129,305,385	44,344,706	374,649	373,053	-
Guaranteed facilities	82,276,079	33,760,413	30,390,977	-	18,079,359	45,330
Clean line facilities for letters of credit and other commitments	458,488,129	78,087	453,824,464	203,694	4,313,813	68,071
	715,162,001	163,143,885	528,560,147	578,343	22,766,225	113,401

Financial instruments by currency
Bank
In thousands of Naira

31 December 2014	Total	Naira	US $	GBP	Euro	Others
Cash and balances with banks	351,174,879	337,434,865	7,164,550	2,218,668	3,697,876	658,919
Non-pledged trading assets						
Treasury bills	24,546,032	24,546,032	-	-	-	-
Bonds	3,786,172	3,786,172	-	-	-	-
Equity	79,440	79,440	-	-	-	-
Derivative financial instruments	24,831,145	-	24,831,145	-	-	-
Loans and advances to banks	55,776,837	145,085	55,631,752	-	-	-
Loans and advances to customers	-			-		
Auto Loan	3,186,276	3,186,276	-	-	-	-
Credit Card	1,836,831	260,850	1,575,728	253	-	-
Finance Lease	2,462,536	1,354,013	1,108,523	-	-	-
Mortgage Loan	3,696,197	3,645,130	51,067	-	-	-
Overdraft	220,076,669	196,679,153	23,392,838	2,256	2,422	-
Personal Loan	6,771,929	6,531,859	240,070	-	-	-
Term Loan	507,949,921	244,883,197	263,066,724	-	-	-
Time Loan	273,928,489	111,981,927	160,817,986	47,893	957,015	123,669
Pledged assets						
Treasury bills	13,236,528	13,236,528	-	-	-	-
Bonds	71,946,826	71,946,826	-	-	-	-
Investment securities						
Available for sale						
Treasury bills	61,656,952	61,656,952	-	-	-	-
Bonds	45,543,884	37,193,593	8,350,291	-	-	-
Equity	45,052,274	45,052,274	-	-	-	-
Held to Maturity						
Treasury bills	15,963,009	15,963,009	-	-	-	-
Bonds	57,921,864	56,964,979	956,885	-	-	-
Other assets	30,513,159	25,625,988	4,851,490	29,966	4,962	753
	1,821,937,849	**1,262,154,148**	**552,039,050**	**2,299,036**	**4,662,275**	**783,341**
Deposits from financial institutions	134,509,662	-	133,632,208	47,968	711,685	117,801
Deposits from customers	1,324,800,611	944,366,864	370,580,896	5,897,079	3,955,772	-
Derivative financial instruments	1,737,791	-	1,737,791	-	-	-
Other liabilities	15,578,189	8,613,010	5,501,180	333,528	1,130,471	-
Debt securities issued	73,155,391	-	73,155,391	-	-	-
Interest bearing borrowings	146,345,767	31,391,634	114,954,133	-	-	-
	1,696,127,411	984,371,508	699,561,599	6,278,575	5,797,928	117,801
Off balance sheet exposuress						
Transaction related bonds and guarantees	145,831,160	110,544,517	34,846,673	349,724	90,246	-
Guaranteed facilities	72,221,845	23,316,732	30,892,720	-	17,954,443	57,950
Clean line facilities for letters of credit and other commitments	372,652,653	31,382	366,851,692	356,957	5,353,943	58,679
	590,705,658	133,892,631	432,591,085	706,681	23,398,632	116,629

Liquidity risk management
The following table shows the undiscounted cash flows on the Group's financial assets and liabilities and on the basis of their earliest possible contractual maturity. The Gross nominal inflow / (outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment.

The amounts in the table below have been compiled as follows:

Type of financial instrument	Basis on which amounts are compiled
Non-derivative financial liabilities and financial assets	Undiscounted cash flows, which include estimated interest payments.
Issued financial guarantee contracts, and unrecognised loan commitments	Earliest possible contractual maturity. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.
Derivative financial liabilities and financial assets held for risk management purposes	Contractual undiscounted cash flows. The amounts shown are the gross nominal inflows and outflows for derivatives that have simultaneous gross settlement (e.g. forward exchange contracts and currency swaps) and the net amounts for derivatives that are net settled.
Trading derivative liabilities and assets forming part of the Group's proprietary trading operations that are expected to be closed out before contractual maturity	Fair values at the date of the statement of financial position. This is because contractual maturities are not reflective of the liquidity risk exposure arising from these positions. These fair values are disclosed in the 'less than one month' column.
Trading derivative liabilities and assets that are entered into by the Group with its customers	Contractual undiscounted cash flows. This is because these instruments are not usually closed out before contractual maturity and so the Group believes that contractual maturities are essential for understanding the timing of cash flows associated with these derivative positions.

The Group's expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. For example, demand deposits from customers are expected to remain stable or increase and unrecognised loan commitments are not all expected to be drawn down immediately. As part of the management of liquidity risk arising from financial liabilities, the Group holds liquid assets comprising Cash and balances with banks, and debt securities issued by federal government, which can be readily sold to meet liquidity requirements.
In addition, the Group maintains agreed lines of credit with other banks and holds unencumbered assets eligible for use as collateral.

5.3.1 Residual contractual maturities of financial assets and liabilities

Group **30 June 2015**	**Carrying amount**	**Gross nominal inflow/(outflow)**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
In thousands of Naira							
Cash and balances with banks	421,807,185	421,807,185	125,215,367	-	-	-	296,591,818
Non-pledged trading assets			-	-	-	-	-
Treasury bills	41,739,239	47,578,941	16,583,805	13,538,030	13,671,890	3,785,216	-
Bonds	6,777,368	11,893,030	365,690	92,668	458,358	7,191,098	3,785,216
Derivative financial instruments	63,127,743	63,127,743	17,844,367	7,343,911	11,048,207	26,891,258	-
Loans and advances to banks	106,830,748	106,830,748	106,830,748	-	-	-	-
Loans and advances to customers							
Auto Loan	4,216,419	4,264,514	18,519	32,208	176,943	256,466	3,780,378
Credit Card	2,433,390	2,462,293	207,600	97,018	1,391,265	766,410	-
Finance Lease	2,104,292	2,124,573	-	505	394,703	1,550,537	178,828
Mortgage Loan	11,920,693	11,987,769	-	-	14,214	1,060,574	10,912,981
Overdraft	221,287,967	239,273,895	105,341,282	6,452,518	127,480,095	-	-
Personal Loan	11,149,685	11,274,404	29,982	98,841	494,248	10,651,333	-
Term Loan	576,097,927	580,059,809	100,112,763	8,838,902	23,299,727	280,994,248	166,814,169
Time Loan	344,190,430	344,591,336	217,510,667	37,511,266	82,344,573	7,224,124	706
Pledged assets							
Treasury bills	119,276,387	125,605,400	46,200,000	28,645,400	50,760,000	-	-
Bonds	82,582,857	153,036,416	261,000	3,268,402	36,945,015	112,561,999	-
Investment securities							
Available for sale							
Treasury bills	74,507,178	77,685,896	17,491,697	43,623,952	11,245,562	5,324,685	-
Bonds	18,610,209	31,798,970	789,936	400,566	1,329,288	18,147,998	11,131,182
Held to Maturity							
Treasury bills	7,055,563	72,414,009	18,478,591	42,470,711	11,464,707	-	-
Bonds	44,272,514	34,291,546	789,936	1,032,812	3,738,342	18,254,066	10,476,390
Other assets	48,656,430	46,217,941	16,217,076	20,547,549	5,828,305	3,625,011	-
	2,208,644,223	**2,388,326,418**	**790,289,027**	**213,995,259**	**382,085,442**	**498,285,022**	**503,671,668**
Deposits from financial institutions	153,236,174	152,408,526	81,372,750	45,709,552	25,326,224	-	-
Deposits from customers	1,639,360,239	1,643,705,550	1,514,411,959	121,117,767	8,175,824	-	-
Derivative financial instruments	2,934,631	2,934,631	2,221,705	34,805	678,121	-	-
Other liabilities	48,559,766	48,559,766	40,306,755	8,253,011	-	-	-
Debt securities issued	149,401,065	204,416,071	2,504,766	3,652,270	6,157,036	105,829,459	86,272,540
Interest bearing borrowings	82,310,714	82,410,714	835,932	8,132,291	7,640,725	44,937,992	20,863,774
	2,075,802,589	**2,134,435,258**	**1,641,653,866**	**186,899,696**	**47,977,930**	**150,767,451**	**107,136,314**
Gap (asset - liabilities)	132,841,634	253,891,161	(851,364,839)	27,095,563	334,107,512	347,517,571	396,535,354
Cumulative liquidity gap							
Off-balance sheet							
Transaction related bonds and guarantees	248,142,090	248,319,487	130,240,830	2,722,116	25,994,228	18,846,921	70,515,392
Guaranteed facilities	95,440,470	95,440,470	66,223,972	15,193,177	5,083,101	7,155,338	1,784,882
Clean line facilities for letters of credit and other commitments	460,119,239	460,118,799	100,394,821	128,547,540	125,724,540	105,451,898	-
	803,701,799	**803,878,757**	**296,859,623**	**146,462,833**	**156,801,869**	**131,454,157**	**72,300,274**

Group **31 December 2014**	**Carrying amount**	**Gross nominal inflow/(outflow)**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
In thousands of Naira							
Cash and balances with banks	405,014,793	405,014,793	147,422,860	-	-	-	257,591,933
Non-pledged trading assets							
Treasury bills	24,546,032	25,710,426	18,445,882	1,426,320	5,838,224	-	
Bonds	3,786,172	4,430,376	45,694	3,701,616	53,244	629,823	-
Derivative financial instruments	24,866,681	24,866,681	11,123,891	2,364,449	11,378,341	-	-
Loans and advances to banks	12,435,659	12,565,313	26,149	12,539,164	-	-	-
Loans and advances to customers							
Auto Loan	3,195,795	3,236,214	17,178	37,150	117,316	3,064,570	-
Credit Card	1,919,130	1,953,708	1,865,557	-	14,993	73,158	-
Finance Lease	2,732,767	2,752,076	251,990	164,902	41,782	2,293,402	-
Mortgage Loan	4,408,740	4,471,262	-	72,101	122,572	1,097,538	3,179,051
Overdraft	266,565,823	277,175,321	207,159,667	32,588,846	37,400,530	26,279	-
Personal Loan	8,099,089	8,195,722	364,621	449,882	690,771	6,596,360	94,087
Term Loan	539,981,732	576,918,795	118,622,725	31,739,205	22,388,605	274,224,727	129,943,533
Time Loan	300,015,123	317,770,014	225,801,442	39,717,240	48,458,630	3,791,933	769
Pledged assets							
Treasury bills	15,125,322	15,771,114	10,950,000	2,260,000	2,561,114	-	-
Bonds	71,946,825	142,341,219	-	2,960,902	2,960,902	23,687,212	112,732,204
Investment securities							
Available for sale							
Treasury bills	92,046,032	63,782,166	16,303,382	43,575,593	3,903,191	-	-
Bonds	47,749,825	51,218,215	100,608	38,012,504	406,262	12,631,528	67,313
Held to Maturity							
Treasury bills	23,495,446	16,528,059	4,507,169	11,628,437	392,453	-	-
Bonds	61,833,110	83,995,499	1,187,545	10,518,762	3,817,009	47,754,306	20,717,877
Other assets	36,030,750	36,030,750	22,966,686	-	13,064,064	-	-
	1,945,794,847	**2,074,727,723**	**787,163,046**	**233,757,072**	**153,610,002**	**375,870,835**	**524,326,767**
Deposits from financial institutions	119,045,423	120,289,784	120,205,261	84,523	-	-	-
Deposits from customers	1,454,419,052	1,463,332,471	1,350,067,610	50,697,481	62,567,380	-	-
Derivative financial instruments	1,989,662	1,989,662	1,989,662	-	-	-	-
Other liabilities	20,201,802	20,201,802	14,828,024	5,373,778	-	-	-
Debt securities issued	138,481,179	196,231,586	-	3,441,925	5,831,737	102,212,149	84,745,775
Interest bearing borrowings	79,816,309	86,584,835	1,644,012	1,955,389	4,482,437	66,614,293	11,888,704
	1,813,953,427	**1,888,630,140**	**1,488,734,569**	**61,553,097**	**72,881,554**	**168,826,442**	**96,634,479**
Gap (asset - liabilities)	131,841,420	186,097,583	(701,571,523)	172,203,975	80,728,448	207,044,393	427,692,288
Cumulative liquidity gap							
Off-balance sheet							
Transaction related bonds and guarantees	165,466,393	165,466,392	23,327,259	12,814,843	22,637,392	24,843,232	81,843,666
Guaranteed facilities	91,373,327	91,373,328	11,956,468	11,175,156	24,614,115	14,968,793	28,658,795
Clean line facilities for letters of credit and other commitments	377,152,396	377,152,396	216,360,947	95,953,913	64,729,400	108,136	-
	633,992,116	**633,992,116**	**251,644,674**	**119,943,912**	**111,980,907**	**39,920,162**	**110,502,461**

5.3.1 Residual contractual maturities of financial assets and liabilities

Bank **30 June 2015** *In thousands of Naira*	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
Cash and balances with banks	415,968,418	415,968,418	136,130,724	-	-	-	279,837,694
Non-pledged trading assets							
Treasury bills	41,739,239	47,578,941	16,583,805	13,538,030	13,671,890	3,785,216	-
Bonds	6,777,368	11,893,029	365,690	92,668	458,358	7,191,098	3,785,216
Derivative financial instruments	63,054,554	63,054,554	17,771,178	7,343,911	11,048,207	26,891,258	-
Loans and advances to banks	72,039,316	72,040,503	-	-	71,925,248	115,254	-
Loans and advances to customers							
Auto Loan	4,201,270	4,249,365	18,518	32,208	176,943	4,021,696	-
Credit Card	2,402,108	2,431,010	207,600	97,018	1,359,985	766,407	-
Finance Lease	1,925,464	1,945,745	-	505	394,703	1,550,537	-
Mortgage Loan	5,423,451	5,484,187	-	-	14,214	1,060,574	4,409,399
Overdraft	213,316,840	230,837,543	105,341,179	6,452,518	119,043,846	-	-
Personal Loan	10,282,750	10,407,468	29,982	98,841	494,248	9,784,397	-
Term Loan	556,665,930	562,178,047	100,112,764	8,838,902	23,299,727	295,206,078	134,720,576
Time Loan	272,888,171	273,499,172	217,510,667	37,511,266	11,252,409	7,224,124	706
Pledged assets							
Treasury bills	116,315,801	122,644,814	46,200,000	25,684,814	50,760,000	-	-
Bonds	82,582,857	153,036,416	261,000	3,268,402	36,945,015	112,561,999	-
Investment securities							
Available for sale							
Treasury bills	61,247,648	64,251,185	14,701,052	40,936,300	8,613,833	-	-
Bonds	18,029,138	31,084,451	789,936	400,566	1,329,288	18,088,271	10,476,390
Held to Maturity		-					
Treasury bills	386,541	397,453	-	397,453	-	-	-
Bonds	41,050,832	69,209,105	1,185,370	2,612,047	3,044,178	52,281,757	10,085,753
Other assets	45,352,920	42,293,422	11,827,899	20,547,549	5,828,305	4,089,669	-
	2,031,650,616	**2,184,484,827**	**669,037,365**	**167,852,997**	**359,660,397**	**544,618,335**	**443,315,735**
Deposits from financial institutions	169,061,040	168,696,678	88,093,653	70,323,296	10,279,729	-	-
Deposits from customers	1,489,473,412	1,497,183,243	1,386,806,776	102,200,643	8,175,824	-	-
Derivative financial instruments	2,847,331	2,847,331	2,134,406	34,805	678,120	-	-
Other liabilities	43,909,566	43,909,566	40,657,095	3,252,471	-	-	-
Debt securities issued	77,627,207	122,795,240	-	3,652,270	3,652,270	29,218,160	86,272,540
Interest bearing borrowings	152,534,658	161,983,195	3,340,698	8,132,291	10,145,491	121,449,291	18,915,424
	1,935,453,214	1,997,415,253	1,521,032,628	187,595,776	32,931,434	150,667,451	105,187,964
Gap (asset - liabilities)	96,197,402	187,069,574	(851,995,263)	(19,742,779)	326,728,963	393,950,884	338,127,771
Cumulative liquidity gap			(851,995,263)	(871,738,041)	(545,009,078)	(151,058,194)	187,069,577
Off balance-sheet							
Transaction related bonds and guarantees	174,397,793	174,397,793	80,959,701	2,722,116	1,353,663	18,846,921	70,515,392
Guaranteed facilities	82,276,079	82,276,079	66,223,972	2,028,786	5,083,101	7,155,338	1,784,882
Clean line facilities for letters of credit and other commitments	458,488,129	458,488,129	100,394,821	126,916,430	125,724,980	105,451,898	-
	715,162,001	**715,162,001**	**247,578,494**	**131,667,332**	**132,161,744**	**131,454,157**	**72,300,274**

Bank **31 December 2014** *In thousands of Naira*	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
Cash and balances with banks	351,174,879	348,428,224	92,824,863	-	-	-	255,603,361
Non-pledged trading assets							
Treasury bills	24,546,032	25,710,426	18,445,882	1,426,320	5,838,224	-	-
Bonds	3,786,172	5,040,126	45,694	3,701,616	53,244	629,823	609,750
Derivative financial instruments	24,831,145	24,831,145	11,123,891	2,328,913	11,378,341	-	-
Loans and advances to banks	55,786,837	55,882,570	9,315,720	18,681,814	27,885,036	-	-
Loans and advances to customers							
Auto Loan	3,186,276	3,226,646	16,126	34,758	113,010	3,062,752	-
Credit Card	1,836,831	1,870,919	1,782,768	-	14,993	73,158	-
Finance Lease	2,462,536	2,480,457	170,505	96,997	1,039	2,211,916	-
Mortgage Loan	3,696,197	3,750,249	-	-	-	895,654	2,854,595
Overdraft	220,050,668	230,582,559	182,460,726	20,562,662	27,532,892	26,279	-
Personal Loan	6,771,929	6,865,012	98,479	63,976	238,329	6,370,139	94,088
Term Loan	507,949,921	513,183,052	83,887,643	26,905,761	14,332,866	269,391,284	118,665,498
Time Loan	273,954,489	274,956,092	204,633,543	31,599,981	34,929,866	3,791,933	769
Pledged assets							
Treasury bills	13,236,528	13,771,114	8,950,000	2,260,000	2,561,114	-	-
Bonds	71,946,825	142,341,220	-	2,960,902	2,960,902	23,687,212	112,732,204
Investment securities							
Available for sale							
Treasury bills	61,656,952	63,782,166	16,303,382	43,575,593	3,903,191	-	-
Bonds	45,543,884	51,218,214	100,608	38,012,504	406,262	12,631,528	67,313
Held to Maturity							
Treasury bills	15,963,009	16,528,059	4,507,169	11,628,437	392,453	-	-
Bonds	57,921,864	83,995,501	1,187,545	10,518,762	3,817,009	47,754,306	20,717,878
Other assets	30,513,159	30,513,159	19,898,971	-	10,614,188	-	-
	1,776,816,133	**1,898,956,910**	**655,753,514**	**214,358,997**	**146,972,958**	**370,525,984**	**511,345,457**
Deposits from financial institutions	134,509,662	135,915,668	135,820,165	95,503	-	-	-
Deposits from customers	1,324,800,611	1,332,919,663	1,230,872,383	45,045,689	57,001,591	-	-
Derivative financial instruments	1,737,791	1,737,791	1,737,791	-	-	-	-
Other liabilities	15,678,189	15,678,189	14,488,882	1,189,307	-	-	-
Debt securities issued	83,155,391	119,165,025	-	3,441,925	3,441,925	27,535,400	84,745,775
Interest bearing borrowings	146,345,767	158,756,077	3,014,348	3,585,269	8,218,692	122,139,447	21,798,322
	1,706,227,411	1,764,172,413	1,385,933,568	53,357,693	68,662,207	149,674,847	106,544,097
Gap (asset - liabilities)	70,588,722	134,784,497	(730,180,054)	161,001,304	78,310,751	220,851,137	404,801,360
Cumulative liquidity gap			(730,180,054)	(569,178,751)	(490,868,000)	(270,016,863)	134,784,497
Off balance-sheet							
Transaction related bonds and guarantees	145,831,160	145,831,160	14,923,004	8,079,588	16,163,390	24,821,512	81,843,666
Guaranteed facilities	72,221,845	72,221,845	5,031,916	4,173,263	22,786,732	12,044,944	28,184,990
Clean line facilities for letters of credit and other commitments	372,652,653	372,652,653	215,874,910	92,822,023	63,847,583	108,137	-
	590,705,658	**590,705,658**	**235,829,830**	**105,074,874**	**102,797,705**	**36,974,593**	**110,028,656**

5.3.2 Financial instruments below and above 1 year's maturity

Group *In thousands of Naira*	June 2015 Within 12 months	June 2015 After 12 months	June 2015 Total	December 2014 Within 12 months	December 2014 After 12 months	December 2014 Total
Cash and balances with banks	125,215,367	296,591,818	**421,807,185**	147,422,860	257,591,933	**405,014,793**
Non pledged trading assets						
Treasury bills	41,739,239		**41,739,239**	24,546,032	-	**24,546,032**
Bonds		6,777,368	**6,777,368**	3,515,700	270,472	**3,786,172**
Derivative financial instruments	36,236,485	26,891,258	**63,127,743**	24,866,681	-	**24,866,681**
Loans and advances to banks	438,345	106,392,403	**106,830,748**	12,435,659		**12,435,659**
Loans and advances to customers						
Auto Loan	224,956	3,991,463	**4,216,419**	169,509	3,026,286	**3,195,795**
Credit Card	1,675,859	757,531	**2,433,390**	1,847,002	72,128	**1,919,130**
Finance Lease	390,472	1,713,820	**2,104,291**	454,960	2,277,808	**2,732,768**
Mortgage Loan	14,044	11,906,649	**11,920,693**	192,386	4,216,354	**4,408,739**
Overdraft	221,287,967	-	**221,287,967**	249,389,815	20,366	**249,410,181**
Personal Loan	615,600	10,534,085	**11,149,685**	1,497,008	6,602,081	**8,099,089**
Term Loan	131,826,769	444,271,158	**576,097,927**	140,806,230	399,175,702	**539,981,932**
Time Loan	336,987,985	7,202,446	**344,190,431**	296,925,761	3,791,047	**300,716,808**
Pledged assets						
Treasury bills	119,276,386		**119,276,386**	15,125,322	-	**15,125,322**
Bonds		82,582,857	**82,582,857**	-	71,946,825	**71,946,825**
Investment securities						
Available for sale						
Treasury bills	74,507,178		**74,507,178**	92,046,032	-	**92,046,032**
Bonds	1,193,573	17,416,636	**18,610,209**	36,407,716	11,341,662	**47,749,378**
Held to Maturity						
Treasury bills	7,055,563	-	**7,055,563**	23,495,446	-	**23,495,446**
Bonds	4,789,850	39,482,664	**44,272,514**	9,473,538	52,359,572	**61,833,110**
Other assets	48,656,450		**48,656,450**	36,030,750	-	**36,030,750**
	1,152,132,087	**1,056,512,156**	**2,208,644,241**	**1,116,648,407**	**812,692,235**	**1,929,340,641**
Deposits from financial institutions	153,236,174		**153,236,174**	119,045,423	-	**119,045,423**
Deposits from customers	1,609,350,864	30,009,375	**1,639,360,239**	1,308,794,239	145,624,813	**1,454,419,052**
Derivative financial instruments	2,934,631		**2,934,631**	1,989,662	-	**1,989,662**
Debt securities issued	14,609,080	134,791,985	**149,401,065**	-	138,481,179	**138,481,179**
Current tax liabilities	6,949,788		**6,949,788**	8,180,969	-	**8,180,969**
Other liabilities	48,559,766		**48,559,766**	20,201,802	-	**20,201,802**
Interest-bearing borrowings		82,310,714	**82,310,714**	10,898,495	68,917,814	**79,816,309**
	1,835,640,303	**247,112,074**	**2,082,752,377**	**1,469,110,589**	**353,023,806**	**1,822,134,396**

Bank	June 2015			December 2014		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
In thousands of Naira						
Cash and balances with banks	136,130,724	279,837,694	**415,968,418**	95,571,518	255,603,361	**351,174,879**
Non pledged trading assets						
Treasury bills	41,739,239		**41,739,239**	24,546,032	-	**24,546,032**
Bonds		6,777,368	**6,777,368**	3,786,172	-	**3,786,172**
Derivative financial instruments	36,163,296	26,891,258	**63,054,554**	24,831,145	-	**24,831,145**
Loans and advances to banks	426,964	71,612,352	**72,039,316**	55,653,199	123,638	**55,776,837**
Loans and advances to customers				-	-	
Auto Loan	224,956	3,976,314	**4,201,270**	161,799	3,024,477	**3,186,276**
Credit Card	1,644,856	757,251	**2,402,107**	1,764,703	72,128	**1,836,831**
Finance Lease	390,472	1,534,992	**1,925,464**	265,798	2,196,738	**2,462,536**
Mortgage Loan	14,044	5,409,407	**5,423,451**	-	3,696,197	**3,696,197**
Overdraft	213,316,840	-	**213,316,840**	220,056,303	20,366	**220,076,669**
Personal Loan	615,601	9,667,149	**10,282,750**	395,466	6,376,463	**6,771,929**
Term Loan	131,826,768	424,839,162	**556,665,930**	124,790,224	383,159,697	**507,949,921**
Time Loan	265,146,790	7,741,381	**272,888,171**	270,137,442	3,791,047	**273,928,488**
Pledged assets						
Treasury bills	116,315,801		**116,315,801**	13,236,528	-	**13,236,528**
Bonds	-	82,582,857	**82,582,857**	-	71,946,825	**71,946,825**
Investment securities						
Available for sale						
Treasury bills	61,247,648	-	**61,247,648**	61,656,952	-	**61,656,952**
Bonds	612,502	17,416,636	**18,029,138**	36,407,716	9,136,168	**9,136,168**
Held to Maturity						
Treasury bills	386,541	-	**386,541**	15,963,009	-	**15,963,009**
Bonds	1,568,169	39,482,663	**41,050,832**	9,473,539	48,448,324	**57,921,862**
Other assets	45,352,920	-	**45,352,920**	30,513,159	-	**30,513,159**
	1,053,124,129	**978,526,486**	**2,031,650,615**	**989,210,702**	**787,595,429**	**1,740,398,415**
Deposits from financial institutions	169,061,040	-	**169,061,040**	134,509,662	-	**134,509,662**
Deposits from customers	1,489,406,760	66,652	**1,489,473,412**	1,324,500,611	300,000	**1,324,800,611**
Derivative financial instruments	2,847,331		**2,847,331**	1,737,791	-	**1,737,791**
Debt securities issued	14,609,080	63,018,127	**77,627,207**	6,883,850	66,271,541	**73,155,391**
Current tax liabilities	6,283,006		**6,283,006**	7,113,226	-	**7,113,226**
Other liabilities	43,909,566		**43,909,566**	15,678,189	-	**15,678,189**
Interest-bearing borrowings		152,534,658	**152,534,658**	11,573,248	134,772,519	**146,345,767**
	1,726,116,783	**215,619,437**	**1,941,736,220**	**1,501,996,577**	**201,344,060**	**1,703,340,637**

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: share capital, share premium, retained earnings and other reserves, and
- Tier 2 capital: unrealised gains arising on the fair valuation of equity instruments held as available-for-sale and foreign currency translation reserves with adjustments for deferred tax assets, intangibles and investments in subsidiaries.

In thousands of Naira	Group June 2015	Group December 2014	Bank June 2015	Bank December 2014
Tier 1 capital				
Ordinary share capital	11,441,460	11,441,460	11,441,460	11,441,460
Share premium	161,036,211	161,036,211	161,036,211	161,036,211
Retained earnings	55,939,486	34,139,453	56,748,162	36,499,779
Other reserves	70,553,656	67,262,761	68,740,308	65,178,336
Non-controlling interests	3,673,207	3,530,843	-	-
	302,644,020	**277,410,728**	**297,966,141**	**274,155,786**
Add/(Less):				
Fair value reserve for available-for-sale	(13,088,345)	(9,881,402)	(13,074,518)	(9,833,418)
Foreign Currency Translational reserves	4,052,862	3,710,648	-	-
Other reserves	(482,147)	(295,419)	(448,121)	(295,419)
Total Tier 1	**293,126,390**	**270,944,555**	**284,443,502**	**264,026,949**
Add/(Less):				
50% Investments in subsidiaries		-	(20,511,625)	(20,060,286)
Deferred tax assets	(7,116,843)	(10,881,984)	(6,484,599)	(10,128,537)
Regulatory risk reserve	(16,118,294)	(21,205,031)	(12,906,315)	(17,001,981)
Intangible assets	(5,862,357)	(5,592,991)	(4,557,803)	(4,436,814)
Adjusted Tier 1	**264,028,896**	**233,264,549**	**239,983,161**	**212,399,331**
Tier 2 capital				
Debt securities issued	73,630,267	66,853,428	71,446,169	66,006,738
Fair value reserve for available-for-sale securities	13,088,345	9,881,402	13,074,518	9,833,418
Foreign currency translational reserves	(4,052,862)	(3,710,648)	-	-
Other reserves	482,147	295,419	448,121	295,419
50% Investments in subsidiaries	-	-	(20,511,625)	(20,060,286)
Total Tier 2	**83,147,897**	**73,319,601**	**64,457,184**	**56,075,289**
Total regulatory capital	**347,176,793**	**306,584,150**	**304,440,344**	**268,474,620**
Risk-weighted assets	**1,817,930,349**	**1,686,979,582**	**1,676,240,032**	**1,560,034,376**
Capital ratios				
Total regulatory capital expressed as a percentage of total risk-weighted assets	19%	18%	18%	17%
Total tier 1 capital expressed as a percentage of risk-weighted assets	15%	14%	14%	14%

7a 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.

Operating segments

Total revenue in the segments represents; Interest Income, Fees and Commission Income, Net gains on Financial Instruments held for trading, Foreign Exchange income, Other Operating Income and Fair Value Gains on Investment Propoerty.

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;

Material total assets and liabilities	**Group June 2015**	**Group December 2014**
In thousands of Naira		
Other assets	76,471,150	56,310,620
Investments in equity accounted investee	-	-
Investment properties	-	-
Derivative financial instruments	63,127,743	24,866,681
Deferred tax (net)	7,116,843	10,881,984
Assets held for sale	23,438,484	23,438,484
Total assets	**170,154,220**	**115,497,769**
Derivative financial instruments	2,934,631	1,989,662
Other liabilities	51,311,200	21,689,079
Debt securities issued	149,401,065	138,481,179
Interest-bearing borrowings	82,310,714	79,816,309
Deferred tax liabilities	312,857	59,038
Retirement benefit obligations	3,656,002	3,269,100
Total liabilities	**289,926,469**	**245,304,367**

Material revenue and expenses

	Group June 2015	**Group December 2014**
Revenue derived from external customers		
Fair value gain on Investment property	-	-
Fair value gain on assets held for sale	-	750,000
	-	**750,000**
Interest expense		
Interest expense on Eurobond	(6,166,002)	(8,768,860)

7a Operating segments (Continued)

30 June 2015

In thousands of Naira	Corporate & Investment Banking	Commercial Banking	Business Banking	Personal Banking	Unallocated Segments	Total Continuing Operations	Discontinued Operations	Total
Revenue:								
Derived from external customers	92,353,038	43,565,515	11,145,704	21,577,696	-	168,641,953	-	168,641,953
Derived from other business segments	-	-	-	-	-	-	-	-
Total Revenue	92,353,038	43,565,515	11,145,704	21,577,696	-	168,641,953	-	168,641,953
Interest expenses	(15,136,774)	(18,781,506)	(4,274,495)	(6,340,320)	(6,166,002)	(50,699,097)	-	(50,699,097)
Profit/(Loss) on ordinary activities before taxation	40,713,946	9,910,989	(3,400,374)	(1,945,214)	(6,166,002)	39,113,345	-	39,113,345
Share of profit from associate						(7,826,247)	-	(7,826,247)
Income tax expense						-	-	-
Pre-tax loss on re-measurement of assets of disposal group							-	-
Profit after tax						31,287,098	-	31,287,098
Other segment information:								
Depreciation and amortisation	(2,624,462)	(1,946,002)	(102,489)	(64,867)	-	(4,737,820)	-	(4,737,820)
Assets and liabilities:								
Tangible segment assets	1,020,540,830	1,045,387,349	88,193,295	67,840,996	-	2,221,962,470	-	2,221,962,470
Unallocated segment assets	-	-	-	-	170,154,220	170,154,220	-	170,154,220
Total assets	1,020,540,830	1,045,387,349	88,193,295	67,840,996	170,154,220	2,392,116,690	-	2,392,116,690
Segment liabilities	426,328,157	772,722,801	212,922,678	387,572,565	-	1,799,546,201	-	1,799,546,201
Unallocated segment liabilities	-	-	-	-	289,926,469	289,926,469	-	289,926,469
Total liabilities	426,328,157	772,722,801	212,922,678	387,572,565	289,926,469	2,089,472,670	-	2,089,472,670
Net assets	594,212,673	272,664,548	(124,729,383)	(319,731,569)	(119,772,249)	302,644,020	-	302,644,020

31 December 2014
Operating segments (Continued)

In thousands of Naira	Corporate & Investment Banking	Commercial Banking	Business Banking	Personal Banking	Unallocated Segments	Total Continuing Operations	Discontinued Operations	Total
Revenue:								
Derived from external customers	95,219,332	95,326,092	18,563,990	35,358,155	750,000	245,217,569	51,003	245,268,572
Derived from other business segments	(1,466)	313	750	403	-	-	-	-
Total Revenue	95,217,866	95,326,405	18,564,740	35,358,558	750,000	245,217,569	51,003	245,268,572
Interest expenses	(27,281,898)	(28,863,963)	(5,632,460)	(6,353,900)	(8,768,860)	(76,901,081)	-	(76,901,081)
Profit/(Loss) on ordinary activities before taxation	35,657,154	32,540,933	(9,145,850)	988,913	(8,018,860)	52,022,290	(87,267)	51,935,023
Share of profit from associate							-	-
Income tax expense						(8,958,811)	-	(8,958,811)
Pre-tax loss on re-measurement of assets of disposal group							-	-
Profit after tax						43,063,479	(87,267)	42,976,212
Other segment information:								
Depreciation and amortisation	(5,115,004)	(3,796,657)	(199,957)	(126,555)	-	(9,238,173)	-	(9,238,173)
Impairment charge for the period	(5,282,414)	(3,485,412)	(1,826,906)	(344,517)	(713,021)	(11,652,271)	-	(11,652,271)
Assets and liabilities:								
Tangible segment assets	1,043,884,995	849,266,149	46,299,060	49,412,565	-	1,988,862,770	-	1,988,862,770
Unallocated segment assets	-	-	-	-	115,497,769	115,497,769	-	115,497,769
Total assets	1,043,884,995	849,266,149	46,299,060	49,412,565	115,497,769	2,104,360,539	-	2,104,360,539
Segment liabilities	316,821,648	701,564,665	192,116,217	371,142,914	-	1,581,645,444	-	1,581,645,444
Unallocated segment liabilities					245,304,367	245,304,367	-	245,304,367
Total liabilities	316,821,648	701,564,665	192,116,217	371,142,914	245,304,367	1,826,949,811	-	1,826,949,811
Net assets	727,063,347	147,701,485	(145,817,157)	(321,730,348)	(129,806,599)	277,410,728		

7b Geographical segments

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

30 June 2015 *In thousands of Naira*	Nigeria	Rest of Africa	Europe	Total Continuing Operations	Discontinued Operations	Total
Derived from external customers	151,164,233	14,372,598	3,105,122	168,641,953	-	168,641,953
Derived from other segments	-	-	-	-	-	-
Total Revenue	151,164,233	14,372,598	3,105,122	168,641,953	-	168,641,953
Interest expense	(46,759,484)	(3,568,549)	(371,064)	(50,699,097)	-	(50,699,097)
Fee and commission expenses	-	(302,016)	-	(302,016)	-	(302,016)
Operating Income	104,404,749	10,502,033	2,734,058	117,640,840	-	117,640,840
Profit/(loss) before income tax	34,497,806	3,540,152	1,075,387	39,113,345	-	39,113,345
Assets and liabilities:						
Total assets	2,083,193,586	142,322,073	166,601,031	2,392,116,690	-	2,392,116,690
Total liabilities	1,823,151,835	118,479,227	147,841,608	2,089,472,670	-	2,089,472,670
Net assets	260,041,751	23,842,846	18,759,423	302,644,020	-	302,644,020

31 December 2014	Nigeria	Rest of Africa	Europe	Total continuing operations	Discontinued operations	Total
Derived from external customers	206,943,083	28,927,881	9,346,606	245,217,570	51,003	245,268,573
Derived from other segments	-	-	-	-	-	-
Total Revenue	206,943,083	28,927,881	9,346,606	245,217,570	51,003	245,268,573
Interest expense	(66,508,654)	(5,672,842)	(4,719,585)	(76,901,081)	-	(76,901,082)
Fee and commission expenses	-	(9)	(36,754)	(36,763)	-	(36,764)
Operating Income	140,434,429	23,255,030	4,590,267	168,279,726	51,003	168,330,727
Profit/(loss) before income tax	43,235,936	7,542,190	1,244,164	52,022,290	(87,267)	51,935,023
Assets and liabilities:						
Total assets	1,801,096,282	106,205,635	197,058,621	2,104,360,538	-	2,104,360,538
Total liabilities	1,524,671,322	121,582,200	180,696,289	1,826,949,811	-	1,826,949,811
Net assets	276,424,960	(15,376,565)	16,362,332	277,410,727	-	277,410,727

No revenue from transaction with a single external customer or a group of connected economic entities or counterparty amounted to 10% or more of the group's total revenue in period ended 30 June 2015 and for the year ended 31 December 2014. Information on revenue from external customers for each product and service had not been disclosed as the information is not readily available to the chief operating decision maker and the cost to develop is considered excessive.

8 Interest income

In thousands of Naira	Group June 2015	Group June 2014	Bank June 2015	Bank June 2014
Interest income				
Cash and balances with banks	2,105,773	2,192,146	1,300,441	1,769,317
Loans and advances to banks and customers	76,340,930	61,037,939	68,941,280	56,403,900
Investment securities				
-Available for sale	5,957,187	1,057,413	5,377,038	1,057,413
-Held for trading	5,744,972	4,588,991	5,744,972	4,588,991
-Held to maturity	8,713,124	14,701,301	6,954,069	12,559,930
	98,861,986	**83,577,790**	**88,317,800**	**76,379,551**
Interest expense				
Deposit from financial institutions	3,947,194	1,173,829	3,066,552	1,132,794
Deposit from customers	39,774,422	30,927,761	36,320,681	28,966,668
Securities dealing	23,906	8,460	-	3,073
Interest bearing borrowings and other borrowed funds	6,953,575	2,724,960	7,372,251	2,777,553
	50,699,097	**34,835,010**	**46,759,484**	**32,880,088**
Net interest income	**48,162,889**	**48,742,780**	**41,558,316**	**43,499,463**

Interest income for the period ended 30 June 2015 includes interest accrued on impaired financial assets of Group: N2.59Bn (30 June 2014: N7.8Bn) and Bank: N2.57Bn (30 June 2014: N3.5Bn).

9a (Impairment)/writeback on financial assets

In thousands of Naira	Group June 2015	Group June 2014	Bank June 2015	Bank June 2014
Additional collective impairment charges on loans and advances to banks(note 22)	(1,856)	(2,501)	(1,856)	(2,501)
Additional collective impairment charges on loans and advances to customers (note 23)	(5,180,508)	(1,723,901)	(5,151,920)	(1,528,332)
Additional specific impairment charges on loans and advances to customers (see note 23)	(1,631,165)	(1,795,529)	(1,878,485)	(1,432,118)
Additional impairment allowance on financial assets in other assets (see note 26)	(2,073,110)	-	(2,073,110)	-
Reversal of impairment on other assets (see note 27)	-	15,435	-	15,435
	(8,886,639)	**(3,506,496)**	**(9,105,371)**	**(2,947,516)**

10 Fee and commission income

In thousands of Naira	Group June 2015	Group June 2014	Bank June 2015	Bank June 2014
Credit related fees and commissions	7,659,714	6,813,271	6,157,885	5,717,668
Commission on turnover and handling commission	1,732,826	2,589,936	1,530,309	2,360,473
Commission on bills and letters of credit	744,518	799,423	633,801	940,047
Commissions on collections	43,788	110,094	41,102	107,016
Commission on other financial services	2,032,218	5,670,539	579,092	4,008,108
Commission on virtual products	1,361,863	1,437,751	872,122	838,019
Commission on foreign currency denominated transactions	829,938	357,329	793,298	207,210
Card related commissions	2,558,850	1,316,117	2,492,071	1,008,901
Retail account charges	187,920	337,002	152,214	319,931
	17,151,635	**19,431,462**	**13,251,894**	**15,507,373**

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.

11 Net gains on investment securities

a Net gains on financial instruments classified as held for trading

In thousands of Naira	Group June 2015	Group June 2014	Bank June 2015	Bank June 2014
Fixed income securities	1,024,574	21,622	1,024,574	21,622
Derivative instruments	37,130,570	1,847,564	37,107,669	1,847,564
	38,155,144	**1,869,186**	**38,132,243**	**1,869,186**

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.

b Net gains on financial instruments held as available for sale

In thousands of Naira	Group June 2015	Group June 2014	Bank June 2015	Bank June 2014
Fixed income securities	1,044,623	296,460	1,044,623	258,670
	1,044,623	**296,460**	**1,044,623**	**258,670**
Total	**39,199,767**	**2,165,646**	**39,176,866**	**2,127,856**

12 Net foreign exchange income

In thousands of Naira	Group June 2015	Group June 2014	Bank June 2015	Bank June 2014
Foreign exchange net trading income	16,163,755	5,015,938	14,173,309	3,226,055
Unrealised foreign exchange (loss)/gains on revaluation	(8,233,981)	452,440	(8,324,469)	452,440
	7,929,774	5,468,378	5,848,840	3,678,495

13 Other operating income

In thousands of Naira	Group June 2015	Group June 2014	Bank June 2015	Bank June 2014
Dividends on available for sale equity securities	3,602,567	2,396,589	4,058,999	2,875,629
Gain on disposal of property and equipment	70,262	45,894	67,970	36,587
Rental income	64,801	113,447	64,801	113,447
Bad debt recovered	394,753	3,053,049	215,008	2,964,856
Other income	1,366,408	1,378,996	162,055	1,111,959
	5,498,791	6,987,975	4,568,833	7,102,478

14 Personnel expenses

In thousands of Naira	Group June 2015	Group June 2014	Bank June 2015	Bank June 2014
Wages and salaries	18,629,434	14,722,909	15,583,004	12,239,128
Increase in liability for long term incentive plan (see note 40 (a) (i))	382,246	219,256	382,246	219,256
Contributions to defined contribution plans	490,813	330,790	370,582	224,382
Restricted Share Performance Plan (a)	186,728	98,449	152,703	98,449
	19,689,221	15,371,404	16,488,535	12,781,215

(a) Under the Restricted Share Performance Plan (RSPP), shares of the Bank are awarded to employees based on their performance at no cost to them. Under the terms of the plan, the shares vest over a 3 year period from the date of award. The scheme applies to only employees of the Bank that meet the stipulated performance criteria irrespective of where they work within the Group. 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 five (5) 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 fair value of RSPP shares purchased was obtained from Nigeria Stock Exchange quotation on the date of purchase in June 2014 as 9.70 Naira per share. A further statutory fee was paid at an average of 6 kobo per share making a total carrying price of N9.76 per share. No other shares have been purchased therafter uptil 30 June 2015.

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

Description of shares		June 2015 Number of Shares	June 2015 Weighted Share Price per Share - Naira	December 2014 Number of Shares	December 2014 Weighted Share Price per Share - Naira
(i)	Shares allocated to staff at start of the year;	83,200,358	10.46	38,196,543	11.50
(ii)	Shares purchased during the period	12,908,532	7.33	58,240,538	10.67
(iii)	Unallocated shares during the period	nil	nil	9,398,371	9.76
(iv)	Forfeited during the period;	3,340,291	nil	3,838,352	nil
(v)	Exercised during the period;	nil	nil	nil	nil
(vi)	Shares allocated to staff at end of the period;	92,768,599	10.03	83,200,358	10.46
		Naira	Price per Share - Naira	Naira	Price per Share - Naira
Share based expense recognised during the period		152,721,097	10.03	182,649,117	10.46

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 2013 - 2015 vesting period	2013 - 2015	31 Dec 2015	32,820,442
Outstanding allocated shares for the 2014 - 2016 vesting period	2014 - 2016	31 Dec 2016	59,948,242
			92,768,684

Bank

Description of shares		June 2015 Number of Shares	June 2015 Weighted Share Price per Share - Naira	December 2014 Number of Shares	December 2014 Weighted Share Price per Share - Naira
(i)	Shares allocated to staff at start of the year;	77,782,273	10.51	38,196,543	11.50
(ii)	Shares purchased during the period	nil	nil	52,822,453	9.76
(iii)	Unallocated shares during the period	nil	nil	9,398,371	9.76
(iv)	Forfeited during the period;	3,340,291	nil	3,838,352	nil
(v)	Exercised during the period;	nil	nil	nil	nil
(vi)	Shares allocated to staff at end of the period;	74,441,982	10.51	77,782,273	10.51
		Naira	Price per Share - Naira	Naira	Price per Share - Naira
Share based expense recognised during the period		152,702,816	10.51	182,636,342	10.51

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 2013 - 2015 vesting period	2013 - 2015	31 Dec 2015	27,402,357
Outstanding allocated shares for the 2014 - 2016 vesting period	2014 - 2016	31 Dec 2016	47,039,625
			74,441,982

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

	Group June 2015	Group June 2014	Bank June 2015	Bank June 2014
	Number	Number	Number	Number
Managerial	335	312	269	226
Other staff	3,442	3,056	2,550	2,223
	3,777	**3,368**	**2,819**	**2,449**

iii. Employees, other than directors, earning more than N900,000 per annum, whose duties were wholly or mainly discharged in Nigeria, received remuneration (excluding pension contributions and certain benefits) in the following ranges:

	Group June 2015	Group June 2014	Bank June 2015	Bank June 2014
	Number	Number	Number	Number
Below N900,000	232	134	-	-
N900,001 - N1,990,000	388	108	-	-
N1,990,001 - N2,990,000	113	138	-	-
N2,990,001 - N3,910,000	810	902	758	610
N3,910,001 - N4,740,000	14	21	-	-
N4,740,001 - N5,740,000	676	610	649	528
N5,740,001 - N6,760,000	31	51	-	-
N6,760,001 - N7,489,000	542	542	523	523
N7,489,001 - N8,760,000	341	291	323	282
N8,760,001 - N9,190,000	4	3	-	-
N9,190,001 - N11,360,000	190	185	177	165
N11,360,001 - N14,950,000	138	134	120	118
N14,950,001 - N17,950,000	129	114	124	106
N17,950,001 - N21,940,000	70	53	63	46
N21,940,001 - N26,250,000	42	37	39	33
N26,250,001 - N30,260,000	6	3	-	-
N30,261,001 - N45,329,000	34	33	30	31
Above N45,329,000	17	9	13	7
	3,777	**3,368**	**2,819**	**2,449**

15 Other operating expenses

In thousands of Naira	Group June 2015	Group June 2014	Bank June 2015	Bank June 2014
Premises and equipment costs	3,538,137	3,396,138	3,143,383	3,071,449
Professional fees	1,509,248	1,372,720	718,992	734,970
Insurance	405,806	389,571	333,046	323,651
Business travel expenses	2,839,807	1,363,492	2,772,336	1,286,307
Asset Management Corporation of Nigeria (AMCON) surcharge (see note (a) below)	4,954,889	4,250,000	4,954,889	4,250,000
Loss on disposal of investments	-	17	-	17
Deposit insurance premium	2,580,094	2,927,692	2,580,094	2,927,692
Auditor's renumeration	168,878	168,878	135,607	135,607
Administrative expenses	12,105,261	5,703,976	9,414,078	4,702,503
Board expenses	194,670	162,612	193,783	159,438
Communication expenses	1,151,696	944,506	953,200	805,950
Consultancy and IT expenses	5,239,868	4,092,570	4,918,942	3,898,423
Outsourcing costs	3,574,510	3,105,252	3,394,129	2,968,095
Public relations and marketing expenses	2,164,978	772,689	2,023,063	707,616
Recruitment and training	752,213	744,617	736,350	738,639
Events, charities and sponsorship	887,241	708,139	866,196	664,821
Periodicals and subscriptions	329,497	341,553	327,330	340,276
Security expenses	1,615,200	1,332,847	1,540,857	1,277,031
Travels	334,017	189,916	245,314	65,085
	44,346,010	**31,967,185**	**39,251,590**	**29,057,570**

(a) This represents the Group's contribution to AMCON's sinking fund for the period ended 30 June 2015. Effective 1 January 2011, the banks in Nigeria were required to contribute 0.3% of total assets as at the preceding year end to AMCON's sinking fund in line with existing guidelines. This was increased to 0.5% in 2013. The contribution to AMCON is a levy on all deposit money banks in Nigeria. 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.

16a Discontinued operations
For the period ended 31 December 2014

In thousands of Naira	**Access Bank Burundi**
	Subsidiary
Up to date:	**February 2014**
Interest income	33,228
Interest expense	(10,177)
Net interest income	23,051
Fee and commission income	12,923
Net fee and commission income	12,923
Other operating income	4,853
Total operating income	**40,827**
Personnel expenses	(16,060)
Other operating expenses	(31,487)
Total expenses	(47,547)
Loss before tax	(6,720)
Income tax expense	-
Loss after tax	**(6,720)**
Loss after tax attributable to:	
Owners of the bank	(5,847)
Share of profit attributable to Access Bank:	-
Non-controlling interests	(873)
Loss after tax for the period	**(6,720)**
Basic loss per share (kobo)	(0.12)

16b The aggregate book value of the net assets for the subsidiary and associate disposed at the date of disposal is as follows:

Group	
Cash and balances with banks	956,473
Loans and advances to customers	1,400,651
Investment securities	546,762
Other assets	94,593
Property, plant and equipment	225,883
Total assets	**3,224,362**
Deposits from banks and customers	(2,031,040)
Deposit from customers	-
Other liabilities	(166,526)
Total liabilities	**(2,197,566)**
Net assets of disposal group	**1,026,796**

Group	
Proceeds on disposal	776,200
Less:	
Share of other components of net assets exluding translation reserve	(983,780)
Share of foreign exchange gain arising from disposal	97,187
Goodwill	(369,714)
Loss on disposal of subsidiary and associate	**(480,107)**
Post tax loss of discontinued operations	**(6,720)**
Loss from discontinued operations	**(486,827)**
Bank	
Proceeds on disposal	776,200
Cost of investments	(1,141,875)
Allowance for impairment	261,409
Gain on disposal of subsidiary and associate	**(104,266)**

17 Income tax expense

In thousands of Naira	Group June 2015	Group June 2014	Bank June 2015	Bank June 2014
Current tax expense				
Corporate income tax	3,532,045	3,559,449	2,055,540	1,977,668
IT tax	344,189	-	344,190	-
Education tax	-	100,985	-	100,985
Capital gains tax	28,563	-	28,563	-
Prior year's under provision	-	751,307	-	751,307
	3,904,797	4,411,741	2,428,293	2,829,960
Deferred tax expense				
Origination of temporary differences	3,921,450	(367,321)	3,643,938	(367,321)
Total income tax expense	**7,826,247**	**4,044,420**	**6,072,231**	**2,462,639**

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

	Group June 2015	Group December 2014	Bank June 2015	Bank December 2014
Balance at the beginning of the year	8,180,969	6,899,558	7,113,226	6,075,590
Tax paid	(2,304,445)	(7,187,505)	(860,415)	(5,070,239)
Income tax charge	3,904,799	8,067,080	2,428,293	5,305,755
Prior year's under provision	-	751,307	-	751,307
Witholding tax utilisation	(2,368,135)	-	(2,398,099)	-
Reclassifications	-	50,813	-	50,813
Translation adjustments	(447,083)	(373,157)	-	-
Income tax receivable	(16,315)	(27,127)	-	-
Balance at the end of the period	**6,949,790**	**8,180,969**	**6,283,005**	**7,113,226**

Income tax liability is to be settled within one period

In thousands of Naira	Group June 2015	Group June 2015	Group June 2014	Group June 2014
Profit before income tax		39,113,345		27,117,783
Income tax using the domestic tax rate	30%	11,734,003	30%	8,135,335
Effect of tax rates in foreign jurisdictions	0%	148,968	-1%	(263,305)
Capital allowance utilised for the period	1%	344,189	2%	537,663
Non-deductible expenses	16%	6,102,600	8%	2,061,532
Tax exempt income	-31%	(12,289,688)	-54%	(14,688,200)
Tax losses unutilised	0%	40,973	14%	3,717,589
Education tax levy	0%	-	1%	283,491
Capital gain tax	0%	28,563	0%	37,440
Under provided in prior years	0%	422	5%	1,378,466
Impact of dividend as tax base	4%	1,716,219	10%	2,844,410
Effective tax rate	**20%**	**7,826,249**	**15%**	**4,044,421**

In thousands of Naira	Bank June 2015	Bank June 2015	Bank June 2014	Bank June 2014
Profit before income tax	-	34,497,806		22,412,793
Income tax using the domestic tax rate	30%	10,349,342	30%	6,723,838
Information technology tax	1%	344,189	2%	537,663
Non-deductible expenses	16%	5,623,367	6%	1,392,994
Tax exempt income	-35%	(11,989,448)	-39%	(8,797,807)
Education tax levy	0%	-	0%	100,985
Capital gain tax	0%	28,563	0%	37,440
Over provided in prior years	0%	-	3%	751,307
Impact of dividend as tax base	5%	1,716,218	8%	1,716,219
Effective tax rate	**18%**	**6,072,231**	**11%**	**2,462,639**

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 year excluding ordinary shares purchased by the company and held as treasury shares.

In thousands of Naira	Group June 2015	Group June 2014	Bank June 2015	Bank June 2014
Profit for the period from continuing operations	31,027,065	22,285,019	28,425,575	19,950,154
Loss for the period from discontinued operations	-	(486,827)	-	-
Weighted average number of ordinary shares in issue	22,882,919	22,882,919	22,882,919	22,882,919
In naira per share				
Basic earnings per share from continuing operations	1.35	0.97	1.24	0.87
Basic (loss) per share from discontinued operations	-	(0.02)	-	-

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has no debt with a convertible option. The are no diluted earnings

19 Cash and balances with banks

In thousands of Naira	Group June 2015	Group December 2014	Bank June 2015	Bank December 2014
Cash on hand and balances with banks (see note (i))	57,137,084	49,549,044	46,864,775	36,343,757
Restricted deposits with central banks (see note (ii))	296,591,818	257,591,933	279,837,694	255,603,361
Unrestricted balances with central banks	38,914,156	32,060,575	26,523,202	22,262,582
Money market placements	29,164,127	65,813,241	62,742,747	36,965,179
	421,807,185	**405,014,793**	**415,968,418**	**351,174,879**

(i) Included in cash in hand and balances with other banks is an amount of N1.932Bn (31 Dec 2014: N5.030Bn) 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.

20 Non pledged trading assets

In thousands of Naira	Group June 2015	Group December 2014	Bank June 2015	Bank December 2014
Government bonds	6,777,368	3,786,172	6,777,368	3,786,172
Treasury bills	41,739,239	24,546,032	41,739,239	24,546,032
Equity securities	79,440	79,440	79,440	79,440
	48,596,047	**28,411,644**	**48,596,047**	**28,411,644**

21 Derivative financial instruments

In thousands of Naira	Notional amount	Fair Value Assets/ (Liabilities)	Notional amount	Fair Value Assets/ (Liabilities)
	June 2015		December 2014	
Group				
Foreign exchange derivatives				
Total derivative assets	448,302,365	63,127,743	226,641,589	24,866,681
Total derivative liabilities	104,490,594	(2,934,631)	49,836,860	1,989,662

	Notional amount	Fair Value Assets/ (Liabilities)	Notional amount	Fair Value Assets/ (Liabilities)
	June 2015		December 2014	
Bank				
Foreign exchange derivatives				
Total derivative assets	442,509,855	63,054,554	224,496,226	24,831,145
Total derivative liabilities	90,249,299	(2,847,331)	25,458,938	(1,737,791)

Derivative financial instruments consist of forward and swap 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 90 days and three years. All derivative contracts are considered to be valued with reference to observable market data.

22 Loans and advances to banks

In thousands of Naira	Group June 2015	Group December 2014	Bank June 2015	Bank December 2014
Loans and advances to banks	106,838,945	12,442,000	72,047,513	55,783,178
Less collective allowances for impairment	(8,197)	(6,341)	(8,197)	(6,341)
	106,830,748	**12,435,659**	**72,039,316**	**55,776,837**

Collective allowances for impairment on loans and advances to banks

In thousands of Naira	Group June 2015	Group December 2014	Bank June 2015	Bank December 2014
Balance beginning of year	6,341	9,337	6,341	9,337
- Charge for the period/(allowances no longer required)	1,856	(2,996)	1,856	(2,996)
Balance end of period	8,197	6,341	8,197	6,341

23 Loans and advances to customers
a Group

June 2015 *In thousands of Naira*	Gross amount	Specific impairment allowance	Collective impairment allowance	Total impairment allowance	Carrying amount
Loans to individuals					
Retail Exposures					
Auto Loan	1,749,632	-	(20,786)	(20,786)	1,728,846
Credit Card	2,271,968	-	(26,727)	(26,727)	2,245,241
Finance Lease	-	-	-	-	-
Mortgage Loan	6,628,775	-	(58,852)	(58,852)	6,569,923
Overdraft	8,119,637	(284,998)	(381,329)	(666,327)	7,453,310
Personal Loan	11,274,403	-	(124,718)	(124,718)	11,149,685
Term Loan	8,755,974	-	(39,726)	(39,726)	8,716,248
Time Loan	1,804,751	-	(6,856)	(6,856)	1,797,895
Loans to corporate entities and other organizations					
Non-Retail Exposures					
Auto Loan	2,514,881	-	(27,308)	(27,308)	2,487,573
Credit Card	190,325	-	(2,176)	(2,176)	188,149
Finance Lease	2,124,573	-	(20,281)	(20,281)	2,104,292
Mortgage Loan	5,358,995	-	(8,225)	(8,225)	5,350,770
Overdraft	231,154,258	(4,110,848)	(13,208,753)	(17,319,601)	213,834,657
Term Loan	574,049,457	(4,771,844)	(1,895,934)	(6,667,778)	567,381,679
Time Loan	342,750,551	(41,501)	(316,515)	(358,017)	342,392,535
	1,198,748,180	**(9,209,191)**	**(16,138,186)**	**(25,347,377)**	**1,173,400,803**

Group

December 2014 *In thousands of Naira*	Gross amount	Specific impairment allowance	Collective impairment allowance	Total impairment allowance	Carrying amount
Loans to individuals					
Retail Exposures					
Auto Loan	1,049,322	-	(15,878)	(15,878)	1,033,444
Credit Card	1,701,880	-	(31,026)	(31,026)	1,670,854
Finance Lease	67,905	-	(347)	(347)	67,558
Mortgage Loan	4,291,312	-	(59,532)	(59,532)	4,231,780
Overdraft	5,653,252	-	(497,431)	(497,431)	5,155,821
Personal Loan	8,195,722	-	(96,633)	(96,633)	8,099,089
Term Loan	4,263,687	-	(61,701)	(61,701)	4,201,986
Time Loan	3,374,403	-	(35,562)	(35,562)	3,338,841
Loans to corporate entities and other organizations					
Non-Retail Exposures					
Auto Loan	2,186,891	-	(24,540)	(24,540)	2,162,351
Credit Card	251,828	-	(3,553)	(3,553)	248,276
Finance Lease	2,684,171	-	(18,962)	(18,962)	2,665,210
Mortgage Loan	179,950	-	(2,354)	(2,354)	177,596
Overdraft	255,764,405	(5,663,268)	(5,847,412)	(11,510,680)	244,253,725
Term Loan	541,142,322	(2,165,144)	(3,197,231)	(5,362,376)	535,779,946
Time Loan	298,639,218	(139,117)	(1,122,134)	(1,261,251)	297,377,967
	1,129,446,268	**(7,967,529)**	**(11,014,297)**	**(18,981,826)**	**1,110,464,442**

Impairment on loans and advances to customers

	Specific allowances		Collective allowances	
In thousands of Naira	June 2015	December 2014	June 2015	December 2014
Balance beginning of year	7,967,529	7,944,110	11,014,295	6,550,608
Impairment loss for the year:				
- Charge for the period	1,631,165	6,467,595	5,151,920	4,474,651
Effect of foreign currency movements	(389,503)	-	(20,302)	-
Write-offs		(6,444,176)	(7,727)	(10,964)
Balance end of period	**9,209,191**	**7,967,529**	**16,138,186**	**11,014,295**

23 Loans and advances to customers
b Bank

June 2015 *In thousands of Naira*	**Gross amount**	**Specific impairment allowance**	**Collective impairment allowance**	**Total impairment allowance**	**Carrying amount**
Loans to individuals					
Retail Exposures					
Auto Loan	1,734,620	-	(20,786)	(20,786)	1,713,834
Credit Card	2,240,688	-	(26,727)	(26,727)	2,213,961
Finance Lease	-	-	-	-	-
Mortgage Loan	5,327,012	-	(58,852)	(58,852)	5,268,160
Overdraft	4,366,379	(277,598)	(381,329)	(658,927)	3,707,452
Personal Loan	10,407,468	-	(124,718)	(124,718)	10,282,750
Term Loan	3,396,979	-	(39,726)	(39,726)	3,357,253
Time Loan	572,112	-	(6,856)	(6,856)	565,256
				-	
Loans to corporate entities and other organizations				-	
Non-Retail Exposures				-	
Auto Loan	2,514,744	-	(27,308)	(27,308)	2,487,436
Credit Card	190,322	-	(2,176)	(2,176)	188,146
Finance Lease	1,945,745	-	(20,281)	(20,281)	1,925,464
Mortgage Loan	157,175	-	(1,884)	(1,884)	155,291
Overdraft	226,471,164	(3,440,565)	(13,421,211)	(16,861,776)	209,609,388
Term Loan	558,929,301	(4,458,980)	(1,161,644)	(5,620,624)	553,308,677
Time Loan	272,888,817	(41,501)	(524,401)	(565,902)	272,322,915
	1,091,142,526	**(8,218,644)**	**(15,817,899)**	**(24,036,543)**	**1,067,105,983**

Bank

December 2014 *In thousands of Naira*	**Gross amount**	**Specific impairment allowance**	**Collective impairment allowance**	**Total impairment allowance**	**Carrying amount**
Loans to individuals					
Retail Exposures					
Auto Loan	1,039,754	-	(15,829)	(15,829)	1,023,925
Credit Card	1,619,091	-	(30,536)	(30,536)	1,588,555
Finance Lease	-	-	-	-	-
Mortgage Loan	3,570,299	-	(51,698)	(51,698)	3,518,601
Overdraft	4,111,433	-	(422,288)	(422,288)	3,689,145
Personal Loan	6,865,010	-	(93,081)	(93,081)	6,771,929
Term Loan	3,274,322	-	(52,154)	(52,154)	3,222,168
Time Loan	668,650	-	(8,641)	(8,641)	660,009
Loans to corporate entities and other organizations					
Non-Retail Exposures					
Auto Loan	2,186,891	-	(24,540)	(24,540)	2,162,351
Credit Card	251,829	-	(3,553)	(3,553)	248,276
Finance Lease	2,480,457	-	(17,921)	(17,921)	2,462,536
Mortgage Loan	179,950	-	(2,354)	(2,354)	177,596
Overdraft	226,471,125	(4,342,851)	(5,740,751)	(10,083,602)	216,387,523
Term Loan	509,908,731	(1,997,308)	(3,183,670)	(5,180,978)	504,727,753
Time Loan	274,287,442	-	(1,018,962)	(1,018,962)	273,268,480
	1,036,914,985	**(6,340,159)**	**(10,665,979)**	**(17,006,138)**	**1,019,908,848**

Impairment on loans and advances to customers

In thousands of Naira	**Specific Impairment** **June 2015**	 **December 2014**	**Collective Impairment** **June 2015**	 **December 2014**
Balance beginning of year	6,340,159	6,812,512	10,665,978	6,427,580
Impairment loss for the period:				
- Charge for the period	1,878,485	5,649,913	5,151,921	4,249,362
Write-offs		(6,122,266)		(10,964)
Balance end of period	**8,218,644**	**6,340,159**	**15,817,899**	**10,665,978**

23(c) Advances under Finance Leases

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

In thousands of Naira	Group June 2015	Group December 2014	Bank June 2015	Bank December 2014
Gross investment in finance lease, receivable	6,062,710	7,357,545	5,672,796	6,925,411
Unearned finance income on finance leases	(1,359,535)	(1,369,256)	(1,251,334)	(1,218,308)
Net investment in finance leases	4,703,175	5,988,289	4,421,462	5,707,103
Gross investment in finance leases, receivable:				
Less than one year	47,438	862,109	47,438	761,251
Between one and five years	6,015,272	6,495,436	5,625,358	6,164,160
Later than five years	-	-	-	-
	6,062,710	7,357,545	5,672,796	6,925,411
Unearned finance income on finance leases	(1,359,535)	(1,369,256)	(1,251,334)	(1,218,308)
Present value of minimum lease payments				
	4,703,175	5,988,289	4,421,462	5,707,103
Present value of minimum lease payments may be analysed as:				
- Less than one year	37,950	476,860	37,950	420,328
- Between one and five years	4,665,225	5,511,429	4,383,512	5,286,775
- Later than five years				

24 Pledged assets

In thousands of Naira	Group June 2015	Group December 2014	Bank June 2015	Bank December 2014
Treasury bills	119,276,387	15,125,322	116,315,801	13,236,528
Government bonds	82,582,857	71,946,825	82,582,857	71,946,825
	201,859,244	**87,072,147**	**198,898,658**	**85,183,353**
The related liability for assets pledged as collateral include:				
Bank of Industry (BOI)	24,440,495	23,479,759	24,440,495	23,479,759

(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 N25.78Bn (31 December 2014: N24.3Bn) 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.

As at 30 June 2015, the Bank held N40.16Bn worth of collateral , (December 2014: N19.8Bn).

25 Investment securities

Available for sale investment securities *In thousands of Naira*	Group June 2015	Group December 2014	Bank June 2015	Bank December 2014
Debt securities				
Government bonds	13,926,564	37,048,459	13,926,564	37,048,459
Treasury bills	74,507,178	92,046,032	61,247,648	61,656,952
Eurobonds	4,683,645	10,700,919	4,102,574	8,495,425
Equity securities				
Equity securities with readily determinable fair values (i)	46,921,154	45,087,422	46,921,154	45,052,274
Unquoted equity securities at cost	3,145,697	3,145,697	3,145,697	3,145,697
	143,184,238	188,028,529	129,343,637	155,398,807
Specific allowance for impairment on equity securities	(3,145,697)	(3,145,697)	(3,145,697)	(3,145,697)
	140,038,541	**184,882,832**	**126,197,940**	**152,253,110**

(i) Equity securities with readily determinable fair values (carrying amount)

MTN Nigeria	10,449,753	10,226,687	10,449,753	10,226,687
Central securities clearing system limited	2,157,574	1,847,493	2,157,574	1,847,493
Nigeria interbank settlement system plc.	1,055,709	1,026,992	1,055,709	1,026,992
IBTC pension managers limited	1,284,239	1,452,636	1,284,239	1,452,636
Unified payment services limited	2,384,009	2,384,009	2,384,009	2,384,009
Africa finance corporation	28,461,517	26,891,794	28,461,517	26,891,794
Juli pharmacy plc	11,358	12,526	11,358	12,526
E-Tranzact	729,738	777,928	729,738	777,928
African export-import bank	3,100	2,291	3,100	2,291
FMDQ OTC Plc	30,000	30,000	30,000	30,000
Nigerian mortage refinance company plc.	200,000	200,000	200,000	200,000
Credit reference company	154,157	199,919	154,157	199,918
Others	-	35,147	-	-
	46,921,154	45,087,422	46,921,154	45,052,274

Held to maturity investment securities
In thousands of Naira

Debt securities				
Treasury bills	7,055,563	23,495,446	386,541	15,963,009
Federal government bonds	31,896,687	39,519,702	31,217,908	37,947,206
State government bonds	6,510,327	7,504,536	6,510,327	7,504,536
Corporate bonds	4,231,501	5,079,686	2,320,844	3,335,218
Eurobonds	1,633,999	1,551,167	1,001,753	956,885
Local contractors bonds	-	8,178,019	-	8,178,019
	51,328,077	**85,328,556**	**41,437,373**	**73,884,873**
Total	**191,366,618**	**270,211,388**	**167,635,313**	**226,137,983**

Specific allowance for impairment on available for sale investment securities at cost

In thousands of Naira	**Group June 2015**	**Group December 2014**	**Bank June 2015**	**Bank December 2014**
Balance, beginning of year	3,145,697	3,145,697	3,145,697	3,371,603
Allowance no longer required	-	-	-	(155,906)
Amount written off	-	-	-	(70,000)
Exchange difference	-	-	-	-
Balance, end of period	**3,145,697**	**3,145,697**	**3,145,697**	**3,145,697**

26 Other assets

In thousands of Naira	Group June 2015	Group December 2014	Bank June 2015	Bank December 2014
Financial assets				
Accounts receivable	45,224,071	52,828,011	40,599,125	46,508,768
Receivable from AMCON	5,498,909	5,498,909	5,498,909	5,498,909
Subscription for investment	21,548	25,001	1,342,984	826,653
	50,744,528	58,351,921	47,441,018	52,834,330
Non-financial assets				
Prepayments	26,919,940	19,518,711	24,475,787	17,026,257
Inventory	894,780	761,159	864,668	706,891
	27,814,720	20,279,870	25,340,455	17,733,148
Gross other assets	78,559,248	78,631,791	72,781,473	70,567,478
Allowance for impairment on financial assets	(2,088,098)	(22,321,171)	(2,088,098)	(22,321,171)
	76,471,150	**56,310,620**	**70,693,375**	**48,246,307**

Movement in allowance for impairment on other assets:

In thousands of Naira	Group	Bank
Balance as at 1 January 2014	22,555,820	22,555,820
Impairment loss for the year:		
- Additional provision	882,369	882,369
- Provision no longer required	(169,348)	(169,348)
Net impairment	713,021	713,021
Allowance written off	(947,670)	(947,670)
Balance as at 31 December 2014/1 January 2015	22,321,171	22,321,171
Impairment loss for the year:		
- Additional provision	2,141,905	2,141,905
- Provision no longer required	(68,795)	(68,795)
Net impairment	2,073,110	2,073,110
Allowance written off	(22,306,183)	(22,306,183)
Balance as at 30 June 2015	2,088,098	2,088,098

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

Set out below are the group's subsidiaries as at 30 June 2015. 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 .

	Nature of business	Country of incorporation	Ownership interest June 2015	Ownership interest December 2014
Access Bank Gambia Limited	Banking	Gambia	64%	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	74%	74%
Access Bank Ghana	Banking	Ghana	92%	92%
Access Finance B.V. (see note (a) below)	Banking	Netherlands	100%	100%

(a) Access Finance B.V. was incorporated in 2011 and commenced operations in 2012. An obligation also exists between the Bank and Access Finance B.V., for which Access Finance B.V. 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.

(ii) Subsidiaries undergoing liquidation

	Nature of business	Country of incorporation	Ownership interest June 2015	Ownership interest December 2014
Flexmore Technologies Limited	IT Services	Nigeria	0%	0%

This subsidiary is currently undergoing a winding-down process through the appointment of a court ordered receiver manager to manage their affairs. As a result of this event, the Bank has lost control without a change in absolute or relative ownership level.The loss of control in these subsidiaries, have been accounted for in the financial statements.

(iii) Structured entities:

	Nature of business	Country of incorporation	Ownership interest June 2015	Ownership interest December 2014
Restricted Share Performance Plan (RSPP)	Financial services	Nigeria	100%	100%

27(b) Investment in subsidiary

In thousands of Naira	Bank June 2015	Bank December 2014
Subsidiaries with continuing operations		
Access Bank, UK	13,928,819	13,928,819
Access Bank, Ghana	13,704,428	13,704,428
Access Bank Rwanda	1,578,825	1,578,825
Access Bank, Congo	2,779,650	2,779,650
Access Bank, Zambia	4,274,925	4,274,925
Access Bank, Gambia	1,853,756	1,853,756
Access Bank, Sierra Leone	1,019,952	1,019,952
Investment in RSPP scheme	1,878,802	976,125
Access Bank Finance B.V.	4,092	4,092
Subsidiaries undergoing liquidation		
Flexmore Technologies Limited	100,000	100,000
	41,123,249	40,220,572
Specific allowances for impairment on investment in subsidiaries	(100,000)	(100,000)
Balance, end of period	**41,023,249**	**40,120,572**

Specific allowances for impairment on investment in subsidiaries

In thousands of Naira	Bank June 2015	Bank December 2014
Balance, beginning of year	100,000	1,825,507
Allowance written off	-	(1,725,507)
Balance, end of year	100,000	100,000

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 subsidaries are determined by the Board of Directors of each entity based on simple majority shares. Therefore, the directors of the Group concluded that the Group has control over each of the above listed 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 30 June 2015, 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	3,105,122	9,728,974	939,477	898,579	912,616	578,970	409,492	29,331	3,152,654
Operating expenses	(2,029,735)	(6,746,575)	(836,190)	(702,515)	(896,785)	(351,275)	(311,758)	-	2,760,797
Net impairment on financial assets	-						-	-	-
Profit before tax	1,075,387	2,982,399	103,287	196,064	15,831	227,695	97,734	29,331	5,913,451
Taxation	(225,831)	(1,308,913)	(35,688)	(68,622)	(57,129)	(8,271)	(29,015)		24,969
Profit for the period	849,556	1,673,486	67,599	127,442	(41,298)	219,424	68,719	29,331	5,938,420
Assets									
Cash and balances with banks	57,541,321	30,820,774	-	3,699,121	6,071,308	1,657,473	1,984,749	-	2,300,355
Non pledged trading assets	-	-	-	-	-	-	-	-	-
Pledged assets	-	-	-	-	-	2,960,586	-	-	-
Derivative financial instruments	73,189	-	-	-	-	-	-	-	-
Loans and advances to banks	68,316,579	-	-	-	-	-	-	-	69,950,677
Loans and advances to customers	34,085,598	51,647,207	-	7,464,035	4,652,896	1,097,223	667,656	-	
Investment securities	5,761,833	9,206,721	-	-	3,556,217	-	2,931,366	1,878,802	-
Other assets	556,316	3,275,510	-	187,733	2,861,391	257,756	221,120		-
Investment in associates	-	-	-	-	-	-	-	-	-
Investment in subsidiaires	-	-	-	-	-	-	-	-	-
Property and equipment	229,010	3,513,892	-	980,321	570,799	611,292	321,618	-	-
Intangible assets	37,185	250,300	-	51,388	59,879	77,512	31,987	-	-
Deferred tax assets	-	159,290	-	-	353,849	-	119,104	-	-
Assets classified as held for sale	-	-	-	-	-	-	-	-	-
	166,601,031	98,873,694	-	12,382,598	18,126,339	6,661,842	6,277,600	1,878,802	72,251,032
Financed by:									
Deposits from banks	104,830,305	16,192,614	-	-	1,048,294	-	-	-	-
Deposits from customers	41,387,171	65,065,430	-	8,327,295	13,089,862	4,059,092	4,710,179	-	-
Derivative Liability	87,300	-	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-	71,773,858
Retirement benefit obligations	-	-	-	-	-	-	6,392	-	-
Current income tax liability	202,517	439,492	-	98,586	-	3,118	(49,774)	-	53,991
Other liabilities	1,334,315	2,795,440	-	705,813	1,141,507	365,319	199,322	-	(232,736)
Borrowings	-	52,649	-	-	-	-	-	-	-
Deferred tax liability	-	228,597	-	-	-	-	-	-	-
Liabilities classified as held for sale	-	-	-	-	-	-	-	-	-
Equity	18,759,423	14,099,472	-	3,250,904	2,846,676	2,234,313	1,411,481	1,878,802	655,919
	-	-	-	-	-	-	-	-	-
	166,601,031	98,873,694	-	12,382,598	18,126,339	6,661,842	6,277,600	1,878,802	72,251,032
Net cashflow from investing activities	17,553,340	(1,471,932)	360,327	(81,290)	2,835,163	(74,188)	76,185	-	
Net cashflow from financing activities	-	750,883	-	-	(11,834)	-	-	-	-
		-		-	-	-	-	-	-
Increase in cash and cash equivalents	35,041,199	4,874,268	(36,065)	(195,110)	1,508,999	566,124	(521,906)	-	(80,827,233)
Cash and cash equivalent, beginning of year	19,396,272	28,250,491	6,490,415	3,890,451	4,569,257	1,144,456	1,795,511	-	-
Effect of exchange rate fluctuations on cash held	-					-		-	89,977,306
Cash and cash equivalent, end of period	54,437,471	33,124,759	6,454,351	3,695,341	6,078,256	1,710,580	1,273,605	-	9,150,073

27 (d) Condensed results of consolidated entities

(i) The condensed financial data of the consolidated entities as at 31 December 2014, 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	4,277,758	13,909,372	1,592,611	1,670,747	807,674	231,397	496,292	21,951	487,227
Operating expenses	(2,851,778)	(5,952,681)	(1,316,178)	(1,252,975)	(1,308,538)	(489,795)	(547,193)	-	(305,410)
Net impairment on financial assets	-	(909,901)	(18,300)	(26,395)	(25,460)	(62,915)	-	-	-
Profit before tax	1,425,980	7,046,790	258,133	391,377	(526,324)	(321,313)	(50,901)	21,951	181,817
Taxation	(302,389)	(2,171,532)	(93,146)	(150,665)	(18,793)	(16,973)	(14,983)	-	(29,539)
Profit for the year	1,123,591	4,875,258	164,987	240,712	(545,117)	(338,286)	(65,884)	21,951	152,278
Assets									
Cash and balances with banks	19,723,288	28,718,479	6,189,888	2,370,866	4,793,833	1,145,405	2,292,292	-	2,185,302
Derivative financial instruments	35,536	-	-	-	-	-	-	-	-
Loans and advances to banks	62,695,820	-	-	-	-	-	-	-	63,357,784
Loans and advances to customers	26,621,426	47,982,339	5,317,264	6,206,928	3,167,098	715,665	544,874	-	-
Pledged assets	-	-	-	-	-	1,888,794	-	-	-
Investment securities	21,347,150	11,948,616	2,784,897	1,142,760	3,912,586	-	2,937,395	-	-
Other assets	452,300	4,511,582	193,904	147,186	2,966,061	1,099,250	529,990	-	-
Investment in subsidiaires	-	-	-	-	-	-	-	976,126	-
Property and equipment	174,868	2,979,160	191,604	834,481	551,125	504,533	263,609	-	-
Intangible assets	30,524	249,613	53,396	37,378	33,816	42,137	28,305	-	-
Deferred tax assets	10,757	316,578	-	-	438,577		106,292	-	-
Assets classified as held for sale	-	-	-	-	-		-		-
	131,091,669	**96,706,367**	**14,730,953**	**10,739,599**	**15,863,096**	**5,395,784**	**6,702,757**	**976,126**	**65,543,086**
Financed by:									
Deposits from banks	91,176,538	9,700,939	-	-	95,215	-	7,831	-	-
Deposits from customers	22,934,317	67,486,781	11,873,269	7,468,618	11,592,695	3,291,879	4,992,832	-	-
Derivative Liability	251,871	-	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-	65,325,788
Retirement benefit obligations	-	-	-	-	-	-	1,736	-	-
Current income tax liability	-	867,940	-	170,714	-	-	-	-	29,090
Other liabilities	668,974	2,157,465	457,031	394,096	1,092,311	300,393	459,940	-	323,043
Contingent settlement provisions	-	-	-	-	-	-	-	-	-
Deferred tax liability	-	111,509	-	-	0	-	14,983	-	-
Equity	16,059,969	16,381,733	2,349,349	2,706,171	3,082,875	1,803,512	1,225,435	976,127	(134,835)
	131,091,669	**96,706,367**	**14,679,649**	**10,739,599**	**15,863,096**	**5,395,784**	**6,702,757**	**976,127**	**65,543,086**
Net cashflow from investing activities	2,391,557	(1,924,281)	909,928	(128,923)	(1,593,367)	(1,636,747)	598,429	-	-
Net cashflow from financing activities	-	3,840,427	-	-	2,762,382	765,254	-	-	7,138,351
Increase/(Decrease) in cash and cash equivalents	(81,883,511)	10,097,706	1,496,429	(841,950)	777,393	350,114	542,017	-	78,508
Cash and cash equivalent, beginning of year	101,279,783	18,573,352	4,095,830	4,353,919	1,843,604	812,938	1,750,275	-	73,058
Cash and cash equivalent, end of period	19,396,272	28,671,058	5,592,259	3,511,969	2,620,997	1,163,052	2,292,292	-	151,566

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 2015	54,681,146	15,712,421	25,564,194	8,366,282	7,016,360	111,340,403
Acquisitions	2,255,126	745,682	2,118,698	1,115,591	1,828,477	8,063,574
Disposals	(462,009)	(564,677)	(253,713)	(484,851)	(396,943)	(2,162,193)
Transfers	104,586	563	32,793	52,446	(190,388)	-
Reclassifications	-	-	-	-	(67,229)	(67,229)
Write-offs	-	-	-	-	(52,429)	(52,429)
Translation difference	(17,053)	138,601	(397,285)	151,146	(170,340)	(294,931)
Balance at 30 June 2015	**56,561,796**	**16,032,590**	**27,064,687**	**9,200,614**	**7,967,508**	**116,827,195**
Balance at 1 January 2014	53,782,026	12,708,148	24,439,933	7,745,878	6,108,452	104,784,437
Acquisitions	2,895,060	3,291,206	3,885,644	1,794,534	1,729,108	13,595,552
Disposals	(2,750,769)	(416,496)	(1,439,907)	(939,616)	(127,340)	(5,674,129)
Transfers	607,901	15,483	23,228	4,848	(651,460)	-
Write offs	(1,407)	-	(1,139,194)	-	-	(1,140,601)
Translation difference	148,334	114,080	(205,510)	(239,362)	(42,399)	(224,857)
Balance at 31 December 2014	54,681,146	15,712,421	25,564,194	8,366,282	7,016,360	111,340,403

Depreciation and impairment losses	Leasehold improvement and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Balance at 1 January 2015	7,723,192	10,955,178	17,509,380	5,492,944	-	41,680,694
Charge for the period	792,257	887,152	1,666,383	726,532	-	4,072,324
Disposal	(36,660)	(566,624)	(247,268)	(443,835)	-	(1,294,387)
Translation difference	47,555	39,504	(47,168)	89,205	-	129,096
Balance at 30 June 2015	**8,526,344**	**11,315,210**	**18,881,327**	**5,864,846**	**-**	**44,587,727**
Balance at 1 January 2014	6,241,450	9,603,718	16,617,943	5,078,021	-	37,541,132
Charge for the year	1,589,332	1,848,403	3,192,072	1,293,034	-	7,922,841
Disposal	(167,198)	(352,812)	(1,163,919)	(727,268)	-	(2,411,197)
Write-Offs	(1,407)	-	(1,131,504)	-	-	(1,132,910)
Translation difference	61,015	(144,130)	(5,212)	(150,843)	-	(239,171)
Balance at 31 December 2014	7,723,192	10,955,178	17,509,380	5,492,944	-	41,680,694
Carrying amounts:						
Balance at 30 June 2015	**48,035,452**	**4,717,380**	**8,183,360**	**3,335,768**	**7,967,508**	**72,239,468**
Balance at 31 December 2014	46,957,954	4,757,243	8,054,814	2,873,339	7,016,360	69,659,707

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 2015	50,672,751	14,220,988	23,331,037	7,457,145	6,185,630	101,867,551
Acquisitions	2,068,372	647,945	1,917,705	951,198	737,280	6,322,500
Disposals	(462,009)	(561,188)	(253,671)	(429,129)	(396,943)	(2,102,940)
Transfers	45,979	563	32,793	52,446	(131,781)	-
Reclassifications	-	-	-	-	(67,229)	(67,229)
Write-Offs	-	-	-	-	(52,429)	(52,429)
Balance at 30 June 2015	**52,325,093**	**14,308,308**	**25,027,864**	**8,031,660**	**6,274,528**	**105,967,453**
Balance at 1 January 2014	50,375,733	11,531,838	22,442,381	6,708,380	6,013,544	97,071,876
Acquisitions	2,439,886	3,093,581	3,334,290	1,496,580	947,468	11,311,805
Disposals	(2,750,769)	(416,496)	(1,329,668)	(752,663)	(127,340)	(5,376,936)
Transfers	607,901	12,065	23,228	4,848	(648,042)	-
Write-Offs	-	-	(1,139,194)	-	-	(1,139,194)
Balance at 31 December 2014	50,672,751	14,220,988	23,331,037	7,457,145	6,185,630	101,867,551

Depreciation and impairment losses	Leasehold improvement and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Balance at 1 January 2015	6,782,532	9,982,857	16,071,183	4,870,652	-	37,707,224
Charge for the period	724,333	799,734	1,553,829	628,876	-	3,706,772
Disposal	(36,659)	(561,006)	(244,512)	(387,899)	-	(1,230,075)
Balance at 30 June 2015	**7,470,206**	**10,221,585**	**17,380,500**	**5,111,629**	**-**	**40,183,921**
Balance at 1 January 2014	5,477,164	8,716,667	15,330,242	4,344,558	-	33,868,631
Charge for the year	1,472,566	1,619,002	2,929,841	1,097,522	-	7,118,930
Disposal	(167,198)	(352,812)	(1,057,394)	(571,428)	-	(2,148,832)
Write-Off	-	-	(1,131,506)	-	-	(1,131,506)
Balance at 31 December 2014	6,782,532	9,982,857	16,071,183	4,870,652	-	37,707,224
Carrying amounts:						
Balance at 31 December 2015	**44,854,887**	**4,086,722**	**7,647,364**	**2,920,031**	**6,274,528**	**65,783,532**
Balance at 31 December 2014	43,890,221	4,238,131	7,259,854	2,586,494	6,185,630	64,160,327

(a) Included in property and equipment is land under Nigerian law, all land vests with government and subject to a 99year lease. As such land has been accounted for as a finance lease in line with the amendment to IAS 17 *Leases* which deletes previous guidance stating that "a lease of land with an indefinite economic life is classified as an operating lease".

(b) The amount of contractual commitments for the acquisition of property and equipment as at 30 June 2015 is N848,072,429 (31 Dec 2014: N1,990,906,324)

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

29 Intangible assets

Group

In thousands of Naira	Goodwill	WIP	Purchased Software	Total
Cost				
June 2015				
Balance at 1 January 2015	681,007	-	9,946,474	10,627,481
Acquisitions		213,572	595,697	809,269
Reclassification			67,227	67,227
Translation difference	-	-	355,085	355,085
Balance at 30 June 2015	**681,007**	213,572	**10,964,483**	**11,859,062**
December 2014				
Balance at 1 January 2014	681,007	-	7,297,795	7,978,802
Acquisitions	-	740,711	2,617,984	3,358,695
Translation difference	-	-	30,695	30,695
On disposal of subsidiary	-	-	-	-
Balance at 31 December 2014	681,007	740,711	9,946,474	11,368,192
Amortization and impairment losses				
Balance at 1 January 2015	-	-	5,775,201	5,775,201
Amortization for the period	-	-	665,496	665,496
Translation difference	-	-	(443,992)	(443,992)
Balance at 30 June 2015	-	-	**5,996,705**	**5,996,705**
Balance at 1 January 2014	-	-	4,319,730	4,319,730
Amortization for the period	-	-	1,315,332	1,315,332
Translation difference	-	-	140,139	140,139
Balance at 31 December 2014	-	-	5,775,201	5,775,201
Net Book Value				
Balance at 31 December 2015	**681,007**	**213,572**	**4,967,778**	**5,862,357**
Balance at 31 December 2014	681,007	740,711	4,171,273	5,592,991

Bank

In thousands of Naira	WIP	Purchased Software	Total
Cost			
June 2015			
Balance at 1 January 2015	740,712	8,255,600	8,996,312
Acquisitions	213,572	449,396	662,968
Reclassification		67,227	67,227
Balance at 30 June 2015	954,284	8,772,223	9,726,507
December 2014			
Balance at 1 January 2014	-	6,002,340	6,002,340
Acquisitions	740,712	2,253,260	2,993,972
Balance at 31 December 2014	740,712	8,255,600	8,996,312
Amortization and impairment losses			
Balance at 1 January 2015	-	4,559,497	4,559,497
Amortization for the period	-	609,207	609,207
Balance at 30 June 2015	-	5,168,704	5,168,704
Balance at 1 January 2014	-	3,340,787	3,340,787
Amortization for the period	-	1,218,710	1,218,710
Balance at 31 December 2014	-	4,559,497	4,559,497
Carrying amounts			
Balance at 31 December 2015	**954,284**	**3,603,519**	**4,557,803**
Balance at 31 December 2014	740,712	3,696,103	4,436,815

There were no capitalised borrowing costs related to the internal development of software during the period under review. 30 June 2015 (2014: nil). Computer software has a definite useful life of not more than five years in line with the Bank's accounting policy, while Goodwill has an indefinite useful life and is annually assessed for impairment.

Work in progress (WIP) represents the costs being incurred and captalised for the ugrade and subsequent deployment of the the Bank's core banking software.

Ammortization method used is straight line.

29(b) Intangible assets

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

In thousands of Naira	June 2015	December 2014
Access Bank Rwanda	681,007	681,007
	681,007	681,007

There were no capitalised borrowing costs related to the internal development of software during the period ended 30 June 2015 (31 December 2014: nil). The recoverable amount of Goodwill as at 30 June 2015 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. No impairment assessment has been performed for the period, while no losses on goodwill were recognized during the period under review 30 June 2015 (31 December 2014: Nil)

The recoverable amount of Goodwill as at 31 December 2014 was greater than its carrying amount and is thus not impaired.
The recoverable amount was determined using a value-in-use computation as N1.649Bn.

Goodwill is monitored by the Group on an entity by entity basis
The key assumption used in computing the value-in-use for goodwil in 2014 are as follows:

	Access Bank Rwanda
Compound annual volume growth (i)	10.31%
Long term growth rate (ii)	10.32%
Discount rate (ii)	15.18%

(i) Compound annual volume growth rate in the initial five-year period.
(ii) Weighted average growth rate used to extrapolate cash flows beyond the budget period.
(ii) Pre-tax discount rate applied to the cash flow projections.

Cash Flow Forecast
Cash flows were projected based on past experience, actual operating results and the 5-year business plan. These cashflows are based on the expected revenue growth for the entity over this 5-year period.

Discount Rate
Pre-tax discount rate of 15.18% was applied in determining the recoverable amounts for the only entity with goodwil (Access Bank Rwanda). This discount rate was estimated based on past experience, inflation rate, risk-free rate and the weighted average cost of capital allocated by the Group to these units.

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.

Sensitvitiy analysis of key assumptions used

	10% increase	10% decrease
Impact of change in discount rate on value-in-use computation	(38,271)	19,721
Impact of change in growth rate on value-in-use computation	10,260	(10,167)

30 Deferred tax assets and liabilities

(a) Group

Deferred tax assets and liabilities are attributable to the following:

In thousands of Naira	June 2015			December 2014		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property and equipment, and software	9,277,693	(264,235)	9,013,458	6,625,003	-	6,625,003
Allowances/(Reversal) for loan losses	4,771,424		4,771,424	2,417,726	-	2,417,726
Tax loss carry forward	3,976,969		3,976,969	2,339,675	-	2,339,675
Exchange gain/(loss) unrealised		(10,349,214)	(10,349,214)	-	(1,438,632)	(1,438,632)
Fair value gain on investment property		(560,029)	(560,029)	-	(560,029)	(560,029)
Employee benefits	-	(48,622)	(48,622)			
Others			-	-	-	-
	-	-	-	-	-	-
Actuarial loss on retirement benefit obligation			-	1,439,202	-	1,439,202
Deferred tax assets (net)	18,026,086	(11,222,099)	6,803,987	12,821,605	(1,998,661)	10,822,945

(b) Bank

Deferred tax assets and liabilities are attributable to the following:

In thousands of Naira	June 2015			December 2014		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property and equipment, and software	9,095,312		9,095,312	6,399,965	-	6,399,965
Allowances/(Reversal) for loan losses	4,747,829		4,747,829	2,292,341	-	2,292,341
Tax loss carry forward	3,550,702	-	3,550,702	1,936,652	-	1,936,652
Exchange gain/(loss) unrealised		(10,349,215)	(10,349,215)	-	(1,379,594)	(1,379,594)
Fair value gain on investment property	-	(560,029)	(560,029)	-	(560,029)	(560,029)
Actuarial loss on retirement benefit obligation	-	-	-	1,439,202	-	1,439,202
Net defered tax assets/(liabilities)	17,393,843	(10,909,244)	6,484,599	12,068,160	(1,939,623)	10,128,537

There were no unrecognized deferred tax assets or liabilities as at 30 June 2015 (31 December 2014: nil)

	Group June 2015	Group December 2014	Bank June 2015	Bank December 2014
Deferred income tax assets				
– Deferred income tax asset to be recovered after more than 12 months	8,746,593	4,757,401	9,095,312	4,228,993
– Deferred income tax asset to be recovered within 12 months	9,294,692	8,064,205	8,298,531	7,839,167
	18,041,286	12,821,606	17,393,843	12,068,160
Deferred income tax liabilities				
– Deferred income tax liability to be recovered after more than 12 months	(560,029)	(560,029)	(560,029)	(560,029)
– Deferred income tax liability to be recovered within 12 months	(10,662,071)	(1,438,632)	(10,349,215)	(1,379,594)
	(11,222,100)	(1,998,661)	(10,909,244)	(1,939,623)

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

In thousands of Naira	Group June 2015	Group December 2014	Bank June 2015	Bank December 2014
Balance, beginning of year	10,822,945	10,649,774	10,128,538	9,847,853
Tax charge	(3,921,448)	(140,424)	(3,643,938)	(144,234)
Translation adjustments	(97,509)	(111,324)	-	-
Items included in OCI		424,919	-	424,919
Net deferred tax assets/(liabilities)	6,803,988	10,822,945	6,484,600	10,128,538
Out of which				
Deferred tax assets	10,822,945	12,821,605	17,393,843	12,068,160
Deferred tax liabilities	(11,222,099)	(1,998,661)	(10,909,244)	(1,939,622)

Temporary difference relating to the Group's Investment in subsidiaries as at June 2015 is N3.0billion (Dec 2014: N1.3 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 June 2015	Group December 2014	Bank June 2015	Bank December 2014
Actuarial gain/loss on retirement benefit obligation				
Gross loss on retirement benefit obligation	-	1,416,394	-	1,416,394
Deferred tax @ 30%	-	(424,919)	-	(424,919)
Net balance loss after tax	-	991,475	-	991,475

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

(a) Non-current assets 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 this financial period. This amount has been presented in Note 7 as unallocated segment in accordance with IFRS 8.

Assets held for sale

In thousands of Naira	**Group June 2015**	**Group December 2014**	**Bank June 2015**	**Bank December 2014**
Transfer from investment properties	23,438,484	22,688,484	23,438,484	22,688,484
Fair value gain on assets held for sale	-	750,000	-	750,000
	23,438,484	**23,438,484**	**23,438,484**	**23,438,484**

32 Deposits from financial institutions

In thousands of Naira	**Group June 2015**	**Group December 2014**	**Bank June 2015**	**Bank December 2014**
Money market deposits	77,027,011	89,965,383	100,147,552	72,171,314
Trade related obligations to foreign banks	76,209,163	29,080,040	68,913,488	62,338,348
	153,236,174	**119,045,423**	**169,061,040**	**134,509,662**

33 Deposits from customers

In thousands of Naira	**Group June 2015**	**Group December 2014**	**Bank June 2015**	**Bank December 2014**
Term deposits	719,636,841	629,193,734	662,883,190	586,973,213
Demand deposits	792,426,550	695,850,419	707,479,676	616,476,341
Saving deposits	127,296,848	129,374,899	119,110,546	121,351,057
	1,639,360,239	**1,454,419,052**	**1,489,473,412**	**1,324,800,611**

34 Other liabilities

In thousands of Naira	**Group June 2015**	**Group December 2014**	**Bank June 2015**	**Bank December 2014**
Financial liabilities				
Certified and bank cheques	1,837,742	3,166,277	1,793,062	1,978,995
E-banking payables	3,146,083	2,769,805	3,140,940	1,830,591
Collections account balances	21,596,562	2,355,222	21,424,584	1,695,416
Due to subsidiaries	415,178	-	390,358	389,662
Accruals	2,309,854	104,309	1,226,324	32,438
Creditors	2,560,589	1,316,758	530,504	469,209
Customer deposits for foreign exchange	13,446,471	8,700,913	13,412,445	8,594,218
Agency services	1,132,479	289,769	7,643	253,264
Other financial liabilities	2,114,808	1,498,749	1,983,706	434,396
	48,559,766	20,201,802	43,909,566	15,678,189
Non-financial liabilites				
Litigation claims provision (see below)	320,780	311,120	320,780	311,120
Other current non-financial liabilties	2,430,654	1,176,157	1,606,580	880,823
Total other liabilities	**51,311,200**	**21,689,079**	**45,836,926**	**16,870,132**

(i) Movement in litigation claims provision	**Group June 2015**	**Group December 2014**	**Bank June 2015**	**Bank December 2014**
Opening balance	311,120	477,087	311,120	477,087
Additions	20,200	134,033	20,200	134,033
Provision no longer required	(10,540)	(300,000)	(10,540)	(300,000)
Closing balance	**320,780**	**311,120**	**320,780**	**311,120**

35 Debt securities issued

In thousands of Naira	**Group June 2015**	**Group December 2014**	**Bank June 2015**	**Bank December 2014**
Debt securities at amortized cost:				
Eurobond debt from Access Bank B.V (see (i) below)	71,773,858	65,325,788	-	-
Eurobond debt security (see (ii) below)	77,627,207	73,155,391	77,627,207	73,155,391
	149,401,065	**138,481,179**	**77,627,207**	**73,155,391**

(i) This refers to US$350,000,000 guaranteed notes with amortized cost of N77,627,207,000 as at 30 June 2015 issued on 25 July 2012 by Access Finance B.V., Netherlands with a maturity date of 25 July 2017;

(ii) This refers to US$400,000,000 subordinate notes with amortized cost of N73,155,391,000 of 9.25% resettable interest issued on 24 June 2014 by Access Bank Nigeria with a maturity date of 24 June 2021.

The principal amount on both notes are payable at maturity, whilst interest is payable on a semi-annual basis at their respective interest rates.

36 Interest bearing borrowings

In thousands of Naira	Group June 2015	Group December 2014	Bank June 2015	Bank December 2014
African Development Bank (see note (a))	19,209,110	18,597,477	19,209,110	18,597,477
Netherlands Development Finance Company (see note (b))	1,542,284	4,148,590	1,542,284	4,148,590
French Development Finance Company (see note (c))	10,672,740	8,066,584	10,672,740	8,066,584
Finnish Fund for Industrial Cooperation (FINFUND)(see note (d))	-	156,136	-	156,136
European Investment Bank (see note (e))	9,416,364	9,736,463	9,416,364	9,736,463
International Finance Corporation (see note (f))	6,567,807	7,716,067	6,567,807	7,716,067
Central Bank of Nigeria under the Commercial Agriculture Credit Scheme (see note (g))	3,335,050	3,943,692	3,335,050	3,943,692
Bank of Industry-Intervention Fund for SMEs (see note (h))	8,055,975	9,025,449	8,055,975	9,025,449
Bank of Industry-Power & Airline Intervention Fund (see note (i))	16,384,520	14,407,194	16,384,520	14,407,194
Access Finance B.V. (see note (j))	-	-	71,193,588	66,529,458
Special Refinancing & Restructuring Intervention fund (SRRIF) see note (k)	6,000,000	4,000,000	6,000,000	4,000,000
Other loans and borrowings	1,126,864	18,657	157,220	18,657
	82,310,714	**79,816,309**	**152,534,658**	**146,345,767**

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

(a) The amount of N19,209,109,978 (USD 97,300,729) represents the outstanding balance in the on-lending facility granted to the Bank by AfDB (Africa Development Bank) in two tranches one in August 2007 (USD 12.5m)for a period of 9 years and the other in August 2014 (USD 90m) for a period of 10years. The principal amount is repayable semi-annually from February 2010 for the first tranche and February 2017 for the second. Interest is paid semi annually at 3% above 6 months LIBOR. The annual effective interest rate are 4.28% and 2.16% respectively.

(b) The amount of N1,542,283,800(USD 19,824,708) represents the outstanding balance in the on-lending facility granted to the Bank by the Netherlands Develoment Finance Company effective from 15 December 2012 and disbursed in two tranches; February 2013 (USD 10m) and October 2013 (USD 15m) for a period of 6.5 years. The principal amount is repayable semi-annually from December 2014 while interest is paid semi annually at 3.75% above 6 months LIBOR. The annual effective interest rate is 5.28% for the first tranche and 4.04% for the second tranche.

(c) The amount of N10,672,739,992 (USD 54,061,087) represents the outstanding balance in the on-lending facility granted to the Bank by the French Development Finance Company effective from 15 December 2012 and disbursed in three tranches; February 2013 (USD 6m) and October 2013 (USD 9m) and November 2014 (USD 30m) for a period of 6.5 years and 5 years respectively. The principal amount is repayable semi-annually from December 2014 and January 2014 while interest is paid semi annually at 3% above 6 months LIBOR. The annual effective interest rate is 4.43% for the first tranche, 4.15% for the second tranche and 4.58% for the third tranche.

(d) This represents the outstanding balance in the on-lending facility granted to the Bank by the Finnish Fund for Industrial Cooperation in July 2007 for a period of 8 years. The principal amount is repayable semi-annually from September 2012 while interest is paid semi annually at 3% above 6 months LIBOR. The annual effective interest rate is 4.45%. The facility was fully repaid on the 15th March 2015.

(e) The amount of N9,416,364,170 (USD 47,697,114) represents the outstanding balance on the on-lending facilities granted to the Bank by the European Investment Bank (EIB) in May 2013(USD 25m), September 2013 (USD 26.75m) and June 2014 (USD 14.7m) and for a period of 6 years each. The average annual effective interest rates are 3.6%, 3.05% and 3.18% for the latter.

(f) The amount of N6,567,807,355(USD 33,268,197) represents the outstanding balance on the on-lending facilities granted to the Bank by the International Finance Corporation (IFC) in November 2013 (USD 50m) for a period of 5 years. The principal and interest repayments are made semi-annually from September 2011 (the former) and from November 2013 (the latter). The Effective interest rate is 4.88%.

(g) The amount of N3,335,050,097 represents the outstanding balance in the on-lending facility granted to the Bank by Central Bank of Nigeria in collaboration with the Federal Government of Nigeria (FGN) in respect of Commercial Agriculture Credit Scheme (CACS) established by both CBN and the FGN for promoting commercial agricultural enterprises in Nigeria. The facility is for a maximum period of 7 years at a zero percent interest rate to the Bank. The principal amount is repayable at the expiration of the loan. The Bank did not provide security for this facility.

(h) The amount of N8,055,975,042 represents an outstanding balance on the intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria for the purpose of refinancing or restructuring existing loans to Small and Medium Scale Enterprises (SMEs) and manufacturing companies. The total has a 15 year tenor. A management fee of 1% deductible at source is paid by the Bank under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. Though the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers.

(i) The amount of N16,384,519,929 represents the outstanding balance on intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria, to be applied to eligible power and airline projects. The total facility has a maximum tenor of 15 years. A management fee of 1% deductible at source is paid by the Bank under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. Though the facility is meant for on-lending to borrowers within the power and aviation sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers.

(j) The amount of N71,193,587,805 (USD350,000,000) represents the borrowings of Access Bank Plc from Access Finance BV in respect of the dollar guaranteed notes issued by Access Finance B.V., Netherlands which is due on 25 July 2017. The notes were issued on 25 July 2012 for a period of 5 years with the principal amount repayable at the end of the tenor while interest on the Notes is payable semi-annually at 7.34%, in arrears on 25 January and 25 July in each year. The annual effective interest rate is 7.65%.

(k) The amount of N6,000,000,000 represents the outstanding balance on intervention credit granted to the bank by the Bank of Industry (BOI) under the Special refinancing and Restructuring intervention fund, with a 10 year tenor which is due on the 31 August 2024. The bank has a 36 months moratorium on the facility after which principal repayment will be charged quarterly. Though the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers.

37 Retirement benefit obligations

In thousands of Naira	Group June 2015	Group December 2014	Bank June 2015	Bank December 2014
Recognised liability for defined benefit obligations (see note (a) below)	3,656,002	3,267,364	3,649,610	3,267,364
Liability for defined contribution obligations		1,736	-	-
	3,656,002	**3,269,100**	**3,649,610**	**3,267,364**

(a) **Defined benefit obligations**

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

In thousands of Naira	Group June 2015	Group December 2014	Bank June 2015	Bank December 2014
Long term incentive plan (see note (i) below)	3,656,002	3,267,364	3,649,610	3,267,364
Recognised liability	**3,656,002**	**3,267,364**	**3,649,610**	**3,267,364**

(i) **Long term incentive plan**

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

There is no funding arrangement with a trustee for the long term incentive 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 June 2015	Group December 2014	Bank June 2015	Bank December 2014
Deficit on defined benefit obligations at 1 January	3,267,364	1,929,695	3,267,364	1,929,695
Charge for the period:				
-Interest costs	223,154	241,705	223,154	241,705
-Current service cost	159,092	179,570	159,092	179,570
-Past service cost	-		-	
-Benefits paid	-	(500,000)	-	(500,000)
Net actuarial loss for the period remeasured in OCI	-		-	
Remeasurements - Actuarial gains and losses arising from changes in demographic assumptions	-	216,864	-	216,864
Remeasurements - Actuarial gains and losses arising from changes in financial assumption	-	1,199,530	-	1,199,530
Balance, end of period	**3,649,610**	**3,267,364**	**3,649,610**	**3,267,364**

Expense recognised in income statement:

	Group June 2015	Group December 2014	Bank June 2015	Bank December 2014
Current service cost	159,092	179,570	159,092	179,570
Interest on obligation	223,154	241,705	223,154	241,705
Past service cost		-		
Total expense recognised in profit and loss (see Note 14)	**382,246**	**421,275**	**382,246**	**421,275**

Actuarial assumptions:
Principal actuarial assumptions at the reporting date (expressed as weighted averages):
The most recent valuation was performed by Alexander Forbes as at 31 December 2014.

	June 2015	December 2014
Future salary increases	4.50%	4.50%
Retirement age for both male and female	60 years	60 years
Retirement rate: 50 – 59 (average rate)	3.25%	3.25%
Withdrawal rate: 16 – 29	4.50%	4.50%
Withdrawal rate: 30 – 44	6.00%	6.00%
Withdrawal rate: 45 – 50	5.00%	5.00%
Withdrawal rate: 51 – 55 (average rate)	3.50%	3.50%

Assumptions regarding future mortality before retirement are based on A49/52 ultimate table published by the Institute of Actuaries of United Kingdom. The rate used to discount post employment benefit obligations has been determined by reference to the yield on Nigerian Government bonds of medium duration. This converts into an effective yield of 13% as at 31 December 2014. For members in active service as at the valuation date, the projected unit credit method of valuation as required under the IFRS has been adopted.

38 Capital and reserves

A Share capital

In thousands of Naira	Bank June 2015	Bank December 2014
(a) Authorised:		
Ordinary shares:		
38,000,000,000 Ordinary shares of 50k each (2013: 24,000,000,000 ordinary share of 50k each)	19,000,000	19,000,000
Preference shares:		
2,000,000,000 Preference shares of 50k each	1,000,000	1,000,000
	20,000,000	20,000,000

In thousands of Naira	Bank June 2015	Bank December 2014
(b) Issued and fully paid-up :		
22,882,918,908 Ordinary shares of 50k each	11,441,460	11,441,460

Ordinary shareholding:
The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Bank. All ordinary shares rank pari-passu with the same rights and benefits at meetings of the Bank.

Preference shareholding:
Preference shares do not carry the right to vote. Preference shareholders have priority over ordinary shareholders with regard to the residual assets of the Bank and participate only to the extent of the face value of the shares plus any accrued dividends. No preference shares were in issue as at the end of the reporting period.

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

In thousands of Naira	Bank June 2015	Bank December 2014
Balance, beginning of year	11,441,460	11,441,460
Balance, end of period	11,441,460	11,441,460

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

In thousands of units	Group June 2015	Group December 2014
Balance, beginning of year	22,882,919	22,882,919
Balance, end of year	22,882,919	22,882,919

B Share premium

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

In thousands of Naira	Group June 2015	Group December 2014
Share premium	161,036,211	161,036,211

C Reserves

(i) Other Reserves

a 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.

(ii) Share scheme reserve

This represents the total expenses incurred in providing the Bank's shares to its qualifying staff members under the RSPP scheme.

(iii) Treasury shares

This represents the shares held by the new RSPP scheme which have not yet been allocated to staff based on the pre-determined vesting conditions.

(iv) Capital reserve

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

(v) Fair value reserve

The fair value reserve comprises the net cumulative change in the fair value of available-for-sale investments until the investment is derecognised or impaired.

(vi) Foreign currency translation reserve

This balance appears only in the Group accounts and represents the foreign currency exchange difference arising from translating the results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency.

(vii) Regulatory risk reserve

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

(viii) Retained earnings

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

D Non-controlling interest

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

In thousands of Naira	Group June 2015	Group December 2014
Access Bank, Gambia	804,352	649,264
Access Bank, Sierra Leone	42,344	36,763
Access Bank Zambia	227,734	243,623
Access Bank, Rwanda	625,638	587,337
Access Bank, Congo	845,182	703,604
Access Bank, Ghana	1,127,957	1,310,252
	3,673,206	**3,530,843**

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

In thousands of Naira	Group June 2015	Group December 2014
Access Bank, Gambia	77,725	109,561
Access Bank, Sierra Leone	1,751	1,078
Access Bank Zambia	(3,303)	(43,609)
Access Bank, Rwanda	16,900	41,247
Access Bank, Congo	33,081	62,585
Access Bank, Ghana	133,879	390,020
	260,033	**560,881**

	Group June 2015	Group December 2014
Proportional Interest of NCI in subsidiaries	%	%
Access Bank, Gambia	36.0	36.0
Access Bank, Sierra Leone	3.0	3.0
Access Bank Zambia	8.0	8.0
Access Bank, Rwanda	25.0	25.0
Access Bank Congo	26.0	26.0
Access Bank, Ghana	8.0	8.0

E Dividends

In thousands of Naira	Bank June 2015	Bank December 2014
Interim dividend paid (2015: --, 2014: 25k)		5,720,730
Interim non- cash dividend (2015:---, 2014: nil)		-
Final dividend paid (2014: 35k)	8,009,022	-
	8,009,022	5,720,730
Number of shares	22,882,919	22,882,919
Dividend paid per share in kobo	35	25

The Directors proposed an interim dividend of N0.25 for the period ended 30 June 2015

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 N321Mn has been made for the year ended 30 June 2015. In the normal course of business, the group is a party to financial instruments with off-balance sheet risks. These instruments are issued to meet the credit and other financial requirements of customers.

Contingent liability and commitments

In common with other banks, Group conducts business involving acceptances, performance bonds and indeminities. 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 condictions. Such commitments are either made for a fixed period, or have no specific maturity dates but are cancellable by the lender subject to notice requirements. Documentary credits commit the Group to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers.

The table below summarises the fair value amount of contingent liabilities and commitments off-financial position risk:
Acceptances, bonds, guarantees and other obligations for the account of customers:

a. These comprise:

In thousands of Naira	Group June 2015	Group December 2014	Bank June 2015	Bank December 2014
Contingent liabilities:				
Transaction related bonds and guarantees	248,142,090	165,466,393	174,397,793	145,831,160
Financial guarantees	95,440,470	91,373,327	82,276,079	72,221,845
Commitments:				
Clean line facilities for letters of credit, unconfirmed letters of credit and other commitments	460,119,239	377,152,396	458,488,129	372,652,653
	803,701,799	**633,992,116**	**715,162,001**	**590,705,658**

The Bank granted clean line facilities for letters of credit during the year to guarantee the performance of customers to third parties.
Contractual capital commitments undertaken by the Bank during the year amounted to N805.6Mn (31 Dec 2014: N1.99Bn)

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 June 2015	Group December 2014	Bank June 2015	Bank December 2014
Cash on hand and balances with banks	55,204,183	44,519,023	44,931,874	31,313,736
Unrestricted balances with central banks	38,914,156	32,060,575	26,523,202	22,262,582
Money market placements and other cash equivalents	29,164,127	65,813,241	62,742,747	36,965,179
Treasury bills with original maturity of 90days	9,996,909	10,355,560	9,996,909	10,355,559
	133,279,375	**152,748,399**	**144,194,732**	**100,897,056**

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.

41 Contraventions of the Banks and Other Financial Institutions Act of Nigeria and CBN circulars

S/N	Regulatory Body	Infraction	Penalty
i)	Central Bank of Nigeria	The bank was fined a sum of N2million for failure to submit daily returns on sources and applications of foreign exchange funds.	N2 million
ii)	Central Bank of Nigeria	The bank was fined a sum of N2 million for failing to comply with CBN circular referenced CBN/DIR/GEN 04/014 dated April 30,2010 requiring banks to obtain quarterly credit reports for all previous loans/facilities and failing to comply with Section 3.1 of the Prudential Guideline 2010, which requires the Credit Policy of banks to be reviewed at least every 3 years;	N2 million
iii)	Central Bank of Nigeria	The bank was fined a sum of N14 million for AML infractions (failing to obtain senior management approval for politically exposed persons (PEP) account; Non-compliance with CBN three-tiered know-your-customer (KYC) requirements; Failure to identify/document beneficial owners of 17 account in contravention of Regulation 55 of CBN AML/CFT regulation 2013; Failure to obtain resident permit and improper profiling of high risk account).	N14 million

42 Events after reporting date
Subsequent to the end of the reporting period, the Board of Directors proposed an interim dividend of N0.25k each payable to shareholders on register of shareholding at the closure date. There are no other post balance sheet event that require disclosure in these consolidated financial statements.

43 Related party transactions
Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes subsidiaries, associates, joint ventures and the Group's pension schemes, as well as key management personnel.

Transactions with key management personnel
The Group's key management personnel, and persons connected with them, are also considered to be related parties. The definition of key management includes the close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the Group. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Access Bank Plc and its subsidiaries.

Parent
The parent company, which is also the ultimate parent company, is Access Bank Plc.

(a) Loans and advances to related parties
The bank granted various credit facilities to other companies which have common directors with the bank and those that are members of the Group.

Period ended 30 June 2015	**Directors and other key management personnel (and close family members)**	**Subsidiaries**	**Total**
In thousands of Naira			
Balance, beginning of year	2,987,950	55,632,671	**58,620,621**
Net movement during the period	(887,311)	3,991,957	**3,104,646**
Balance, end of period	2,100,639	59,624,628	61,725,267
Interest income earned	159,576	162,707	322,283
Bad or doubtful debts due from related parties expense	-	-	-

The loans issued to directors and other key management personnel (and close family members) as at 30 June 2015 of N2.1Bn are repayable in various cycles ranging from monthly to annually over the tenor, and have average interest rates of 13.45%. The loans advanced to the directors during the year are collateralised by a combination of lien on shares of quoted companies, fixed and floating debentures, corporate guarantee, negative pledge, domiciliation of proceeds of company's receivables, legal mortgages and cash.

The loan to subsidiaries relates to a foreign currency term loan facility of USD299M granted during the period. It is a non-collateralised loan advanced at an average interest rate of 0.6%. This loan has been eliminated on consolidation and does not form part of the reported Group loans and advances balance.

No impairment losses have been recorded against balances outstanding during the year with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at the year end.

(b) Deposits from related parties

	Directors (and close family members and related entities)	Subsidiaries	Total
Period Ended 30 June 2015			
In thousands of Naira			
Balance, beginning of year	34,195,086	40,981,851	**75,176,937**
Net movement during the period	8,421,142	26,801,753	**35,222,895**
Balance, end of period	42,616,228	67,783,604	**110,399,832**
Interest expenses on deposits	1,902,552	29,021	**1,931,573**

There are no special considerations for the related party deposits. Deposits from related parties are taken at arms length. The average rate on deposit from directors and other key management personnel which are majorly term deposit was approximately 9.39% while average rate on deposit from subsidiaries majorly demand deposits was approximately 3.15%.

(c) Borrowings from related parties

	Subsidiaries	Total
In thousands of Naira		
Borrowings at 1 January 2015	66,529,458	66,529,458
Net movement during the period	4,664,130	4,664,130
Borrowings at 30 June 2015	71,193,588	71,193,588
Interest expenses on borrowings	2,534,339	2,534,339

The borrowings from subsidiaries represent the borrowings of Access Bank Plc from Access Finance BV in respect of the dollar guaranteed notes issued by Access Finance B.V., Netherlands which is due on 25 July 2017. The notes were issued on 25 July 2012 for a period of 5 years with the principal amount repayable at the end of the tenor while interest on the Notes is payable semi-annually at 7.34%, in arrears on 25 January and 25 July in each year. The annual effective interest rate is 7.65%.

(d) Other balances and transactions with related parties

	Directors (and close family members and related entities)	Subsidiaries	Total
In thousands of Naira			
Cash and cash equivalent	-	2,876,477	2,876,477
Derivative financial instrument	-	-	-
Deposit for Investments	-	951,148	951,148
Receivables	59,765	461,968	521,733
Payables	-	366,102	366,102

(e) Key management personnel compensation for the period comprises:

Directors' remuneration

	June 2015	December 2014
In thousands of Naira		
Non-executive Directors		
Fees	29,063	46,500
Other emoluments:		
Allowances	156,257	268,543
	185,320	315,043
Executive directors		
Short term employee's benefit	340,218	680,435
Defined contribution plan	7,406	19,469
Share based payment	-	649
Long term incentive plan	500,000	500,000
	847,624	**1,200,553**
Total compensation to key management personnel	**1,032,944**	**1,515,596**

44 Director-related exposures

Access Bank has some exposures that are related to its Directors. The Bank however follows a strict process before granting such credits to its Directors. The requirements for creating and managing this category of risk assets include the following amongst others:

a. Complete adherence to the requirements for granting insider-related exposure as stated in the Bank's Credit Policy Guidelines, the Insider-related Policy as well as the Bank's duly approved Standard Operating Procedure for managing insider-related exposures.
b. Full compliance with the relevant CBN policies on insider-related lending.
c. All affected Directors are precluded from taking part in the approval process of credit request wherein they have interest.
d. The related Director is required to execute a document authorizing the Bank to use their accruable dividends to defray any related-obligor's delinquent exposures.
e. The Directors are required to execute documents for the transfer of their shares to the Bank's nominated broker to ensure effective control as required by the CBN policy to enhance the bank's Corporate Governance structure.
f. Section 89 of the Bank's Article of Association also reiterated that "a related Director shall vacate office or cease to be a Director, if the Director directly or indirectly enjoys a facility from the Bank that remains non-performing for a period of more than 12months."

The Bank's gross exposure to all its directors as at 30 June 2015 is N2,408,328,668. However, the relevant obligors under this category also have credit balances and deposits maintained in their bank accounts which mitigate the risks to the bank.

Below is a schedule showing the details of the Bank's director-related lending:

Analysis of loans and advances to key management personnel
In thousands of naira

S/N	Name of borrower	Relationship to reporting institution	Name of related Directors	Facility type	Outstanding Principal	Status	Nature of security
1	Combined Industrial Agro	Chairman	Mr. Gbenga Oyebode	Overdraft	131,643,848	Performing	Corporate Guarantee of Assets Management Group Limited.
2	Asset Management Group Limited	Chairman	Mr. Gbenga Oyebode	Time loan	592,260,000	Performing	1. Pledged properties at Ikoyi Lagos
				Term loan	336,830,820	Performing	2. Personal guarantee
				On-lending	19,868,181	Performing	
3	Timbuktu Media Limited	Chairman & Director	Timbuktu Media Limited	On-lending	15,000,000	Performing	1. Debenture on the company's assets.
				Overdraft	978,048	Performing	2. Domiciliation of receivables of Timbuktu Media Limited.
4	Sic Property And Investment Company Ltd	Director	Mr Ortisedere Otubu	Term Loan	552,500,000	Performing	1. Pledged properties (being constructed) at Ikoyi Lagos. 2. Lien on property under construction
				Time loan	552,500,000	Performing	
5	Paul Usoro & Company	Non-executive director	Mr Paul Usoro	Overdraft	206,747,771	Performing	Cash collateral
	Balance, end of period				**2,408,328,668**		

Value Added Statement

In thousands of Naira

	Group June 2015	%	Group June 2014	%
Gross earnings	168,641,953		119,761,381	
Interest expense				
Foreign	(8,412,306)		(1,009,290)	
Local	(42,286,791)		(35,274,474)	
	(50,699,097)		83,477,617	
Net impairment (loss) on financial assets	(6,813,529)		(2,771,931)	
Net impairment loss on other financial assets	(2,073,110)		(734,565)	
Bought-in-materials and services				
Foreign	(443,296)		(535,807)	
Local	(36,531,475)		(32,583,547)	
Value added	**72,081,446**		**46,851,767**	
Distribution of Value Added				
To Employees:				
Employees costs	19,689,220	27%	15,371,404	34%
To government				
Government as taxes	7,826,247	11%	4,044,420	8%
To providers of finance				
Interest on borrowings	7,733,921	11%	681,376	10%
Dividend to shareholders	7,523,258	10%	8,052,541	21%
Retained in business:				
For replacement of property and equipment and intangible assets	4,735,087	7%	4,261,052	9%
For replacement of equipment on lease	-	0%	861,161	2%
Retained profit (including Statutory and regulatory risk reserves	24,573,713	34%	13,579,813	16%
	72,081,446	**100%**	**46,851,767**	**100%**

Value Added Statement

In thousands of Naira	Bank June 2015	%	Bank June 2014	%
Gross earnings	151,164,233		104,795,752	
Interest expense				
Foreign	(8,412,306)		(1,009,290)	
Local	(38,347,178)		(29,090,172)	
	(46,759,484)		74,696,290	
Net impairment (loss) on financial assets	(7,032,261)		(2,317,217)	
Net impairment loss on other financial assets	(2,073,110)		(734,565)	
Bought-in-materials and services				
Foreign	(443,296)		(535,807)	
Local	(7,386,616)		(29,293,758)	
Value added	**(63,694,767)**		**41,814,943**	
Distribution of Value Added				
To Employees:				
Employees costs	16,488,534	26%	12,781,215	32%
To government				
Government as taxes	6,072,231	10%	2,462,639	6%
To providers of finance				
Interest on borrowings	7,733,921	12%	2,780,626	6%
Dividend to shareholders	8,009,022	13%	8,009,048	24%
Retained in business:				
For replacement of property and equipment	4,315,979	7%	3,840,310	10%
For replacement of equipment on lease	-	0%	-	2%
Retained profit (including Statutory and regulatory risk reserves	21,075,079	33%	11,941,105	19%
	63,694,767	**100%**	**41,814,943**	**100%**

Other financial Information
Five-year Financial Summary

	IFRS				
	June 2015	**December 2014**	**December 2013**	**Restated December 2012**	**Restated December 2011**
Group					
	6 months	**12 months**	**12 months**	**12 months**	**12 months**
In thousands of Naira	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Assets					
Cash and balances with banks	421,807,185	405,014,793	439,459,541	405,292,241	267,917,288
Non pledged trading assets	48,596,047	28,411,644	3,877,969	27,906,803	10,812,122
Pledged assets	201,859,244	87,072,147	63,409,851	60,949,856	66,191,144
Derivative financial instruments	63,127,743	24,866,681	102,123	30,949	9,909
Loans and advances to banks	106,830,748	12,435,659	24,579,875	4,564,943	775,765
Loans and advances to customers	1,173,400,803	1,110,464,442	786,169,703	604,073,399	576,228,507
Trading properties	-	-	-	2,693,227	6,688,000
Investment securities	191,366,618	270,211,388	353,811,348	447,281,811	561,733,704
Insurance receivables	-	-	-	627,337	1,405,000
Other assets	76,471,150	56,310,620	52,019,723	67,935,352	44,475,554
Investment properties	-	-	23,974,789	14,360,567	16,097,044
Investments in equity accounted investee	-	-	3,623,326	2,774,647	2,812,805
Investment in subsidiary	-	-	-	-	-
Property and equipment	72,239,468	69,659,707	67,243,305	64,634,438	67,647,817
Intangible assets	5,862,357	5,592,991	3,659,072	3,404,945	3,277,608
Deferred tax assets	7,116,843	10,881,984	10,687,635	8,113,973	2,930,928
Assets classified as held for sale	23,438,484	23,438,484	2,847,740	30,827,257	-
Total assets	2,392,116,690	2,104,360,540	1,835,466,000	1,745,471,746	1,629,003,195
Liabilities					
Deposits from financial institutions	153,236,174	119,045,423	72,147,956	96,893,015	135,228,759
Deposits from customers	1,639,360,239	1,454,419,052	1,331,418,659	1,201,481,996	1,101,703,921
Derivative financial instruments	2,934,631	1,989,662	32,955	35,515	9,413
Claims payable		-	-	118,226	450,000
Current tax liabilities	6,949,788	8,180,969	6,899,558	8,937,964	9,747,004
Other liabilities	51,311,200	21,689,079	56,847,216	58,418,260	140,772,972
Deferred tax liabilities	312,857	59,038	37,861	-	-
Liabilities on investment contracts	-	-	-	65,591	61,000
Liabilities on insurance contracts	-	-	-	3,351,234	2,703,000
Debt securities issued	149,401,065	138,481,179	55,828,248	54,685,891	-
Interest-bearing borrowings	82,310,714	79,816,309	64,338,982	48,369,849	40,837,800
Retirement benefit obligations	3,656,002	3,269,100	1,933,021	2,487,589	1,876,578
Contingent settlement provisions	-	-	-	3,548,250	3,548,000
Liabilities classified as held for sale	-	-	1,499,495	25,793,512	-
Total liabilities	2,089,472,670	1,826,949,811	1,590,983,951	1,504,186,892	1,436,938,447
Equity					
Share capital and share premium	172,477,671	172,477,671	172,477,671	176,628,255	155,104,963
Retained earnings	55,939,486	35,369,376	37,729,702	17,856,630	(6,744,577)
Other components of equity	70,553,656	66,032,838	63,948,413	38,700,374	20,649,521
Non controlling interest	3,673,207	3,530,843	-	8,099,594	23,054,841
Total equity	302,644,020	277,410,728	274,155,786	241,284,853	192,064,748
Net Assets	2,392,116,690	2,104,360,539	1,865,139,737	1,745,471,745	1,629,003,195
Gross earnings	168,641,953	245,217,569	206,891,219	197,081,930	135,635,180
Profit before income tax	39,113,345	52,022,290	44,996,410	46,534,979	27,107,026
Profit from continuing operations	31,287,098	42,415,329	39,941,126	44,839,636	17,077,918
Discontinued operations	-	(87,267)	-	(5,511,361)	(1,699,596)
Profit for the period	31,287,098	42,328,062	39,941,126	39,328,275	15,378,322
Non controlling interest	260,033	964,821	195,762	(191,904)	879,093
Profit attributable to equity holders	36,101,830	36,101,830	36,101,830	39,520,179	14,499,229
Dividend paid	7,979,691	5,720,730	13,729,777	12,588,538	12,588,538
Earning or (loss) per share -Basic	135k	188k	158k	172k	172k
- Adjusted	135k	188k	158k	172k	172k
Number of ordinary shares of 50k	22,882,918,908	22,882,918,908	22,882,918,908	22,882,918,908	22,882,918,908

Other financial Information

Five-year Financial Summary

	IFRS				
	June 2015	**December 2014**	**Restated December 2013**	**Restated December 2012**	**December 2011**
Bank					
	6 months	**12 months**	**12 months**	**12 months**	**12 months**
In thousands of Naira	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Assets					
Cash and balances with banks	415,968,418	351,174,879	395,808,747	284,062,159	131,647,158
Non pledged trading assets	48,596,047	28,411,644	3,877,969	3,769,260	5,787,534
Pledged assets	198,898,658	85,183,353	63,347,823	60,949,856	66,191,144
Derivative financial instruments	63,054,554	24,831,145	72,675	-	-
Loans and advances to banks	72,039,316	55,776,837	13,048,651	3,054,520	775,765
Loans and advances to customers	1,067,105,983	1,019,908,848	735,300,741	554,592,199	490,877,501
Trading properties	-	-	-	-	-
Investment securities	167,635,313	226,137,983	309,071,802	420,346,295	127,420,035
Insurance receivables	-	-	-	-	-
Other assets	70,693,375	48,246,307	44,326,360	61,431,658	15,676,950
Investment properties	-	-	23,974,789	14,072,673	12,417,043
Investments in equity accounted investee	-	-	1,521,812	1,980,808	-
Investment in subsidiary	41,023,249	40,120,572	38,029,992	43,209,688	80,400,287
Property and equipment	65,783,532	64,160,327	63,203,245	58,938,450	17,042,268
Intangible assets	4,557,803	4,436,814	2,661,553	2,339,510	1,146,412
Deferred tax assets	6,484,599	10,128,537	9,847,853	7,007,387	-
Assets classified as held for sale	23,438,484	23,438,484	-	-	-
Total assets	2,245,279,331	1,981,955,730	1,704,094,012	1,515,754,463	949,382,097
Liabilities					
Deposits from banks	169,061,040	134,509,662	61,295,352	16,312,516	131,494,136
Deposits from customers	1,489,473,412	1,324,800,611	1,217,176,793	1,093,979,220	522,922,292
Derivative financial instruments	2,847,331	1,737,791	-	-	-
Debt securities issued	77,627,207	73,155,391	-	-	-
Claims payable		-	-	-	-
Current tax liabilities	6,283,006	7,113,226	6,075,590	7,686,568	2,084,899
Other liabilities	45,836,926	16,870,132	52,092,559	50,246,164	61,029,366
Retirement benefit obligations	3,649,610	3,267,364	-	2,485,093	1,149,578
Liabilities on investment contracts		-	-	-	-
Liabilities on insurance contracts	-	-	-	-	-
Interest-bearing borrowings	152,534,658	146,345,767	120,342,026	103,872,441	40,823,345
Contingent settlement provisions	-	-	1,929,695	3,548,250	-
Deferred tax liabilities	-	-	-	-	2,841,403
Liabilities classified as held for sale		-	-	-	-
Total liabilities	1,947,313,190	1,707,799,944	1,458,912,015	1,278,130,252	762,345,019
Equity					
Share capital and share premium	172,477,671	172,477,671	172,477,671	176,628,255	155,104,963
Retained earnings	56,748,162	37,729,702	23,095,392	18,880,711	3,376,997
Other components of equity	68,740,308	63,948,413	49,608,934	42,115,245	28,555,118
Total equity	297,966,141	274,155,786	245,181,997	237,624,211	187,037,078
Net Assets	2,245,279,331	1,981,955,730	1,704,094,012	1,515,754,463	949,382,097
Gross earnings	151,164,233	221,610,769	182,888,906	172,719,708	98,518,061
Profit before income tax	34,497,806	46,142,422	31,365,396	36,259,530	12,141,462
Profit from continuing operations	27,717,738	39,941,126	26,211,844	35,815,611	5,248,866
Profit for the period	27,717,738	39,941,126	26,211,844	35,815,611	5,248,866
Dividend paid	8,009,022	5,720,730	13,729,777	12,588,538	12,588,538
Earning or (loss) per share -Basic	124k	174k	114k	157k	157k
- Adjusted	124k	174k	114k	157k	157k
Number of ordinary shares of 50k	22,882,918,908	22,882,918,908	22,882,918,908	22,882,918,908	22,882,918,908

Access Bank Plc

Consolidated and separate financial statements for the year ended 31 December 2014

ACCESS BANK PLC
Index to the consolidated financial statements
For the year ended 31 December 2014

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

Report on the financial statements

We have audited the accompanying financial statements of Access Bank Plc ("the bank") and its subsidiaries (together, "the group"). These financial statements comprise the statement of financial position as at 31 December 2014 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act and for such internal control, as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the accompanying consolidated and separate financial statements give a true and fair view of the state of the financial affairs of the bank and group at 31 December 2014 and of the financial performance and cash flows of the group for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act.

Report on other legal requirements

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

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

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

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

iv) the information required by Central Bank of Nigeria Circular BSD/1/2004 on insider related credits is disclosed in Note 46 to the financial statements

v) except for contraventions disclosed in Note 43 to the financial statements, the bank has complied with the requirements of the relevant circulars issued by the Central Bank of Nigeria.

Anthony Oputa

For: PricewaterhouseCoopers
Chartered Accountants
Lagos, Nigeria

05 March 2015

Engagement Partner: Anthony Oputa
FRC/2013/ICAN/00000000980

Statement of comprehensive income

In thousands of Naira	*Notes*	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
Continuing operations					
Interest income	8	176,918,223	145,961,028	159,578,184	127,710,965
Interest expense	8	(76,901,080)	(68,237,387)	(70,911,063)	(61,025,846)
Net interest income		100,017,143	77,723,641	88,667,121	66,685,119
(Impairment charge)/Writeback on financial assets	9a	(11,652,271)	6,163,544	(10,609,300)	7,508,216
Net interest income after impairment charges		88,364,872	83,887,185	78,057,821	74,193,335
Fee and commission income	10	30,796,798	31,653,170	23,044,946	26,395,198
Fee and commission expense		(36,763)	(105,638)	-	-
Net fee and commission income		30,760,035	31,547,532	23,044,946	26,395,198
Net gains on investment securities	11a,b	23,406,363	1,875,283	23,287,274	1,760,388
Net foreign exchange income/(loss)	12	563,922	7,537,545	(3,398,120)	5,735,812
Other operating income	13	12,782,263	15,013,907	12,532,067	13,778,327
Fair value gain on investment property	27	-	4,850,286	-	4,850,286
Fair value gain on asset held for sale	33	750,000	-	750,000	-
Net impairment on investment in subsidiaries	9b	-	-	-	(823,182)
Personnel expenses	14	(31,293,540)	(31,081,954)	(25,611,051)	(25,937,818)
Operating lease expenses		(1,541,417)	(1,451,667)	(1,344,883)	(1,273,023)
Depreciation	30	(7,922,841)	(7,486,600)	(7,118,931)	(6,702,482)
Amortization	31	(1,315,332)	(1,227,944)	(1,218,710)	(1,077,725)
Other operating expenses	15	(62,532,035)	(59,932,982)	(55,256,289)	(56,566,768)
Profit/(loss) on disposal of associate and subsidiaries	16b,d	-	-	2,418,298	(504,323)
Loss on settlement of non-cash distribution to shareholders	16c	-	-	-	(2,462,629)
Profit before tax		52,022,290	43,530,591	46,142,422	31,365,396
Income tax	17	(8,958,811)	(7,498,759)	(6,201,296)	(5,153,552)
Profit from continuing operations		43,063,479	36,031,832	39,941,126	26,211,844
Discontinued operations					
Profit/(loss) from discontinued operations	16b,d	(87,267)	265,760	-	-
Profit for the year		**42,976,212**	**36,297,592**	**39,941,126**	**26,211,844**
Other comprehensive income (OCI) for the year:					
Items that will not be subsequently reclassified to the income statement:					
Remeasurements of post-employment benefit obligations		(991,475)	(1,560,220)	(991,475)	(1,560,220)
Items that may be subsequently reclassified to the income statement:					
Foreign currency translation differences for foreign subsidiaries					
- Unrealised gains/(losses)		1,409,686	(7,248,271)	-	-
- Realised gains arising		97,187	979,824	-	-
Net changes in fair value of AFS financial instruments					
-Fair value changes arising		3,604,150	6,189,893	3,571,278	6,394,443
Fair value changes on AFS financial instruments from associates	28	21,492	(17,215)	-	-
Other comprehensive gain/(loss), net of related tax effects:		4,141,040	(1,655,989)	2,579,803	4,834,223
Total comprehensive income for the year		**47,117,252**	**34,641,603**	**42,520,929**	**31,046,067**
Profit attributable to:					
Owners of the bank		42,415,329	36,101,830	39,941,126	26,211,844
Non-controlling interest		560,883	195,762	-	-
Profit for the year		**42,976,212**	**36,297,592**	**39,941,126**	**26,211,844**
Total comprehensive income attributable to:					
Owners of the bank		46,152,431	34,445,841	42,520,929	31,046,067
Non-controlling interest		964,821	195,762	-	-
Total comprehensive income for the year		**47,117,252**	**34,641,603**	**42,520,929**	**31,046,067**
Total comprehensive income for the year attributable to parent:					
Continuing operations		46,239,698	34,180,081	42,520,929	31,046,067
Discontinued operations		(87,267)	265,760	-	-
		46,152,431	**34,445,841**	**42,520,929**	**31,046,067**
Earnings per share (adjusted)					
Basic/Diluted (kobo)	18	189	159	174	114
Continuing operations					
Basic (kobo)	18	189	158	174	114
Discontinuing operations					
Basic (kobo)	18	-	1	-	-

Statement of financial position
As at 31 December 2014

In thousands of Naira	Notes	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
Assets					
Cash and balances with banks	19	405,014,793	439,459,541	351,174,879	395,808,747
Non pledged trading assets	20	28,411,644	3,877,969	28,411,644	3,877,969
Derivative financial assets	21	24,866,681	102,123	24,831,145	72,675
Loans and advances to banks	22	12,435,659	24,579,875	55,776,837	13,048,651
Loans and advances to customers	23	1,110,464,442	786,169,702	1,019,908,848	735,300,741
Pledged assets	24	87,072,147	63,409,851	85,183,353	63,347,823
Investment securities	25	270,211,388	353,811,348	226,137,983	309,071,802
Other assets	26	56,310,620	52,019,723	48,246,307	44,326,360
Investment properties	27	-	23,974,789	-	23,974,789
Investments in associate	28	-	3,623,326	-	1,521,812
Investment in subsidiaries	29	-	-	40,120,572	38,029,992
Property and equipment	30	69,659,706	67,243,305	64,160,327	63,203,245
Intangible assets	31	5,592,991	3,659,072	4,436,814	2,661,553
Deferred tax assets	32	10,881,984	10,687,635	10,128,537	9,847,853
		2,080,922,055	1,832,618,260	1,958,517,246	1,704,094,012
Assets classified as held for sale	33	23,438,484	2,847,740	23,438,484	-
Total assets		**2,104,360,539**	**1,835,466,000**	**1,981,955,730**	**1,704,094,012**
Liabilities					
Deposits from financial institutions	34	119,045,423	72,147,956	134,509,662	61,295,352
Deposits from customers	35	1,454,419,052	1,331,418,659	1,324,800,611	1,217,176,792
Derivative financial liabilities	21	1,989,662	32,955	1,737,791	-
Current tax liabilities	17	8,180,969	6,899,558	7,113,226	6,075,590
Other liabilities	36	21,689,079	56,847,216	16,870,132	52,092,559
Deferred tax liabilities	32	59,038	37,861	-	-
Debt securities issued	37	138,481,179	55,828,248	73,155,391	-
Interest-bearing borrowings	38	79,816,309	64,338,982	146,345,767	120,342,026
Retirement benefit obligations	39	3,269,100	1,933,021	3,267,364	1,929,695
		1,826,949,811	1,589,484,456	1,707,799,944	1,458,912,014
Liabilities classified as held for sale	33	-	1,499,495	-	-
Total liabilities		**1,826,949,811**	**1,590,983,951**	**1,707,799,944**	**1,458,912,014**
Equity					
Share capital and share premium	40	172,477,671	172,477,671	172,477,671	172,477,671
Retained earnings		34,139,453	22,232,374	36,499,779	23,095,393
Other components of equity		67,262,761	48,003,894	65,178,336	49,608,934
Total equity attributable to owners of the Bank		**273,879,885**	**242,713,939**	**274,155,786**	**245,181,998**
Non controlling interest	40	3,530,843	1,768,110	-	-
Total equity		**277,410,728**	**244,482,049**	**274,155,786**	**245,181,998**
Total liabilities and equity		**2,104,360,539**	**1,835,466,000**	**1,981,955,730**	**1,704,094,012**

Signed on behalf of the Board of Directors on 29 January 2015 by:

Group Managing Director
Herbert Wigwe
FRC/2013/ICAN/00000001998

Executive Director
Victor Etuokwu
FRC/2014/CIBN/00000006249

Additionally certified by:

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**	**Contingency reserve**	**Foreign currency translation reserve**	**Retained earnings**	**Total**	**Non Controlling interest**	**Total Equity**
Balance at 1 January 2014	**11,441,460**	**161,036,211**	**13,074,748**	**30,365,409**	**112,783**	**(460,580)**	**3,489,080**	**6,237,939**	**-**	**(4,815,485)**	**22,232,374**	**242,713,939**	**1,768,110**	**244,482,049**
Total comprehensive income for the period:														
Profit for the period											42,415,329	42,415,329	560,883	42,976,212
Other comprehensive income, net of tax														
Unrealised foreign currency translation difference	-	-	-	-	-	-	-	-	-	1,007,650	-	1,007,650	402,036	1,409,686
Realised foreign currency translation difference										97,187	-	97,187	-	97,187
Actuarial loss on remeasurement of retirement benefit	-	-	-	-	-	-	-	-	-	-	(991,475)	(991,475)	-	(991,475)
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	-	3,602,248	-	-	-	3,602,248	1,902	3,604,150
Fair value changes on AFS financial instruments from associates	-	-	-	-	-	-	-	21,492	-	-	-	21,492	-	21,492
Cancelled fair value reserve from associates	-	-	-	-	-	-	-	19,723	-	-	(19,723)	-	-	-
Total other comprehensive (loss)/income	**-**	**-**	**-**	**-**		**-**	**-**	**3,643,463**	**-**	**1,104,837**	**(1,011,198)**	3,737,102	403,938	**4,141,040**
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,643,463**	**-**	**1,104,837**	**41,404,131**	46,152,431	964,821	**47,117,252**
Transactions with equity holders, recorded directly in equity:														
Transfers during the period	-	-	8,130,283	6,740,957	-	-	-	-	-	-	(14,871,240)	-		-
Scheme shares	-	-	-	-	182,636	(515,547)	-	-	-	-	-	(332,911)		(332,911)
Deemed disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	(945,792)	(945,792)	945,792	-
Decrease in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(103,735)	(103,735)
Transfer from disposed subsidiaries	-	-	-	(27,762)	-	-	-	-	-	-	27,762	-	-	-
Dividend paid to equity holders	-	-	-	-	-	-	-	-	-	-	(13,707,782)	(13,707,782)	(44,145)	(13,751,927)
Total contributions by and distributions to equity holders	**-**	**-**	**8,130,283**	**6,713,195**	**182,636**	**(515,547)**	**-**	**-**	**-**	**-**	**(29,497,052)**	**(14,986,485)**	**797,912**	**(14,188,573)**
Balance at 31 December 2014	**11,441,460**	**161,036,211**	**21,205,031**	**37,078,604**	**295,419**	**(976,127)**	**3,489,080**	**9,881,402**	**-**	**(3,710,648)**	**34,139,453**	**273,879,885**	**3,530,843**	**277,410,728**

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**	**Contingency reserve**	**Foreign currency translation reserve**	**Retained earnings**	**Total**	**Non Controlling interest**	**Total Equity**
Balance at 1 January 2013	**11,441,460**	**165,186,795**	**6,961,919**	**26,080,715**	**-**	**-**	**3,489,080**	**65,261**	**650,437**	**1,452,962**	**17,856,630**	**233,185,259**	**8,099,594**	**241,284,853**
Total comprehensive income for the year:														
Profit for the year											36,101,830	**36,101,830**	195,762	36,297,592
Other comprehensive income, net of tax														
Unrealised foreign currency translation difference	-	-	-	-	-	-	-	-	-	(7,248,271)	-	**(7,248,271)**	-	(7,248,271)
Realised foreign currency translation difference										979,824	-	**979,824**	-	979,824
Actuarial loss on remeasurement of retirement benefit	-	-	-	-	-	-	-	-	-		(1,560,220)	**(1,560,220)**	-	(1,560,220)
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	-	6,189,893	-	-	-	**6,189,893**	-	6,189,893
Fair value changes on AFS financial instruments from associates	-	-	-	-	-	-	-	(17,215)	-	-	-	**(17,215)**	-	(17,215)
Total other comprehensive income/ (loss)	**-**	**-**	**-**	**-**		**-**	**-**	**6,172,678**	**-**	**(6,268,447)**	**(1,560,220)**	**(1,655,989)**	**-**	**(1,655,989)**
Total comprehensive income/ (loss)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6,172,678**	**-**	**(6,268,447)**	**34,541,610**	**34,445,841**	**195,762**	**34,641,603**
Transactions with equity holders, recorded directly in equity:														
Non-cash diistribution to shareholders	-	(4,150,584)	-	-	-	-	-	-	-	-	-	**(4,150,584)**	-	(4,150,584)
Transfers during the year	-	-	6,112,829	4,284,694	-	-	-	-	-	-	(10,397,523)	**-**	-	-
Scheme shares	-	-	-	-	112,783	(460,580)	-	-	-	-	-	**(347,797)**	-	(347,797)
Deemed disposal of subsidiary	-	-	-	-	-	-	-	-	-	-	(968,300)	**(968,300)**	968,300	-
Transfer from disposed subsidiaries	-	-	-	-	-	-	-	-	(650,437)	-	650,437	**-**	(7,495,546)	(7,495,546)
Dividend paid to equity holders	-	-	-	-	-	-	-	-	-	-	(19,450,480)	**(19,450,480)**	-	(19,450,480)
Total contributions by and distributions to equity holders	**-**	**(4,150,584)**	**6,112,829**	**4,284,694**	**112,783**	**(460,580)**	**-**	**-**	**(650,437)**	**-**	**(30,165,866)**	**(24,917,161)**	**(6,527,246)**	**(31,444,407)**
Balance at 31 December 2013	**11,441,460**	**161,036,211**	**13,074,748**	**30,365,409**	**112,783**	**(460,580)**	**3,489,080**	**6,237,939**	**-**	**(4,815,485)**	**22,232,374**	**242,713,939**	**1,768,110**	**244,482,049**

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	Merger Reserve	Retained earnings	Total Equity
Balance at 1 January 2014	**11,441,460**	**161,036,211**	**11,177,662**	**28,567,268**	**112,783**	**3,489,081**	**6,262,140**	**-**	**23,095,393**	**245,181,998**
Total comprehensive income for the year:										
Profit for the year	-	-	-	-	-	-	-	-	39,941,126	**39,941,126**
Other comprehensive income, net of tax										
Actuarial loss on remeasurement of retirement benefit	-	-	-	-	-	-	-	-	(991,475)	**(991,475)**
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	3,571,278	-	-	**3,571,278**
Total other comprehensive (loss)	**-**	**-**	**-**	**-**	**-**	**-**	**3,571,278**	**-**	**(991,475)**	**2,579,803**
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**3,571,278**	**-**	**38,949,651**	**42,520,929**
Transactions with equity holders, recorded directly in equity:										
Transfers for the year	-	-	5,824,319	5,991,169	-	-	-	-	(11,815,488)	**-**
Dividend paid to equity holders	-	-	-	-	-	-	-	-	(13,729,777)	**(13,729,777)**
Scheme shares	-	-	-	-	182,636	-	-	-	-	**182,636**
Total contributions by and distributions to equity holders	**-**	**-**	**5,824,319**	**5,991,169**	**182,636**	**-**	**-**	**-**	**(25,545,265)**	**(13,547,141)**
Balance at 31 December 2014	**11,441,460**	**161,036,211**	**17,001,981**	**34,558,437**	**295,419**	**3,489,081**	**9,833,418**	**-**	**36,499,779**	**274,155,786**

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	Merger Reserve	Retained earnings	Total Equity
Balance at 1 January 2013	**11,441,460**	**165,186,795**	**4,068,288**	**24,635,492**	**-**	**3,489,081**	**(132,303)**	**10,054,688**	**18,880,711**	**237,624,212**
Total comprehensive income for the year:										
Profit for the year	-	-	-	-	-	-	-	-	26,211,844	**26,211,844**
Other comprehensive income, net of tax										
Actuarial loss on remeasurement of retirement benefit	-	-	-	-	-	-	-	-	(1,560,220)	**(1,560,220)**
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	6,394,443	-	-	**6,394,443**
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**6,394,443**	**-**	**(1,560,220)**	**4,834,223**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**6,394,443**	**-**	**24,651,624**	**31,046,067**
Transactions with equity holders, recorded directly in equity:										
Non-cash distribution to shareholders	-	(4,150,584)	-	-	-	-	-	-	-	**(4,150,584)**
Transfers for the year	-	-	7,109,374	3,931,776	-	-	-	-	(11,041,150)	**-**
Transfer of merger reserve to retained earnings	-	-	-	-	-	-	-	(10,054,688)	10,054,688	**-**
Dividend paid to equity holders	-	-	-	-	-	-	-	-	(19,450,480)	**(19,450,480)**
Scheme shares	-	-	-	-	112,783	-	-	-	-	**112,783**
Total contributions by and distributions to equity holders	**-**	**(4,150,584)**	**7,109,374**	**3,931,776**	**112,783**	**-**	**-**	**(10,054,688)**	**(20,436,942)**	**(23,488,281)**
Balance at 31 December 2013	**11,441,460**	**161,036,211**	**11,177,662**	**28,567,268**	**112,783**	**3,489,081**	**6,262,140**	**-**	**23,095,393**	**245,181,998**

Consolidated statement of cash flows

In thousands of Naira	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
Cash flows from operating activities				
Profit before income tax and discontinued operations	51,935,023	43,530,591	46,142,422	31,365,396
Adjustments for:				
Depreciation of property and equipment	7,922,841	7,486,600	7,118,930	6,702,482
Amortization of intangible assets	1,315,332	1,227,944	1,218,710	1,077,726
Gain on disposal of property and equipment	(905,884)	(2,134,945)	(874,372)	(2,135,015)
Gain on disposal of investment properties	(263,694)	(12,000)	(263,694)	(12,000)
Loss/(Gain) on disposal of investment securities	497,818	152,619	378,729	(565,506)
Fair value gain on investment properties	-	(4,850,286)	-	(4,850,286)
Fair value gain on assets held for sale	(750,000)	-	(750,000)	-
Impairment/(writeback) on financial assets	11,652,271	(6,163,545)	10,609,300	(6,685,033)
Additional gratuity provision	421,276	801,168	421,275	801,168
Loss on disposal of subsidiaries	486,827	732,082	104,266	2,966,951
Write back of contigent provision	-	(3,548,250)	-	(3,548,250)
Equity share-based payment expense	182,636	112,783	182,636	112,783
Property and equipment written off	7,688	460,877	7,688	-
Share of profit of equity accounted investee	(485,576)	(1,369,778)	-	-
Net interest income	(100,017,143)	(77,723,641)	(88,667,120)	(66,685,119)
Unrealised foreign exchange loss on revaluation	17,243,781	(1,948,843)	12,001,637	-
Loss/(Profit) on disposal of of investment in associate	86,018	(23,734)	(2,522,564)	(68,624)
Loss on disposal of AMCON bonds investments	-	849,362	-	849,362
Dividend income	(3,382,399)	(3,161,572)	(3,861,439)	(3,257,632)
	(14,053,185)	(45,582,568)	(18,753,596)	(43,931,597)
Changes in operating assets				
Change in non-pledged trading assets	(26,743,758)	24,509,283	(24,483,557)	401,203
Change in derivative financial instruments	(22,807,851)	(73,734)	(23,020,679)	(72,675)
Change in pledged assets	(23,662,296)	(2,459,995)	(21,835,530)	(2,397,967)
Change in restricted deposits	(79,938,705)	(64,119,022)	(78,411,893)	(64,111,310)
Change in loans and advances to banks and customers	(323,558,429)	(202,226,428)	(334,057,356)	(188,724,917)
Change in insurance receivables	-	(254,921)	-	-
Change in other assets	2,142,138	44,292,193	1,194,274	31,562,559
Changes in operating liabilities				
Change in deposits from banks	46,634,809	(24,402,736)	73,313,314	44,982,836
Change in deposits from customers	116,304,944	126,657,173	105,717,069	124,442,847
Change in claims payable	-	(118,226)	-	-
Change in liabilities on investment contracts	-	(65,591)	-	-
Change in liabilities on insurance contracts	-	1,578,125	-	-
Change in other liabilities	(35,396,285)	3,534,735	(35,171,613)	1,846,395
Payment to gratuity benefit holders	(500,000)	(3,321,200)	(500,000)	(3,321,200)
Interest paid on deposits and borrowings	(61,159,165)	(59,852,128)	(60,328,145)	(57,118,876)
Interest received on loans and advances	150,514,646	95,479,688	130,150,849	84,871,814
	(272,223,137)	(106,425,352)	(286,186,863)	(71,570,888)
Income tax paid	(7,187,506)	(10,850,841)	(5,070,241)	(8,936,331)
Net cash used in operating activities	(279,410,643)	(117,276,193)	(291,257,104)	(80,507,219)
Cash flows from investing activities				
Acquisition of investment securities	(294,682,509)	(184,591,071)	(250,387,738)	(124,550,520)
Interest received on investment securities	15,004,844	55,041,060	11,931,402	41,918,885
Dividend received	3,382,399	3,161,572	3,861,439	3,257,632
Acquisition of property and equipment	(13,595,552)	(14,768,856)	(11,311,805)	(13,596,707)
Proceeds from the sale of property and equipment	4,154,505	4,746,630	4,102,477	3,464,445
Acquisition of intangible assets	(3,358,695)	(1,555,181)	(2,993,971)	(1,399,769)
Acquisition of investment properties	-	(585,261)	-	-
Proceeds from disposal of investment properties	-	120,000	-	120,000
Proceeds from matured investment securities	195,086,682	86,241,142	179,324,629	79,777,294
Proceeds from sale of subsidiary and associates	543,340	6,762,269	543,340	6,762,269
Acquisition of subsidiaries	-	-	(2,455,500)	(6,931,299)
Proceeds from sale of investment securities	200,774,291	193,608,111	171,835,186	171,354,325
Cash lost on loss of control of subsidiaries	(956,473)	(24,974,504)	-	-
Net cash generated from investing activities	**106,352,832**	**123,205,911**	**104,449,459**	**160,176,555**
Cash flows from financing activities				
Interest paid on borrowings and debt securities issued	(12,892,950)	(4,586,103)	(8,572,781)	(4,586,103)
Proceeds from interest bearing borrowings	29,035,545	26,756,853	29,035,545	25,739,309
Repayment of interest bearing borrowings	(17,191,939)	(9,309,994)	(16,967,222)	(9,421,714)
Purchase of own shares	(515,547)	(460,580)	(515,547)	-
Dividends paid to owners	(13,751,927)	(19,450,480)	(13,729,777)	(19,450,480)
Debt securities issued	73,083,823	-	73,083,823	-
Net cash provided by/(used in) financing activities	**57,767,005**	**(7,050,304)**	**62,334,041**	**(7,718,988)**
Net (decrease)/increase in cash and cash equivalents	(115,290,806)	(1,120,586)	(124,473,604)	71,950,348
Cash and cash equivalents at end of year	152,748,398	266,756,741	100,897,056	223,567,707
Cash and cash equivalents at beginning of year	(266,756,741)	(271,573,393)	(223,567,707)	(151,617,359)
Effect of exchange rate fluctuations on cash held	(1,282,463)	3,696,066	(1,802,953)	
Net (decrease)/increase in cash and cash equivalents	(115,290,806)	(1,120,586)	(124,473,604)	71,950,348

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 year ended 31 December 2014 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 29 January 2015

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 Summary of significant accounting policies

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

3.1 Basis of preparation

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

(a) Functional and presentation currency

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

(b) Basis of measurement

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

- derivative financial instruments are measured at fair value.
- non-derivative financial instruments at fair value through profit or loss are measured at fair value.
- available-for-sale financial assets are measured at fair value.
- investment property is measured at fair value.
- the liability for defined benefit obligations is recognised as the present value of the defined benefit obligation 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 judgements

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Information about significant areas of estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated and separate financial statements are described in note 4.

3.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the group

Below are the IFRSs and International Financial Reporting Interpretations Commitee (IFRIC) interpretations that are effective for the first time for the financial year beginning on or after 1 January 2014 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 (FRC).

[i] Amendments to IAS 32 – Financial Instruments: Presentation (effective 1 January 2014)

The IASB has issued amendments to the application guidance in IAS 32, 'Financial instruments: Presentation', that clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position.
The amendments do not change the current offsetting model in IAS 32, which requires an entity to offset a financial asset and financial liability in the statement of financial position only when the entity currently has a legally enforceable right of set-off and intends either to settle the asset and liability on a net basis or to realize the asset and settle the liability simultaneously. The amendments clarify that the right of set-off must be available today – that is, it is not contingent on a future event. It also must be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The changes requires extensive disclosures focus on quantitative information about recognized financial instruments that are offset in the statement of financial position, as well as those recognized financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset.

[ii] Amendments to IAS 36 - Impairment of assets (effective 1 January 2014)

These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal to require disclosure of the recoverable amount of an asset or CGU when an impairment loss has been recognized or reversed; and to require detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognized or reversed. This Group did not reverse or recognize an impairment loss on its non-financial asset.

[iii] IFRIC 21 - Levies (effective 1 January 2014)

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation could result in recognition of a liability later than today, particularly in connection with levies that are triggered by circumstances on a specific date. It addresses the accounting for a liability to pay a levy recognized in accordance with IAS 37, 'Provisions', and the liability to pay a levy whose timing and amount is certain. It excludes income taxes within the scope of IAS 12, 'Income taxes'. The interpretation does not address whether the liability to pay a levy gives rise to an asset or an expense. Entities will need to apply other standards to determine the accounting for the expense. The application of the new amendments is consistent with the treatment of levies in the financial statements.

[iv] Amendments to IFRS 7 on offsetting financial assets and financial liabilities (effective 1 January 2014)

Disclosures- Offsetting Financial Assets and Financial Liabilities (amendments to IFRS 7) introduces disclosures about the impact of right of offsets and related arrangements for financial instruments under a master netting or similar arrangements. The amendments are effective for annual periods beginning on or after 1 January 2014 and interim periods within those annual periods. The amendments are applied restrospectively, the Group has offsetting arrangements in place as at 31 December 2014. The application of the amendments had no material impact on the disclosures or the amount recognised in the consolidated financial statements.

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

As at 31 December 2014, 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 (2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

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

Other IFRS that are relevant to the group include:

IFRS	Effective Date	Subject of amendment
Amendments to IAS 19, 'Employee benefits' on defined benefit plans	Annual periods beginning on or after 1 July 2014	This amendment clarifies the application of IAS 19, 'Employee benefits' (2011) – referred to as 'IAS 19R', to plans that require employees or third parties to contribute towards the cost of benefits. The amendment does not affect the accounting for voluntary contributions.
Amendment to IFRS 2, 'Share based payment'	For share-based payment transactions for which the grant date is on or after 1 July 2014.	The amendment clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'.
IFRS 3, 'Business combinations'	For business combinations where the acquisition date is on or after 1 July 2014.	The standard is amended to clarify that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself.
IFRS 8, 'Operating segments'	Annual periods beginning on or after 1 July 2014	The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.
IAS 16, 'Property, plant and equipment', and IAS 38, 'Intangible assets'	Annual periods beginning on or after 1 July 2014	The IASB has amended the basis for conclusions of IFRS 13 to clarify that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases.
IAS 24, 'Related party disclosures'	Annual periods beginning on or after 1 July 2014	The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'). The reporting entity is not required to disclose the compensation paid by the management entity to the management entity's employees or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided.
IFRS 13, 'Fair value measurement'	Annual periods beginning on or after 1 July 2014	The IASB has amended the basis for conclusions of IFRS 13 to clarify that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases. The amendment clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9.
IFRS 15, 'Revenue from contracts with customers'	Annual periods beginning on or after 1 January 2017	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 recognised. The underlying principle is that an entity will recognise 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.

IFRS 10, 'Consolidated financial statements	Annual periods beginning on or after 1 January 2013 although endorsed for annual periods on or after 1 January 2014)	This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard might impact the entities that a group consolidates as its subsidiaries

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

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

[i] a contractual arrangement between the investor and other vote holders
[ii] rights arising from other contractual arrangements
[iii] the investor's voting rights (including voting patterns at previous shareholders' meetings)
[iv] potential voting rights

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

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

(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 bargain purchase gain is recognised immediately in statement of comprehensive income,after a re-assessment to ensure correctness.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in 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) Acquisitions from entities under common control

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

(d) 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.

(e) Disposal of subsidaries

When the group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in 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.

(f) 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.

(g) Associates

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

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

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

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

Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.
Investments in associates are measured at cost less impairment in the separate financial statement.

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Changes in the fair value of monetary securities denominated in foreign currency classified as 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 comprehensiveincome.

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 and points paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

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

(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.

(c) Net gains/losses on financial instuments classified held for trading

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

(d) Foreign exchange income

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

(e) Dividends

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

3.7 Lease payments

Payments made under operating leases are recognised in 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 expense

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

(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 derviative financial insturments) 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)**	**Sub classes**
Financial assets	Financial assets at fair value through profit or loss		Non pledged trading assets	Equity securities
				Derivative financial assets
				Debt securities
	Loans and receivables		Cash and balances with banks	Cash on hand and balances with banks
				Unrestricted balances with central banks
				Restricted balances with central banks
				Money market placements and other cash equivalents
			Loans and advances to banks	Loans and advances to banks
			Loans and advances to customers	Loans to individuals
				Loans to corporate entities and other organisations
			Other assets	Receivables
	Held to maturity		Investment securities - debt securities	Listed
	Available for sale financial assets		Investment securities - debt securities	Listed
				Unlisted
			Investment securities - equity securities	Listed
				Unlisted
	Category (as defined by IAS 39)		**Class (as determined by the Group)**	**Sub classes**
Financial liabilities	Financial liabilities at fair value through		Derivatives	
	Financial liabilities at amortised cost		Deposits from banks	
			Deposits from customers	Demand deposits
				Savings deposits
				Term deposits
			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 cash consideration to originate or purchase the loan including any transaction costs – and measured subsequently at amortised cost using the effective interest rate method. Loans and receivables are reported in the consolidated statement of financial position as loans and advances to banks or customers or as investment securities. Interest on loans is included in the consolidated income statement and is reported as 'Interest income'. In the case of an impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognised in the consolidated income statement under "net impairment loss on financial assets"

[iii] Held-to-maturity

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

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

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

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

(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 impairment.

[ii] Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

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

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

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases, the fair value of a financial instrument on initial recognition may be different to its transaction price. If such fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in 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 modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate. Losses are recognised in 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 repossesed 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 seperately 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 years

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

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

(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 year 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 goodwil impairment testing, CGUs to which goodwill has been allcated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to the groups of CGUs that are expected to benefit from the synergies of the combination.

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

3.15 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 are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are initially recognised at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable). Financial guarantees are included within other liabilities.

3.19 Employee benefits

(a) Defined contribution plans

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

(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 immidiately 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

During the period, the bank commenced a new plan called Restricted Share Performance Plan (RSPP). Under the RSPP, shares of the Bank are awarded to employees based on their performance at no cost to them and the shares will have a vesting period of 3 years from date of award.

This new plan will be accounted for as an equity-settled transaction, where the Bank will recognize a cost and a corresponding increase in equity. The cost is recognized as an expense unless it qualifies for recognition as an asset. Initial estimates of the number of equity settled instruments that are expected to vest are adjusted to current estimates and ultimately to the actual number of equity settled instruments that vest unless differences are due to market conditions.

3.20 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 avergae number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

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.

Had there been no expected cashflows from all the significant impaired loans, there would have been an additional impairment of N11.862billion in the financial statements relating to this. In addition, if the PDs and LGDs were increased by 2%, there would have been an additional impairment charge of N233Mn and if the PDs and LGDs decreased by 2%, there would have been a write back of impairment of N228Mn.

Statement of prudential adjustments

Provisions under prudential guidelines are determined using the time based provisioning regime prescribed by the Revised Central Bank of Nigeria (CBN) Prudential Guidelines. This is at variance with the incurred loss model required by IFRS under IAS 39. As a result of the differences in the methodology/provision regime, there will be variances in the impairments allowances required under the two methodologies.

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

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

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

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

b) The non-distributable reserve should be classified under Tier 1 as part of the core capital.
The Bank has complied with the requirements of the guidelines as follows:

Statement of prudential adjustments *In thousands of Naira*		**December 2014**	**December 2013**
Bank	Note		
Loans & advances:			
Specific impairment allowances on loans to customers			
- Loans to Individuals	23(b)	-	-
- Loans to Corporate	23(b)	6,340,159	6,812,512
Specific impairment allowances on loans to banks	22	-	
Collective impairment allowances on loans to customers			
- Loans to Individuals	23(b)	674,227	483,733
- Loans to Corporates	23(b)	9,991,751	5,943,847
Collective impairment allowances on loans to banks	22	6,341	9,337
Total impairment allowances on loans per IFRS		**17,012,478**	**13,249,428**
Total regulatory impairment based on prudential gudielines		**34,014,459**	**24,427,091**
Balance, beginning of the year		11,177,662	4,068,288
Additional transfers to regulatory risk reserve		5,824,319	7,109,374
Balance, end of the year		**17,001,981**	**11,177,662**

4.1 *Valuation of financial instruments*

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

4.1.1 Recurring fair value measurements

In thousands of Naira
Group
December 2014

	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Non pledged trading assets				
Treasury bills	24,546,032	-	-	24,546,032
Bonds	3,786,172	-	-	3,786,172
Equity	79,440	-	-	79,440
Derivative financial instrument	-	24,866,681	-	24,866,681
Pledged assets				
Treasury bills	4,495,403	-	-	4,495,403
Investment securities				
Available for sale				
Treasury bills	92,046,032	-	-	92,046,032
Bonds	46,931,249	818,129	-	47,749,378
Equity	11,017,140	34,070,282	-	45,087,422
Assets held for sale		23,438,484		23,438,484
	182,901,468	83,193,576	-	266,095,044
Liabilities				
Derivative financial instrument	-	1,989,662	-	1,989,662
	-	1,989,662	-	1,989,662

Group
December 2013
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Non pledged trading assets				
Treasury bills	2,370,725	-	-	2,370,725
Bonds	1,402,326	-	-	1,402,326
Equity	104,918	-	-	104,918
Pledged assets				
Treasury bills	4,774,503	-	-	4,774,503
Derivative financial instrument	-	102,123	-	102,123
Investment securities				
Available for sale				
Treasury bills	140,780,793	-	-	140,780,793
Bonds	9,847,556	-	-	9,847,556
Equity	9,018,647	30,213,150	-	39,231,797
Investment properties	-	23,974,789	-	23,974,789
	168,299,468	54,290,062	-	222,589,530
Liabilities				
Derivative financial instrument	-	32,955	-	32,955
	-	32,955	-	32,955

Bank
December 2014
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Non pledged trading assets				
Treasury bills	24,546,032	-	-	24,546,032
Bonds	3,786,172	-	-	3,786,172
Equity	79,440	-	-	79,440
Pledged assets				
Treasury bills	4,495,403	-	-	4,495,403
Derivative financial instrument	-	24,831,145	-	24,831,145
Investment securities				
Available for sale				
Treasury bills	61,656,952	-	-	61,656,952
Bonds	44,725,755	818,129	-	45,543,884
Equity	11,017,140	34,035,134	-	45,052,274
Asset held for sale		23,438,484		23,438,484
	150,306,894	83,122,892	-	233,429,786
Liabilities				
Derivative financial instrument		1,737,791		1,737,791
	-	1,737,791	-	1,737,791

Bank
December 2013
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Non pledged trading assets				
Treasury bills	2,370,725	-	-	2,370,725
Bonds	1,402,326	-	-	1,402,326
Equity	104,918	-	-	104,918
Pledged assets				
Treasury bills	4,712,475	-	-	4,712,475
Bonds	37,617,492	-	-	37,617,492
Derivative financial instrument	-	72,675	-	72,675
Investment securities				
Available for sale				
Treasury bills	119,864,079	-	-	119,864,079
Bonds	9,509,116	-	-	9,509,116
Equity	9,018,649	30,213,148	-	39,231,797
Investment properties	-	23,974,789	-	23,974,789
	184,599,780	54,260,612	-	238,860,392
Liabilities				
Derivative financial instrument	-	-	-	-
	-	-	-	-

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

4.1.2 Financial instruments not measured at fair value

Group
December 2014
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	405,014,793	-	405,014,793
Loans and advances to banks	-	12,584,887	-	12,584,887
Loans and advances to customers	-	1,068,909,228	-	1,068,909,228
Pledged assets				
Treasury bills	10,543,214	-	-	10,543,214
Bonds	43,005,034	-	-	43,005,034
Investment securities				
Held to Maturity				
Treasury bills	15,826,830	7,532,437	-	23,359,267
Bonds	18,112,104	18,027,415	-	36,139,519
Other assets	-	36,030,750	-	36,030,750
	87,487,182	1,548,099,510	-	1,635,586,692
Liabilities				
Deposits from financial institutions	-	115,765,391	-	115,765,391
Deposits from customers	-	1,455,710,695	-	1,455,710,695
Other liabilities	-	21,689,079	-	21,689,079
Debt securities issued	135,517,192		-	135,517,192
Interest-bearing borrowings	-	78,369,011	-	78,369,011
	135,517,192	1,671,534,176	-	1,807,051,368

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

	Level 1	Level 2	Level 3	Total
December 2013				
Assets				
Cash and balances with banks	-	439,459,541	-	439,459,541
Loans and advances to banks	-	24,300,412	-	24,300,412
Loans and advances to customers	-	772,194,238	-	772,194,238
Investment securities				
Held to maturity				
Treasury bills	14,400,735	3,662,516	-	18,063,251
Bonds	124,990,447	5,981,246	-	130,971,693
Other assets	-	43,214,300	-	43,214,300
	139,391,182	1,288,812,253	-	1,428,203,435
Liabilities				
Deposits from financial institutions	-	72,147,955	-	72,147,955
Deposits from customers	-	1,331,418,659	-	1,331,418,659
Other liabilities	-	54,043,974	-	54,043,974
Debt securities issued	56,556,465	-	-	56,556,465
Interest-bearing borrowings	-	58,515,183	-	58,515,183
	56,556,465	1,516,125,771	-	1,572,682,236

Bank
December 2014
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	351,174,879	-	351,174,879
Loans and advances to banks	-	55,837,270	-	55,837,270
Loans and advances to customers	-	933,545,177	-	933,545,177
Pledged assets				
Treasury bills	8,660,933	-	-	8,660,933
Bonds	42,729,652	-	-	42,729,652
Investment securities				
Held to maturity				
Treasury bills	15,829,500	-	-	15,829,500
Bonds	30,667,663	18,027,415	-	48,695,078
Other Assets	-	30,513,159	-	30,513,159
	97,887,748	1,389,097,900	-	1,486,985,648
Liabilities				
Deposits from financial institutions	-	131,229,630	-	131,229,630
Deposits from customers	-	1,324,796,070	-	1,324,796,070
Other liabilities	-	15,678,189	-	15,678,189
Debt securities issued	70,949,501	-	-	70,949,501
Interest-bearing borrowings	64,567,691	78,369,011	-	142,936,702
	135,517,192	1,550,072,900	-	1,685,590,092

Bank
December 2013
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	395,808,747	-	395,808,747
Loans and advances to banks	-	13,048,651	-	13,048,651
Loans and advances to customers	-	792,559,754	-	792,559,754
Pledged assets				
Bonds	37,617,492	-	-	37,617,492
Investment securities				
Held to maturity				
Bonds	124,990,451	-	-	124,990,451
Other Assets	-	36,436,496	-	36,436,496
	162,607,943	1,237,853,648	-	1,400,461,591
Liabilities				
Deposits from financial institutions	-	61,295,352	-	61,295,352
Deposits from customers	-	1,217,176,793	-	1,217,176,793
Other liabilities	-	50,881,254	-	50,881,254
Interest-bearing borrowings	55,828,248	64,338,982	-	120,167,230
	55,828,248	1,393,692,381	-	1,449,520,629

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

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

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

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

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

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

(ii) Determination of fair value of financial instruments.

Valuation techniques used to derive Level 2 fair values
Level 2 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 EBITDAratios 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. Below is a table showing sensitivity analysis of material unquoted investments categorised as Level 2 fair values.\

Description	Fair value at 31 Dec 2014	Valuation Technique	Unobservable Inputs	Fair value if inputs increased by 5%	Fair value if inputs decreased by 5%	Relationship of unobservable inputs to fair value
Investment in African Finance Corpooration	26,891,794	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	28,236,384	25,547,204	The higher the P/B ratio of similar trading companies, the higher the fair value
Investment in Unified Payment System	2,384,009	Adjusted fair value comparison approach	Median of Enterprise value to EBITDA ratio (EV/EBITDA) of similar comparable companies	2,463,059	2,304,958	The higher the EV/EBITDA ratio of similar trading companies, the higher the fair value
Investment in CSCS	1,847,493	Adjusted fair value comparison approach	Median of Enterprise value to EBITDA ratio (EV/EBITDA) of similar comparable companies	1,936,668	1,758,318	The higher the EV/EBITDA ratio of similar trading companies, the higher the fair value
Investment in Stanbic IBTC Pension managers	1,452,636	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	1,525,268	1,380,004	The higher the P/B ratio of similar trading companies, the higher the fair value
Investment in NIBSS	1,026,992	Adjusted fair value comparison approach	Weighted Price to earnings (P/E) ratio of similar comparable companies	1,078,342	975,643	The higher the P/E ratio of similar trading companies, the higher the fair value

(iii) ***Determination of fair value of investment property classified as asset held for sale***
Management employed the services of estate surveyors and valuers expert to value its investment properties. The estimated open market value is deemed to be the fair value based on the assumptions that there will be willing buyers and sellers. Recent market prices of neighborhood properties were also considered in deriving the open market values. A variation of -/+5% will result in N37.5Mn fair value loss/gain respectively.

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

(v) ***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 15.18% and a cash flow growth rate of 10.32% over a period of five years. The Group determined the appropriate discount rate at the end of the reporting period. See note 31b for further details.

(vi) ***Defined benefit plan***
The present value of the long term incentive plan depends on a number of factors that are determined in an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of obligations. The assumptions used in determining the net cost (income) for pensions include the discount rate. The Group determines the appropriate discount rate at the end of the reporting period. In determining the appropriate discount rate, reference is made to the yield on Nigerian Government Bonds that have maturity dates approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions. See note 41 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 December 2014**	**Trading**	**Derivatives held for trading**	**Held-to-maturity**	**Loans and receivables at amortized cost**	**Available-for-sale**	**Financial Liabilities measured at amortized cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	-	-	-	405,014,793	-	-	405,014,793	405,014,793
Non pledged trading assets								
Treasury bills	24,546,032	-	-	-	-	-	24,546,032	24,546,032
Bonds	3,786,172	-	-	-	-	-	3,786,172	3,786,172
Equity	79,440	-	-	-	-	-	79,440	79,440
Derivative financial instruments	-	24,866,681	-	-	-	-	24,866,681	24,866,681
Loans and advances to banks	-	-	-	12,435,659	-	-	12,435,659	12,584,887
Loans and advances to customers	-	-	-	1,110,464,442	-	-	1,110,464,442	1,068,909,228
Pledged assets								
Treasury bills	188,923	-	10,629,919	-	4,306,480	-	15,125,322	15,038,617
Bonds	-	-	71,946,825	-	-	-	71,946,825	43,005,034
Investment securities								
- Available for sale								
Treasury bills	-	-	-	-	92,046,032	-	92,046,032	91,906,703
Bonds	-	-	-	-	47,749,378	-	47,749,378	46,198,803
Equity	-	-	-	-	45,087,422	-	45,087,422	44,256,723
- Held to Maturity								
Treasury bills	-	-	23,495,446	-	-	-	23,495,446	23,359,267
Bonds	-	-	61,833,110	-	-	-	61,833,110	36,139,519
Other assets	-		-	36,030,750	-	-	36,030,750	36,030,750
	28,600,567	**24,866,681**	**167,905,300**	**1,563,945,644**	**189,189,312**	**-**	**1,974,507,504**	**1,875,722,649**
Deposits from financial institutions	-	-	-	-	-	119,045,423	119,045,423	115,765,391
Deposits from customers	-	-	-	-	-	1,454,419,052	1,454,419,052	1,455,710,695
Other liabilities	-	-	-	-	-	20,201,802	20,201,802	21,689,079
Derivative financial instruments	-	1,989,662	-	-	-	-	1,989,662	1,989,662
Debt securities issued	-	-	-	-	-	138,481,179	138,481,179	135,517,192
Interest bearing borrowings	-	-	-	-	-	79,816,309	79,816,309	78,369,011
	-	**1,989,662**	**-**	**-**	**-**	**1,811,963,765**	**1,813,953,427**	**1,809,041,030**

Group *In thousands of Naira*	**Trading**	**Derivatives held for trading**	**Held-to-maturity**	**Loans and receivables at amortised cost**	**Available-for-sale**	**Other amortized cost**	**Total carrying amount**	**Fair value**
31 December 2013								
Cash and balances with banks	-	-	-	439,459,541	-	-	439,459,541	439,459,541
Non pledged trading assets								
Treasury bills	2,370,725	-	-	-	-	-	2,370,725	2,370,725
Bonds	1,402,326	-	-	-	-	-	1,402,326	1,402,326
Equity	104,918	-	-	-	-	-	104,918	104,918
Derivative financial instruments	-	102,123	-	-	-	-	102,123	102,123
Loans and advances to banks	-	-	-	24,579,875	-	-	24,579,875	24,300,412
Loans and advances to customers	-	-	-	786,169,703	-	-	786,169,703	772,194,238
Pledged assets								
Treasury bills	-	-	-	-	4,774,503	-	4,774,503	4,774,503
Bonds	-	-	58,635,348	-	-	-	58,635,348	44,618,446
Investment securities	-							
- Available for sale								
Treasury bills	-	-	-	-	140,780,793	-	140,780,793	140,780,793
Bonds	-	-	-	-	9,847,556	-	9,847,556	9,847,556
Equity	-	-	-	-	39,231,797	-	39,231,797	39,231,797
- Held to Maturity								
Treasury bills			17,503,150				17,503,150	18,063,251
Bonds			146,448,052				146,448,052	130,971,693
Other assets	-	-	-	43,214,300	-	-	43,214,300	43,174,648
	3,877,969	**102,123**	**222,586,550**	**1,293,423,419**	**194,634,649**	**-**	**1,714,624,710**	**1,671,396,970**
Deposits from financial institutions	-	-	-	-	-	72,147,956	72,147,956	72,147,955
Deposits from customers	-	-	-	-	-	1,331,418,659	1,331,418,659	1,331,418,659
Other liabilities	-	-	-	-	-	54,706,413	54,706,413	54,043,974
Derivative financial instruments	-	32,955	-	-	-	-	32,955	32,955
Debt securities issued	-	-		-	-	55,828,248	55,828,248	56,556,465
Interest bearing borrowings	-	-	-	-	-	64,338,982	64,338,982	58,515,183
	-	**32,955**	**-**	**-**	**-**	**1,578,440,258**	**1,578,473,213**	**1,572,715,191**

Bank *In thousands of Naira* **31 December 2014**	**Trading**	**Derivatives held for trading**	**Held-to-maturity**	**Loans and receivables at amortised cost**	**Available-for-sale**	**Financial Liabilities measured at amortized cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	-	-	-	351,174,879	-	-	351,174,879	351,174,879
Non pledged trading assets								
Treasury bills	24,546,032	-	-	-	-	-	24,546,032	24,515,877
Bonds	3,786,172	-	-	-	-	-	3,786,172	3,786,172
Derivative financial instruments		24,831,145	-	-	-	-	24,831,145	24,831,145
Loans and advances to banks	-	-	-	55,776,837	-	-	55,776,837	55,837,270
Loans and advances to customers	-	-	-	1,019,908,848	-	-	1,019,908,848	933,545,177
Pledged assets								
Treasury bills	188,923	-	8,741,125	-	4,306,480	-	13,236,528	13,156,336
Bonds	-	-	71,946,825	-	-	-	71,946,825	42,729,652
Investment securities								
Available for sale								
Treasury bills	-	-	-	-	61,656,952	-	61,656,952	61,656,952
Bonds	-	-	-	-	45,543,884	-	45,543,884	45,543,884
Held to maturity								
Treasury bills	-	-	15,963,009	-	-	-	15,963,009	15,829,500
Bonds	-	-	57,921,864	-	-	-	57,921,864	48,695,078
Other assets	-	-	-	30,513,159	-	-	30,513,159	30,513,159
	28,521,127	**24,831,145**	**154,572,823**	**1,457,373,723**	**111,507,316**	**-**	**1,776,806,134**	**1,651,815,080**
Deposits from financial institutions	-	-	-	-	-	134,509,662	134,509,662	131,229,630
Deposits from customers	-	-	-	-	-	1,324,800,611	1,324,800,611	1,324,796,070
Derivative financial instruments	-	1,737,791	-	-	-	-	1,737,791	1,737,791
Other liabilities	-	-	-	-	-	15,678,189	15,678,189	15,678,189
Debt securities issued						73,155,391	73,155,391	70,949,501
Interest bearing borrowings	-	-	-	-	-	146,345,767	146,345,767	142,936,702
	-	**1,737,791**	**-**	**-**	**-**	**1,694,489,620**	**1,696,227,411**	**1,687,327,883**

Bank *In thousands of Naira* **31 December 2013**	**Trading**	**Derivatives held for trading**	**Held-to-maturity**	**Loans and receivables at amortised cost**	**Available-for-sale**	**Other amortized cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	-	-	-	395,808,747	-	-	395,808,747	395,808,747
Non pledged trading assets								
Treasury bills	2,370,725	-	-	-	-	-	2,370,725	2,370,725
Bonds	1,402,326	-	-	-	-	-	1,402,326	1,402,326
Equity	104,918	-	-	-	-	-	104,918	104,918
Derivative financial instruments	-	72,675	-	-	-	-	72,675	72,675
Loans and advances to banks	-	-	-	13,048,651	-	-	13,048,651	12,769,188
Loans and advances to customers	-	-	-	735,300,741	-	-	735,300,741	734,338,155
Pledged assets				-				
Treasury bills	-	-	-	-	4,712,475	-	4,712,475	4,712,475
Bonds	-	-	58,635,348	-	-	-	58,635,348	37,617,492
Investment securities								
Available for sale								
Treasury bills	-	-	-	-	119,864,079	-	119,864,079	119,864,079
Bonds	-	-	-	-	9,509,116	-	9,509,116	9,509,116
Equity	-	-	-	-	39,231,797	-	39,231,797	39,231,797
Held to maturity								
Treasury bills	-	-	-	-	-	-	-	-
Bonds	-	-	140,466,810	-	-	-	140,466,810	124,990,451
Other assets	-	-	-	37,705,436	-	-	37,705,436	36,436,496
	3,877,969	**72,675**	**199,102,158**	**1,181,863,575**	**173,317,467**	**-**	**1,558,233,844**	**1,519,228,641**
Deposits from financial institutions	-	-	-	-	-	61,295,352	61,295,352	59,689,165
Deposits from customers	-	-	-	-	-	1,217,176,792	1,217,176,792	1,217,176,792
Other liabilities	-	-	-	-	-	50,881,253	50,881,253	50,881,253
Interest bearing borrowings	-	-	-	-	-	120,342,026	120,342,026	115,071,648
	-	**-**	**-**	**-**	**-**	**1,449,695,423**	**1,449,695,423**	**1,442,818,858**

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 (less than 3months) 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 assets in other liabilities is a reasonable approximation of fair value.

(vii) Interest bearing borrowings

The estimated fair value of fixed interest-bearing borrowings not quoted in an active market is based on discounted cash flows using the contractual interest rates 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 December 2014	Group December 2013	Bank December 2014	Bank December 2013
Cash and balances with banks				
- Current balances with banks outside Nigeria	15,109,636	98,875,036	9,351,944	77,501,261
- Unrestricted balances with central banks	32,060,575	31,143,134	22,262,582	24,775,442
- Restricted balances with central banks	257,591,933	172,406,297	255,603,361	171,944,537
- Money market placements	65,813,241	121,368,581	36,965,179	89,433,649
Non pledged trading assets				
Treasury bills	24,546,032	2,370,725	24,546,032	2,370,725
Bonds	3,786,172	1,402,326	3,786,172	1,402,326
Derivative financial instruments	24,866,681	102,123	24,831,145	72,675
Loans and advances to banks	12,435,659	24,579,875	55,776,837	13,048,651
Loans and advances to customers	1,110,464,442	786,169,703	1,019,908,848	735,300,741
Pledged assets				
Treasury bills	15,125,322	4,774,503	13,236,528	4,712,475
Bonds	71,946,825	58,635,348	71,946,825	58,635,348
Investment securities				
Available for sale				
Treasury bills	92,046,032	140,780,793	61,656,952	119,864,079
Bonds	47,749,378	9,847,556	45,543,884	9,509,116
Held to Maturity				
Treasury bills	23,495,446	17,503,150	15,963,009	-
Bonds	61,833,110	146,448,052	57,921,864	140,466,810
Other assets	36,030,750	43,214,300	30,513,159	37,705,436
Total	**1,894,901,234**	**1,659,621,502**	**1,749,814,321**	**1,486,743,271**
Off balance sheet exposuress				
Transaction related bonds and guarantees	165,466,393	158,715,258	145,831,160	142,850,060
Guaranteed facilities	91,373,327	54,741,356	72,221,845	46,956,539
Clean line facilities for letters of credit and other commitments	377,152,396	228,957,302	372,652,653	162,171,919
Total	**633,992,116**	**442,413,916**	**590,705,658**	**351,978,518**

Balances included in Other Assets above are those subject to credit risks. The table above shows a worst-case scenario of credit risk exposure to the Group as at 31 December 2014 and 31 December 2013, without taking account of any collateral held or other credit enhancements attached.

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

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

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

In thousands of Naira	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
Agriculture	14,740,963	11,574,463	14,483,622	11,435,182
Capital market	1,316,637	178,303	1,316,637	177,518
Construction	65,583,095	28,466,420	55,747,139	23,338,255
Education	1,482,317	668,715	1,482,317	668,715
Financand insurance	22,537,038	12,803,857	22,091,245	12,343,465
General	27,709,205	17,789,296	26,521,378	14,554,456
General commerce	170,977,055	111,804,399	148,635,603	93,962,250
Government	55,409,711	64,508,486	54,100,558	63,676,766
Information And communication	111,394,390	80,013,457	108,560,585	76,960,274
Other Manufactiring (Industries)	75,553,584	47,211,983	53,534,031	40,435,342
Basic Metal Products	2,271,646	16,049,601	2,271,646	16,049,601
Cement	28,528,775	17,490,840	28,528,775	17,490,840
Conglomerate	6,924,579	5,694,247	6,924,579	5,694,247
Steel Rolling Mills	66,843,130	53,396,911	66,843,130	53,396,911
Flourmills And Bakeries	4,795,238	6,049,296	4,795,238	6,049,296
Food Manufacturing	19,386,264	12,199,833	19,386,264	12,199,833
Oil And Gas - Downstream	128,040,641	139,792,100	108,160,569	131,715,446
Oil And Gas - Services	89,343,529	49,892,029	89,343,529	49,892,029
Oil And Gas - Upstream	63,154,069	39,834,017	63,154,069	39,834,017
Crude oil refining	26,157,810	-	26,157,810	-
Real estate activities	66,444,681	52,018,628	65,943,853	51,464,340
Transportation and storage	47,154,949	15,551,605	45,393,168	14,435,214
Power and energy	23,236,149	13,546,822	15,502,705	10,465,298
Professional, scientific and technical activities	2,106,274	883,097	2,106,274	883,097
Others	8,354,541	3,246,019	5,930,261	1,418,441
	1,129,446,270	**800,664,424**	**1,036,914,985**	**748,540,833**

5.1.3 Credit quality

(a) Credit quality by class

Group

In thousands of Naira	Loans and advances to Individuals December 2014	Loans and advances to Individuals December 2013	Loans and advances Corporates December 2014	Loans and advances Corporates December 2013	Loans and advances to banks December 2014	Loans and advances to banks December 2013	Off balance sheet December 2014	Off balance sheet December 2013
Carrying amount	27,798,737	13,975,470	1,082,665,705	772,194,233	12,435,659	24,579,875	633,992,116	442,413,916
Neither past due nor impaired								
Grade 1 - 3:	24,625,482	11,909,297	1,025,873,789	709,160,122	12,417,088	24,589,212	633,424,581	441,510,242
Grade 4 -5:	1,901,440	53,449	37,399,652	38,425,213	-	-	80,573	451,837
Gross amount	26,526,922	11,962,746	1,063,273,441	747,585,335	12,417,088	24,589,212	633,505,154	441,962,079
Impairment	(381,007)	(241,932)	(8,757,115)	(5,172,948)	(1,655)	(9,337)	-	-
Carrying amount	26,145,915	11,720,814	1,054,516,326	742,412,387	12,415,433	24,579,875	633,505,154	441,962,079
Past due but not impaired:								
Grade 6:	117,669	208,849	1,851,029	1,458,597	15,918	-	-	-
Grade 7:	724,616	683,056	3,050,021	8,121,261	8,994	-	-	-
Grade 8:	1,227,641	1,188,339	7,413,786	6,865,745	-	-	486,962	451,837
Gross amount	2,069,926	2,080,244	12,314,836	16,445,603	24,912	-	486,962	451,837
Impairment	(417,104)	(241,866)	(1,459,071)	(892,462)	(4,686)	-	-	-
Carrying amount	1,652,822	1,838,378	10,855,765	15,553,141	20,226	-	486,962	451,837
Past due and impaired:								
Grade 6: Impaired	-	518,269	573,859	6,084,199	-	-	-	-
Grade 7: Impaired	-	260,240	16,004,792	6,972,693	-	-	-	-
Grade 8: Impaired	-	777,281	8,683,764	7,976,411	-	-	-	-
Gross amount	-	1,555,790	25,262,415	21,033,303	-	-	-	-
Allowance for impairment	-	(1,139,512)	(7,968,801)	(6,804,598)	-	-	-	-
Carrying amount	-	416,278	17,293,615	14,228,705	-	-	-	-

Bank	Loans and advances to Individuals		Loans and advances Corporates		Loans and advances to banks		Off balance sheet	
In thousands of Naira	December 2014	December 2013	December 2014	December 2013	December 2014	December 2013	December 2014	December 2013
Carrying amount	20,474,335	11,612,197	999,434,514	723,688,544	55,776,837	13,048,651	590,705,657	361,401,929
Neither past due nor impaired								
Grade 1 - 3:	19,064,106	9,965,719	947,196,486	663,646,422	55,758,266	13,057,988	590,218,383	360,512,201
Grade 4 -5:	14,528	49,966	36,288,582	38,443,121	-	-	313	382,798
Gross amount	19,078,634	10,015,685	983,485,068	702,089,543	55,758,266	13,057,988	590,218,696	360,894,999
Impairment	(257,123)	(241,866)	(8,532,680)	(5,065,812)	(1,655)	(9,337)	-	-
Carrying amount	18,821,511	9,773,819	974,952,388	697,023,731	55,756,611	13,048,651	590,218,696	360,894,999
Past due but not Impaired:								
Grade 6:	117,669	208,850	1,851,028	1,458,602	-	-	-	-
Grade 7:	724,616	683,056	3,050,021	8,121,261	15,918	-	-	-
Grade 8:	1,227,642	1,188,339	7,413,786	6,865,745	8,994	-	486,962	506,930
Gross amount	2,069,927	2,080,245	12,314,835	16,445,608	24,912	-	486,962	506,930
Impairment	(417,104)	(241,867)	(1,459,071)	(892,462)	(4,686)	-		-
Carrying amount	1,652,823	1,838,378	10,855,764	15,553,146	20,226	-	486,962	506,930
Past due and Impaired:								
Grade 6: Impaired	-	-	169,051	6,084,199	-	-	-	-
Grade 7: Impaired	-	-	15,268,156	6,972,693	-	-	-	-
Grade 8: Impaired	-	-	4,529,314	4,867,287	-	-	-	-
Gross amount	-	-	19,966,521	17,924,179	-	-	-	-
Allowance for impairment		-	(6,340,159)	(6,812,512)	-	-	-	-
Carrying amount	-	-	13,626,362	11,111,667	-	-	-	-

5.1.3
(b) Aging analysis of credit quality

	Group		Bank	
31 December 2014	**Loans to individuals**	**Loans to Corporates and Banks**	**Loans to individuals**	**Loans to Corporates and Banks**
Past due & not impaired				
Past due up to 30days	117,669	1,851,029	117,669	1,851,028
Past due up 30 - 60 days	724,616	3,065,939	724,616	3,065,939
Past due up 60 - 90 days	1,227,641	7,422,780	1,227,642	7,422,780
Total	2,069,926	12,339,748	2,069,927	12,339,747
Past due & impaired				
Past due up to 91 - 180days	-	573,859	-	169,051
Past due up 180 - 360 days	-	16,004,792	-	15,268,156
Above 360days	636	8,683,128	-	4,529,314
Total	636	25,261,779	-	19,966,521
31 December 2013				
Past due & not impaired				
Past due up to 30days	346,707	2,740,935	346,707	2,740,935
Past due up 30 - 60 days	1,040,122	8,222,804	1,040,122	8,222,804
Past due up 60 - 90 days	693,415	5,481,869	693,415	5,481,869
Total	2,080,244	16,445,608	2,080,244	16,445,608
Past due & impaired				
Past due up to 91 - 180days	518,269	6,084,199	-	6,084,199
Past due up 180 - 360 days	260,240	6,972,693	-	6,972,693
Above 360days	777,281	7,976,411	-	4,867,287
Total	1,555,790	21,033,303	-	17,924,179

(c) Debt securities

Grade 1-3: Low-fair risk

	December 2014			December 2013		
Group	**Treasury bills**	**Bonds**	**Total**	**Treasury bills**	**Bonds**	**Total**
Available-for-sale assets	92,046,032	47,749,378	139,795,410	140,780,793	9,847,556	150,628,349
Held to maturity assets	23,495,446	61,833,110	85,328,556	17,503,150	146,448,052	163,951,202
Non pledged trading assets	24,546,032	3,786,172	28,332,204	2,370,725	1,402,326	3,773,051
Pledged assets	15,125,322	71,946,825	87,072,147	4,774,503	58,635,348	63,409,851
Carrying amount	155,212,832	185,315,485	340,528,317	165,429,171	216,333,282	381,762,453
Bank	**Treasury bills**	**Bonds**	**Total**	**Treasury bills**	**Bonds**	**Total**
Available-for-sale assets	61,656,952	45,543,884	107,200,836	119,864,079	9,509,116	129,373,195
Held to maturity assets	15,963,009	57,921,864	73,884,873	-	140,466,810	140,466,810
Non pledged trading assets	24,546,032	3,786,172	28,332,204	2,370,725	1,402,326	3,773,051
Pledged assets	13,236,528	71,946,825	85,183,353	4,712,475	58,635,348	63,347,823
Carrying amount	115,402,521	179,198,745	294,601,266	126,947,279	210,013,600	336,960,879

The credit risk associated with Cash and balances with banks, derivatives and other assets (all neither past due nor impaired) are considered to be low at 31 December 2014.

5.1.3 Credit quality
(d) Credit quality by risk rating class

Group

In thousands of Naira

External Rating Equivalent	Grade	Risk Rating	Loans and advances to Individuals December 2014	Loans and advances to Individuals December 2013	Loans and advances Corporates December 2014	Loans and advances Corporates December 2013	Loans and advances to banks December 2014	Loans and advances to banks December 2013
AAA	Investment	1	-	-	103,411,591	84,185,983	12,290,573	24,234,430
AA	Investment	2+	-	-	160,138,302	69,316,762	-	-
A	Investment	2	-	-	125,585,058	131,742,876	-	134,691
BBB	Investment	2-	-	-	205,089,767	118,456,596	-	-
BB+	Standard	3+	1,289,875	417,940	184,994,108	57,950,888	-	-
BB	Standard	3	20,688,668	10,374,717	174,611,584	196,322,475	126,515	220,091
BB-	Standard	3-	2,646,939	1,116,636	72,043,380	51,185,944	-	-
B	Non-Investment	4	1,107,304	1,911	34,754,218	36,173,817	-	-
B-	Non-Investment	5	794,136	51,537	2,645,434	2,251,396	-	-
CCC	Non-Investment	6	117,669	727,118	2,424,888	7,542,801	-	-
C	Non-Investment	7	724,616	943,296	19,054,813	15,093,954	15,918	-
D	Non-Investment	8	1,228,276	1,965,621	16,096,913	14,842,156	8,994	-
Gross amount			28,597,483	15,598,776	1,100,850,056	785,065,648	12,442,000	24,589,212
Collective Impairment			(798,110)	(483,798)	(10,216,186)	(6,066,811)	(6,341)	(9,337)
Specific Impairment			-	(1,139,512)	(7,967,529)	(6,804,598)	-	-
Carrying amount			**27,799,373**	**13,975,466**	**1,082,666,341**	**772,194,239**	**12,435,659**	**24,579,875**

External Rating Equivalent	Grade	Risk Rating	Derivative Financial Instruments Gross Nominal December 2014	Derivative Financial Instruments Gross Nominal December 2013	Derivative Financial Instruments Fair Value December 2014	Derivative Financial Instruments Fair Value December 2013
AAA	Investment	1	221,399,500	-	24,761,064	-
B-	Non-Investment	5	5,242,089	11,471,603	105,617	102,123
Gross amount			226,641,589	11,471,603	24,866,681	102,123
Collective Impairment			-	-	-	-
Specific Impairment			-	-	-	-
Carrying amount			**226,641,589**	**11,471,603**	**24,866,681**	**102,123**

The external rating equivalent refers to the equivalent ratings for loans and advances by credit rating agencies.

Credit quality by risk rating class

Bank

In thousands of Naira

External Rating Equivalent	Grade	Risk Rating	Loans and advances to Individuals December 2014	Loans and advances to Individuals December 2013	Loans and advances Corporates December 2014	Loans and advances Corporates December 2013	Loans and advances to banks December 2014	Loans and advances to banks December 2013
AAA	Investment	1	-	-	101,796,663	82,878,804	55,631,752	12,703,206
AA	Investment	2+	-	-	145,945,811	60,596,394	-	-
A	Investment	2	-	-	117,107,385	126,176,782	-	134,691
BBB	Investment	2-	-	-	200,318,443	112,884,334	-	-
BB+	Standard	3+	920,644	81,066	170,052,461	50,055,376	-	-
BB	Standard	3	17,438,164	8,900,767	143,399,733	182,980,135	126,514	220,091
BB-	Standard	3-	705,298	983,886	68,575,990	48,074,597	-	-
B	Non-Investment	4	14,528	465	34,515,625	36,175,264	-	-
B-	Non-Investment	5	-	49,502	1,772,958	2,253,431	-	-
CCC	Non-Investment	6	117,669	208,849	2,020,080	7,542,800	-	-
C	Non-Investment	7	724,616	683,056	18,318,177	15,093,954	15,918	-
D	Non-Investment	8	1,227,642	1,188,339	11,943,099	11,733,032	8,994	-
Gross amount			21,148,561	12,095,930	1,015,766,425	736,444,903	55,783,178	13,057,988
Collective Impairment			(674,229)	(483,733)	(9,991,751)	(5,943,847)	(6,341)	(9,337)
Specific Impairment			-	-	(6,340,159)	(6,812,512)	-	-
Carrying amount			**20,474,332**	**11,612,197**	**999,434,515**	**723,688,544**	**55,776,837**	**13,048,651**

Derivative Financial Instruments

External Rating Equivalent	Grade	Risk Rating	Gross Nominal December 2014	Gross Nominal December 2013	Fair Value December 2014	Fair Value December 2013
AAA	Investment	1	221,399,500	-	24,761,064	-
BB	Standard	3	3,096,726	9,423,411	70,081	72,675
Gross amount			224,496,226	9,423,411	24,831,145	72,675
Collective Impairment			-	-	-	-
Specific Impairment			-	-	-	-
Carrying amount			**224,496,226**	**9,423,411**	**24,831,145**	**72,675**

The external rating equivalent refers to the equivalent ratings for loans and advances bycredit rating agencies.

5.1.3 Credit quality

(e) Credit quality by credit risk rating model

Group
In thousands of Naira

Risk Rating (ORR) Model	Loans and advances to Individuals		Loans and advances Corporates		Loans and advances to banks	
	December 2014	December 2013	December 2014	December 2013	December 2014	December 2013
Auto Loan	1,049,322	588,969	2,186,891	1,257,383	3,491	-
Credit Card	1,701,880	1,220,445	251,828	348,842	-	-
Finance Lease	67,905	161,129	2,684,171	2,000,500	-	-
Mortgage Loan	4,291,312	3,859,707	179,950	-	-	-
Overdraft	5,653,252	3,764,482	255,764,405	166,953,179	26,149	172,124
Personal Loan	8,195,722	3,176,765	-	-	-	-
Term Loan	4,263,687	2,578,910	541,142,322	429,600,488	121,787	1,057,336
Time Loan	3,374,403	248,370	298,639,218	184,905,253	12,290,573	23,359,752
Gross amount	28,597,483	15,598,777	1,100,848,785	785,065,645	12,442,000	24,589,212
Collective Impairment	(798,111)	(483,798)	(10,216,186)	(6,066,811)	(6,341)	(9,337)
Specific Impairment	-	(1,139,512)	(7,967,529)	(6,804,598)	-	-
Carrying amount	27,799,372	13,975,467	1,082,665,070	772,194,236	12,435,659	24,579,875

Bank
In thousands of Naira

Risk Rating (ORR) Model	Loans and advances to Individuals		Loans and advances Corporates		Loans and advances to banks	
	December 2014	December 2013	December 2014	December 2013	December 2014	December 2013
Auto Loan	1,039,754	549,534	2,186,891	1,240,483	3,491	-
Credit Card	1,619,091	1,220,445	251,829	348,842	-	-
Finance Lease	-	161,129	2,480,457	1,566,157	-	-
Mortgage Loan	3,570,299	3,805,234	179,950	-	-	-
Overdraft	4,111,433	2,645,838	226,471,125	146,183,869	26,149	172,124
Personal Loan	6,865,010	1,602,249	-	-	-	-
Term Loan	3,274,322	1,863,132	509,908,731	408,839,723	121,786	1,057,336
Time Loan	668,650	248,369	274,287,442	178,265,829	55,631,752	11,828,528
Gross amount	21,148,559	12,095,930	1,015,766,425	736,444,903	55,783,178	13,057,988
Collective Impairment	(674,228)	(483,733)	(9,991,750)	(5,943,847)	(6,341)	(9,337)
Specific Impairment	-	-	(6,340,159)	(6,812,512)	-	-
Carrying amount	20,474,331	11,612,197	999,434,516	723,688,544	55,776,837	13,048,651

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

Group *In thousands of Naira*	**Loans and advances to customers**		**Loans and advances to banks**	
	December 2014	**December 2013**	**December 2014**	**December 2013**
Against neither past due and not impaired				
Property	394,328,852	196,050,502	-	-
Equities	5,343,810	10,008,051	-	-
Cash	29,996,336	120,671,708	-	-
Pledged goods/receivables	-	-	-	-
Others	45,395,427	131,210,626	-	-
Total	**475,064,425**	**457,940,887**	**-**	
Against past due but not impaired:				
Property	11,445,304	19,133,477	-	-
Equities	2,539	1,705	-	-
Cash	-	-	-	-
Pledged goods/receivables	-	-	-	-
Others	-	9,884,392	-	-
Total	**11,447,843**	**29,019,574**	**-**	**-**
Against past due and impaired				
Property	8,471,685	1,707,061	-	-
Equities	4,129	-	-	-
Others	947,815	2,089,071	-	-
	9,423,629	**3,796,132**	**-**	**-**
Total	**495,935,897**	**490,756,593**	**-**	**-**

Bank *In thousands of Naira*	**Loans and advances to customers**		**Loans and advances to banks**	
	December 2014	**December 2013**	**December 2014**	**December 2013**
Against neither past due and not impaired				
Property	375,551,288	176,969,899	-	-
Equities	5,188,165	9,034,018	-	-
Cash	26,083,771	108,927,341	-	-
Others	40,172,943	118,440,560	-	-
Total	**446,996,167**	**413,371,818**	**-**	**-**
Against past due but not impaired:				
Property	11,445,304	17,271,313	-	-
Equities	2,539	1,539	-	-
Cash	-	-	-	-
Others	-	8,922,394	-	-
Total	**11,447,843**	**26,195,246**	**-**	**-**
Against past due and impaired				
Property	6,777,347	1,540,921	-	-
Equities	4,129	-		
Cash		-		
Others	653,666	1,885,752	-	-
Total	**7,435,142**	**3,426,673**	**-**	**-**
Total	**465,879,152**	**442,993,737**	**-**	**-**

There are no collaterals held against other financial assets.

Collateral held and other credit enhancements, and their financial effect
The general creditworthiness of a customer tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional security and the Group generally requests that corporate borrowers provide it. The Group may take collateral in the form of a first charge over real estate, floating charges over all corporate assets and other liens and guarantees. Because of the Group's focus on customers' creditworthiness, the Group does not routinely update the valuation of collateral held against all loans to customers. Valuation of collateral is updated when the credit risk of a loan deteriorates significantly and the loan is monitored more closely. For impaired loans, the Group obtains appraisals of collateral because the current value of the collateral is an input to the impairment measurement.

5.1.4 Repossessed collateral

The group obtained assets by taking possession of collateral held as security. The nature and carrying amounts of such assets at the reporting date are as follows:

Nature of assets	Bank Carrying value December 2014	Bank Carrying value December 2013
Investment property	-	5,159,830
	-	**5,159,830**

5.1.5 Offsetting financial assets and financial liabilities

As at 31 December 2014

In thousands of Naira

The following financial assets are subject to offsetting	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
Financial assets			
Loans and advances to banks	12,881,327	445,668	12,435,659
Total	**12,881,327**	**445,668**	**12,435,659**

As at 31 December 2014

	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
Financial liabilities			
Interest bearing borrowing	80,261,977	445,668	79,816,309
Total	**80,261,977**	**445,668**	**79,816,309**

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

The gross amounts of financial assets and financial liabilities disclosed in the above tables have been measured in the statement of financial position on the following bases:
(1) Loans and advances to customers – amortised cost; and
(2) Interest bearing borrowings – amortised cost.

5.1.6 (a) Credit concentration

The Group monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of net credit risk at the reporting date is shown below:

Group
By Sector

December 2014 *In thousands of Naira*	**Corporate**	**Commercial**	**Bank**	**Retail**	**Government**	**Others**	**Total**
Cash and balances with banks	-	-	370,575,385	-		-	370,575,385
Non pledged trading assets							
Treasury bills	-	-	-	-	24,546,032	-	24,546,032
Bonds	-	-	-	-	3,786,172	-	3,786,172
Derivative financial assets	52,388	-	24,814,293	-	-	-	24,866,681
Loans and advances to banks	-	-	12,435,659	-		-	12,435,659
Loans and advances to customers	-	-	-	-		-	-
Auto Loan	407,110	1,414,713	-	1,121,666	252,306	-	3,195,795
Credit Card	23,885	130,420	-	1,764,825	-	-	1,919,130
Finance Lease	1,109,581	1,555,628	-	67,558	-	-	2,732,767
Mortgage Loan	-	34,844	-	4,373,896	-	-	4,408,740
Overdraft	127,191,153	107,823,260	-	6,274,984	8,120,785	-	249,410,182
Personal Loan	-	-	-	8,099,089	-	-	8,099,089
Term Loan	285,000,294	212,988,576	-	4,224,648	37,768,413	-	539,981,931
Time Loan	114,911,265	172,334,423	-	4,458,741	9,012,378	-	300,716,808
Pledged assets							
Treasury bills	-	-	-	-	15,125,322	-	15,125,322
Bonds	-	-	-	-	71,946,825	-	71,946,825
Investment securities							
- Available for sale	-	-	-	-	92,046,032	-	92,046,032
Treasury bills	11,941,141	-	9,171,429	-	26,636,807	-	47,749,378
Bonds							
- Held to Maturity							
Treasury bills	-	-	-	-	23,495,446	-	23,495,446
Bonds	5,225,169	-	1,031,974	-	55,575,967	-	61,833,110
Other assets	8,304,220	702,502	2,407,285	3,833,245	10,100,525	10,682,974	36,030,751
Total	**554,166,205**	**496,984,366**	**420,436,025**	**34,218,652**	**378,413,010**	**10,682,974**	**1,894,901,234**

Credit risk exposures relating to other credit commitments at gross amount are as follows:	**Corporate**	**Commercial**	**Bank**	**Retail**	**Government**	**Others**	**Total**
Transaction related bonds and guarantees	23,601,545	115,996,127	-	346,462	24,882,433	639,826	165,466,393
Guaranteed facilities	27,622,038	59,530,706	-	259,327	3,648,713	312,543	91,373,327
Clean line facilities for letters of credit and other commitments	64,015,860	57,639,456	1,886,733	128,746	253,481,601	-	377,152,396
Total	**115,239,443**	**233,166,289**	**1,886,733**	**734,535**	**282,012,747**	**952,369**	**633,992,116**

Group
By Sector

December 2013

In thousands of Naira	**Corporate**	**Commercial**	**Bank**	**Retail**	**Government**	**Others**	**Total**
Cash and balances with banks	-	-	423,793,048	-	-	-	423,793,048
Non pledged trading assets							
Treasury bills	-	-	-	-	2,370,725	-	2,370,725
Bonds	-	-	-	-	1,402,326	-	1,402,326
Derivative financial instruments	102,123	-	-	-	-	-	102,123
Loans and advances to banks	-	-	24,579,875	-	-	-	24,579,875
Loans and advances to customers			-				-
Auto Loan	305,204	743,567	-	772,359	-	-	1,821,130
Credit Card	23,813	54,512	-	1,467,355	5	-	1,545,685
Finance Lease	1,143,729	463,428	-	339,124	79,966	111,930	2,138,177
Mortgage Loan	-	-	-	3,811,569	-	-	3,811,569
Overdraft	86,207,987	62,072,159	-	13,269,670	1,036,677	-	162,586,493
Personal Loan	-	18,461	-	3,135,912	-	-	3,154,373
Term Loan	256,219,478	97,050,048	-	13,210,986	60,345,671	-	426,826,184
Time Loan	102,480,718	76,639,377	-	562,741	4,603,257	-	184,286,093
Pledged assets							
Treasury bills	-	-	-	-	4,774,503	-	4,774,503
Bonds	-	-	-	-	58,635,348	-	58,635,348
Investment securities							
- Available for sale							
Treasury bills	-	-	-	-	140,780,793	-	140,780,793
Bonds	129,322	338,440	3,277,502	-	6,102,292	-	9,847,556
- Held to Maturity							
Treasury bills					17,503,150		17,503,150
Bonds	6,353,017	-	1,854,566	-	138,240,469	-	146,448,052
Other assets	-	-	15,976,057	-	5,780,566	21,457,677	43,214,300
Total	**452,965,391**	**237,379,992**	**469,481,048**	**36,569,716**	**441,655,748**	**21,569,607**	**1,659,621,502**

Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	28,348,984	129,756,173	-	57,655	165,014	387,432	158,715,258
Guaranteed facilities	14,655,032	37,658,194	15,000	145,341	2,145,707	122,082	54,741,356
Clean line facilities for letters of credit and other commitments	172,136,387	55,973,847	743,954	103,114	-	-	228,957,302
Total	**215,140,403**	**223,388,213**	**758,954**	**306,110**	**2,310,721**	**509,514**	**442,413,916**

5.1.6(a)i **Concentration by location for loans and advances is measured based on the location of the Group entity holding the asset, which has a high correlation with the location of the borrower. Concentration by location for investment securities is measured based on the location of the issuer of the security.**

By geography
Group

December 2014 *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Others**	**Total**
Cash and balances with banks	316,735,471	31,931,324	21,908,590	-	370,575,385
Non pledged trading assets					
Treasury bills	3,786,172	-	-	-	3,786,172
Bonds	24,546,032	-	-	-	24,546,032
Derivative financial instruments	24,761,064	-	105,617	-	24,866,681
Loans and advances to banks	12,435,659	-	-	-	12,435,659
Loans and advances to customers					
Auto Loan	3,186,276	9,519	-	-	3,195,795
Credit Card	1,836,831	82,299	-	-	1,919,130
Finance Lease	2,462,536	270,231	-	-	2,732,767
Mortgage Loan	3,696,195	712,544	-	-	4,408,739
Overdraft	220,076,669	29,333,513	-	-	249,410,182
Personal Loan	6,771,930	1,327,160	-	-	8,099,090
Term Loan	507,949,921	18,296,164	13,735,847	-	539,981,932
Time Loan	273,928,488	26,255,890	532,429	-	300,716,807
Pledged assets					
Treasury bills	13,236,528	1,888,794	-	-	15,125,322
Bonds	71,946,825	-	-	-	71,946,825
Investment securities					
- Available for sale					
Treasury bills	61,656,952	13,703,364	16,685,716	-	92,046,032
Bonds	37,193,593	-	10,555,785	-	47,749,378
- Held to Maturity					
Treasury bills	22,819,121	-	676,325	-	23,495,446
Bonds	60,088,642	-	1,744,468	-	61,833,110
Other assets	30,513,159	2,652,048	2,865,543	-	36,030,750
Total	**1,699,628,065**	**126,462,850**	**68,810,320**	**-**	**1,894,901,233**

Credit risk exposures relating to othr credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	145,828,839	19,636,482	1,072	-	165,466,393
Guaranteed facilities	72,209,932	19,163,395	-	-	91,373,327
Clean line facilities for letters of credit and other commitments	372,652,651	4,455,746	43,999	-	377,152,396
Total	**590,691,422**	**43,255,623**	**45,071**	**-**	**633,992,116**

By geography

Group **December 2013** *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Others**	**Total**
Cash and balances with banks	199,600,213	49,785,767	49,165,466	125,241,602	423,793,048
Non pledged trading assets					
Treasury bills	2,370,725	-	-	-	2,370,725
Bonds	1,402,326	-	-	-	1,402,326
Derivative financial instruments	102,123	-	-	-	102,123
Loans and advances to banks	345,445	479,970	23,754,460	-	24,579,875
Loans and advances to customers					
Auto Loan	1,764,794	56,336	-	-	1,821,130
Credit Card	1,545,685	-	-	-	1,545,685
Finance Lease	1,708,082	430,095	-	-	2,138,177
Mortgage Loan	3,752,849	58,720	-	-	3,811,569
Overdraft	141,574,414	21,012,079	-	-	162,586,493
Personal Loan	1,578,372	1,576,001	-	-	3,154,373
Term Loan	405,729,477	16,156,700	4,940,007	-	426,826,184
Time Loan	177,646,668	4,169,421	2,470,003	-	184,286,092
Pledged assets					
Treasury bills	4,712,475	62,028	-	-	4,774,503
Bonds	58,635,348	-	-	-	58,635,348
Investment securities					
- Available for sale					
Treasury bills	119,864,079	15,662,029	5,254,685	-	140,780,793
Bonds	2,818,336	-	7,029,220	-	9,847,556
- Held to Maturity					
Treasury bills	-	3,662,517	13,840,633	-	17,503,150
Bonds	139,645,369	4,236,774	2,565,909	-	146,448,052
Other assets	22,163,640	5,034,951	9,905,167	6,110,542	43,214,300
Total	**1,286,960,420**	**122,383,388**	**118,925,550**	**131,352,144**	**1,659,621,502**

Credit risk exposures relating to othr credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	142,850,060	14,115,422	1,749,776	-	158,715,258
Guaranteed facilities	46,956,539	7,784,817	-	-	54,741,356
Clean line facilities for letters of credit and other commitments	162,171,919	18,988,528	47,796,855	-	228,957,302
Total	**351,978,518**	**40,888,767**	**49,546,631**	**-**	**442,413,916**

Credit risk management

5.1.6 (b) By Sector

Bank
December 2014

In thousands of Naira	Corporate	Commercial	Bank	Retail	Government	Others	Total
Cash and balances with banks	-	-	324,183,066	-		-	324,183,066
Non pledged trading assets							
Treasury bills	-	-	-	-	24,546,032	-	24,546,032
Bonds	-	-	-	-	3,786,172	-	3,786,172
Derivative financial instruments	52,388	-	17,693	-	24,761,064	-	24,831,145
Loans and advances to banks	-	-	55,776,837	-		-	55,776,837
Loans and advances to customers	-	-	-	-		-	-
Auto Loan	407,110	1,414,713	-	1,112,147	252,306	-	3,186,276
Credit Card	23,884	130,420	-	1,682,527	-	-	1,836,831
Finance Lease	998,111	1,464,425	-	-	-	-	2,462,536
Mortgage Loan	-	34,844	-	3,661,353	-	-	3,696,197
Overdraft	111,864,393	95,283,183	-	4,808,308	8,120,785	-	220,076,669
Personal Loan	-	-	-	6,771,929	-	-	6,771,929
Term Loan	267,921,588	200,116,138	-	3,244,830	36,667,365	-	507,949,921
Time Loan	101,651,047	161,485,154	-	1,779,910	9,012,378	-	273,928,489
Pledged assets							
Treasury bills	-	-	-	-	13,236,528	-	13,236,528
Bonds	-	-	-	-	71,946,826	-	71,946,826
Investment securities							
Available for sale							
Treasury bills	-	-	-	-	61,656,952	-	61,656,952
Bonds	1,384,355	-	6,965,935	-	37,193,593	-	45,543,884
Held to Maturity							
Treasury bills	-	-	-	-	15,963,009	-	15,963,009
Bonds	2,886,419	-	1,031,974	-	54,003,471	-	57,921,864
Other assets	6,777,688	140,437	1,100,860	2,836,891	9,763,994	9,893,290	30,513,159
Total	**493,966,983**	**460,069,314**	**389,076,365**	**25,897,894**	**370,910,475**	**9,893,290**	**1,749,814,323**

Credit risk exposures relating to other credit commitments at gross amount are as follows:	Corporate	Commercial	Bank	Retail	Government	Others	Total
Transaction related bonds and guarantees	13,964,545	105,997,893	-	346,462	24,882,434	639,826	145,831,161
Guaranteed facilities	20,122,038	47,902,619	-	255,932	3,638,713	302,543	72,221,845
Clean line facilities for letters of credit and other commitments	60,015,860	57,139,712	1,886,733	128,746	253,481,602	-	372,652,653
Total	**94,102,443**	**211,040,224**	**1,886,733**	**731,140**	**282,002,749**	**942,369**	**590,705,659**

By Sector

Bank
December 2013

In thousands of Naira	**Corporate**	**Commercial**	**Bank**	**Retail**	**Government**	**Others**	**Total**
Cash and balances with banks	-	-	363,654,889	-		-	363,654,889
Non pledged trading assets							
Treasury bills	-	-	-	-	2,370,725	-	2,370,725
Bonds	-	-	-	-	1,402,326	-	1,402,326
Derivative financial assets	72,675	-	-	-	-	-	72,675
Loans and advances to banks	-	-	13,048,651	-	-	-	13,048,651
Loans and advances to customers							
Auto Loan	305,203	687,231	-	72,360	-	-	1,064,793
Credit Card	23,813	54,512	-	1,467,355	5	-	1,545,685
Finance Lease	968,739	320,253	-	339,124	79,966	-	1,708,082
Mortgage Loan	-	-	-	3,752,849	-	-	3,752,849
Overdraft	79,611,306	56,674,876	-	4,251,554	1,036,677	-	141,574,413
Personal Loan	-	18,461	-	1,559,911	-	-	1,578,372
Term Loan	242,506,168	97,050,048	-	5,827,591	60,345,671	-	405,729,478
Time Loan	102,868,004	72,001,878	-	562,740	2,214,447	-	177,647,069
Pledged assets							
Treasury bills	-	-	-	-	4,712,475	-	4,712,475
Bonds	-	-	-	-	58,635,348	-	58,635,348
Investment securities							
- Available for sale							
Treasury bills	-	-	-	-	119,864,079	-	119,864,079
Bonds	6,690,780	-	-	-	2,818,336	-	9,509,116
- Held to Maturity							
Treasury bills	-	-	-	-	-	-	-
Bonds	11,246,809	-	1,033,123	-	128,186,878	-	140,466,810
Other assets	-	-	15,976,057	-	5,780,566	15,948,813	37,705,436
Total	**444,293,497**	**226,807,259**	**393,712,720**	**17,833,483**	**387,447,499**	**15,948,813**	**1,486,043,272**
Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	12,483,787	129,756,172	-	57,655	165,014	387,432	142,850,060
Guaranteed facilities	6,870,216	37,658,194	15,000	145,341	2,145,707	122,081	46,956,539
Clean line facilities for letters of credit and other commitments	105,351,003	55,973,848	743,954	103,114	-	-	162,171,919
Total	**124,705,006**	**223,388,214**	**758,954**	**306,110**	**2,310,721**	**509,513**	**351,978,518**

5.1.6 (b)i By geography

Bank **December 2014** *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Others**	**Total**
Cash and balances with banks	307,912,599	3,624,876	2,737,562	9,908,029	324,183,066
Non pledged trading assets					
Treasury bills	24,546,032	-	-	-	24,546,032
Bonds	3,786,172	-	-	-	3,786,172
Derivative financial instruments	24,813,452	-	17,693	-	24,831,145
Loans and advances to banks	55,776,837	-	-	-	55,776,837
Loans and advances to customers					
Auto Loan	3,186,276	-	-	-	3,186,276
Credit Card	1,836,831	-	-	-	1,836,831
Finance Lease	2,462,536	-	-	-	2,462,536
Mortgage Loan	3,696,197	-	-	-	3,696,197
Overdraft	220,076,672	-	-	-	220,076,672
Personal Loan	6,771,929	-	-	-	6,771,929
Term Loan	507,949,921	-	-	-	507,949,921
Time Loan	273,928,486	-	-	-	273,928,486
Pledged assets					
Treasury bills	13,236,528	-	-	-	13,236,528
Bonds	71,946,825	-	-	-	71,946,825
Investment securities					
Available for sale					
Treasury bills	61,656,952	-	-	-	61,656,952
Bonds	36,672,871	-	8,871,013	-	45,543,884
Held to Maturity					
Treasury bills	15,963,009	-	-	-	15,963,009
Bonds	57,921,864	-	-	-	57,921,864
Other assets	29,490,011	1,023,148	-	-	30,513,159
Total	**1,723,632,000**	**4,648,024**	**11,626,268**	**9,908,029**	**1,749,814,321**

Credit risk exposures relating to othr credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	145,831,160	-	-	-	145,831,160
Guaranteed facilities	72,221,845	-	-	-	72,221,845
Clean line facilities for letters of credit and other commitments	372,652,653	-	-	-	372,652,653
Total	**590,705,658**	**-**	**-**	**-**	**590,705,658**

By geography

Bank
December 2013
In thousands of Naira

	Nigeria	Rest of Africa	Europe	Others	Total
Cash and balances with banks	199,138,453	367,249	38,907,585	125,241,602	363,654,889
Non pledged trading assets					
Treasury bills	2,370,725	-	-	-	2,370,725
Bonds	1,402,326	-	-	-	1,402,326
Derivative financial instruments	72,675	-	-	-	72,675
Loans and advances to banks	345,445	479,970	12,223,236	-	13,048,651
Loans and advances to customers					
Auto Loan	1,764,793	-	-	-	1,764,793
Credit Card	1,545,685	-	-	-	1,545,685
Finance Lease	1,708,082	-	-	-	1,708,082
Mortgage Loan	3,752,849	-	-	-	3,752,849
Overdraft	141,574,414	-	-	-	141,574,414
Personal Loan	1,578,372	-	-	-	1,578,372
Term Loan	405,729,878	-	-	-	405,729,878
Time Loan	177,646,668	-	-	-	177,646,668
Pledged assets					
Treasury bills	4,712,475	-	-	-	4,712,475
Bonds	58,635,348	-	-	-	58,635,348
Investment securities					
Available for sale					
Treasury bills	119,864,079	-	-	-	119,864,079
Bonds	2,818,336	-	6,690,780	-	9,509,116
Held to Maturity					
Treasury bills	-	-	-	-	-
Bonds	139,645,369	-	821,441	-	140,466,810
Other assets	20,460,439	-	9,905,167	7,339,830	37,705,436
Total	**1,284,766,411**	**847,219**	**68,548,209**	**132,581,432**	**1,486,743,271**

	Nigeria	Rest of Africa	Europe	Others	Total
Credit risk exposures relating to othr credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	142,850,060	-	-	-	142,850,060
Guaranteed facilities	46,956,539	-	-	-	46,956,539
Clean line facilities for letters of credit and other commitments	162,171,919	-	-	-	162,171,919
Total	**351,978,518**	**-**	**-**	**-**	**351,978,518**

5.2.1 A summary of the Group's interest rate gap position on financial insturments is as follows:

Group	**Re-pricing period**						
In thousands of Naira **31 December 2014**	**Less than 3 months**	**4 - 6 months**	**7 - 12 months**	**1 - 5 years**	**More than 5 years**	**Non-Interest bearing**	**Total**
Non-derivative assets							
Cash and balances with banks	147,422,860	-	-	-	-	257,591,933	405,014,793
Non pledged trading assets							
Treasury bills	18,108,814	1,348,700	5,088,518	-	-	-	24,546,032
Bonds	-	3,552,375	-	233,797	-	-	3,786,172
Loans and advances to banks	-	4,976,800	7,458,859	-	-	-	12,435,659
Loans and advances to customers							
Auto Loan	16,962	36,691	115,857	3,026,285	-	-	3,195,794
Credit Card	1,832,205	-	14,797	72,128	-	-	1,919,130
Finance Lease	249,344	164,056	41,560	2,277,809	-	-	2,732,768
Mortgage Loan	-	71,254	121,132	1,087,129	3,129,861	-	4,409,376
Overdraft	180,987,256	31,870,190	36,531,732	20,366	-	-	249,409,546
Personal Loan	362,620	448,015	686,373	6,509,209	92,872	-	8,099,089
Term Loan	87,032,638	31,592,080	22,181,512	271,447,831	127,727,871	-	539,981,932
Time Loan	209,197,628	39,510,144	48,217,990	3,790,287	759	-	300,716,809
Pledged assets							
Treasury bills	10,633,684	2,137,392	2,354,246	-	-	-	15,125,322
Bonds	-	-	-	-	71,946,825	-	71,946,825
Investment securities							
- Available for sale							
Treasury bills	31,374,867	56,915,907	3,755,259	-	-	-	92,046,032
Bonds	-	37,193,593	-	10,555,785	-	-	47,749,378
- Held to Maturity							
Treasury bills	5,838,977	14,930,757	2,725,712	-	-	-	23,495,446
Bonds	7,966,321	-	-	40,262,778	13,604,011	-	61,833,110
Other assets	-	-	-	-	-	36,030,750	36,030,750
	701,024,176	**224,747,954**	**129,293,547**	**339,283,405**	**216,502,199**	**293,622,683**	**1,904,473,962**
Non-derivative liabilities							
Deposits from financial institutions	104,196,956	10,592,358	4,256,109	-	-	-	119,045,423
Deposits from customers	1,295,131,921	57,033,357	101,953,774	300,000	-	-	1,454,419,052
Other liabilties	7,047,903	3,674,411	4,601,503	4,783,730	-	94,255	20,201,802
Debt securities issued	-	-	-	65,325,788	73,155,391	-	138,481,179
Interest bearing borrowings	156,136	-	-	31,541,774	48,118,399	-	79,816,309
	1,406,532,916	**71,300,126**	**110,811,386**	**101,951,292**	**121,273,790**	**94,255**	**1,811,963,765**
Total interest re-pricing gap	(705,508,740)	153,447,828	18,482,161	237,332,113	95,228,408	293,528,428	92,510,197

Group	Re-pricing period						
In thousands of Naira **31 December 2013**	**Less than 3 months**	**4 - 6 months**	**7 - 12 months**	**1 - 5 years**	**More than 5 years**	**Non-Interest bearing**	**Total**
Non-derivative assets							
Cash and balances with banks	303,141,161	848,929	577,130	-	-	134,892,321	439,459,541
Non- pledged trading assets							
Treasury bills	1,173,239	348,327	849,159	-	-	-	2,370,725
Bonds	25,935	-	-	1,145,220	231,171	-	1,402,326
Loans and advances to banks	5,959,111	9,545,550	7,644,831	1,430,383	-	-	24,579,875
Loans and advances to customers							
Auto Loan	348,476	2,885	62,293	1,407,475	-	-	1,821,129
Credit Card	1,545,685	-	-	-	-	-	1,545,685
Finance Lease	81,840	46,610	118,975	1,890,752	-	-	2,138,177
Mortgage Loan	451,881	-	5,777	479,150	2,874,761	-	3,811,569
Overdraft	107,670,840	27,210,458	25,955,198	1,749,997	-	-	162,586,493
Personal Loan	26,212	1,232	30,826	3,093,416	2,687	-	3,154,373
Term Loan	58,755,263	44,364,987	30,283,286	78,340,565	215,082,084	-	426,826,185
Time Loan	155,467,208	16,934,205	4,876,085	7,007,711	883	-	184,286,092
Pledged assets							
Treasury bills	4,774,503	-	-	-	-	-	4,774,503
Bonds	-	-	-	-	58,635,348	-	58,635,348
Investment securities							
- Available for sale							
Treasury bills	71,336,707	47,282,061	22,162,025	-	-	-	140,780,793
Bonds	-	-	-	9,847,556	-	-	9,847,556
- Held to Maturity							
Treasury bills	5,834,383	8,168,137	3,500,630				17,503,150
Bonds	3,056,099	9,574,162	59,123,792	25,559,380	49,134,619		146,448,052
Other assets	-	-	-	-	-	43,214,300	43,214,300
	719,648,543	**164,327,543**	**155,190,007**	**131,951,604**	**325,961,553**	**178,106,621**	**1,675,185,873**
Non-derivative liabilities							-
Deposits from financial institutions	56,942,176	11,082,064	4,123,716	-	-	-	72,147,956
Deposits from customers	830,181,563	133,236,381	345,376,295	2,239,232	-	20,385,188	1,331,418,659
Other liabilties	-	-	-	-	-	54,706,413	54,706,413
Debt securities issued	-	-	-	55,828,248	-	-	55,828,248
Interest bearing borrowings	2,292,943	1,349,297	4,143,416	41,328,553	15,224,773	-	64,338,982
	889,416,682	**145,667,742**	**353,643,427**	**99,396,033**	**15,224,773**	**75,091,601**	**1,578,440,258**
Total interest re-pricing gap	(169,768,139)	18,659,801	(198,453,420)	32,555,571	310,736,780	103,015,020	96,745,615

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

Bank

In thousands of Naira **31 December 2014**	Re-pricing period						
	Less than 3 months	**4 - 6 months**	**7 - 12 months**	**1 - 5 years**	**More than 5 years**	**Non-Interest bearing**	**Total**
Non-derivative assets							
Cash and balances with banks	95,571,518		-	-	-	255,603,361	351,174,879
Non- pledged trading assets							
Treasury bills	18,445,882	1,426,320	4,673,830	-	-	-	24,546,032
Bonds	-	3,054,118	-	332,054	400,000	-	3,786,172
Loans and advances to banks	21,447	-	55,631,752	123,638	-	-	55,776,837
Loans and advances to customers							
Auto Loan	15,914	34,311	111,573	3,024,477	-	-	3,186,275
Credit Card	1,749,906	-	14,797	72,128	-	-	1,836,831
Finance Lease	168,275	96,498	1,025	2,196,738	-	-	2,462,536
Mortgage Loan	-	-	-	887,617	2,808,580	-	3,696,197
Overdraft	172,481,174	20,430,121	27,145,009	20,366	-	-	220,076,670
Personal Loan	97,188	63,139	235,139	6,283,592	92,872	-	6,771,930
Term Loan	83,829,436	26,787,279	14,173,509	266,643,030	116,516,667	-	507,949,921
Time Loan	203,839,963	31,473,649	34,823,831	3,790,287	758	-	273,928,488
Pledged assets							
Treasury bills	8,415,414	2,260,000	2,561,114	-	-	-	13,236,528
Bonds	-	-	-	-	71,946,825	-	71,946,825
Investment securities							
- Available for sale							-
Treasury bills	16,303,382	41,450,379	3,903,191	-	-	-	61,656,952
Bonds	-	35,460,759	-	10,027,310	55,815	-	45,543,884
- Held to Maturity							-
Treasury bills	4,507,169	11,063,387	392,453	-	-	-	15,963,009
Bonds	30,000	8,749,900	1,050,000	38,485,362	9,606,602	-	57,921,864
Other assets	-	-	-	-	-	30,513,159	30,513,159
	605,476,668	**182,349,860**	**144,717,223**	**331,886,599**	**201,428,119**	**286,116,520**	**1,751,974,989**
Non-derivative liabilities							
Deposits from financial institutions	132,429,521	2,080,141	-	-		-	134,509,662
Deposits from customers	1,242,641,410	51,537,687	30,321,514	300,000	-	-	1,324,800,611
Other liabilities	7,402,275	3,674,411	4,601,503	-		-	15,678,189
Debt securities	-	-	-	-	73,155,391	-	73,155,391
Interest bearing borrowings	1,346,365	5,135,743	5,091,139	104,654,102	22,159,426	7,958,992	146,345,767
	1,383,819,571	**62,427,982**	**40,014,156**	**104,954,102**	**95,314,817**	**7,958,992**	**1,694,489,620**
Total interest re-pricing gap	(778,342,903)	119,921,877	104,703,067	226,932,497	106,113,302	278,157,528	57,485,369

Bank

In thousands of Naira **31 December 2013**	Less than 3 months	4 - 6 months	7 - 12 months	1 - 5 years	More than 5 years	Non-Interest bearing	Total
	Re-pricing period						
Non-derivative assets							
Cash and balances with banks	261,378,186	-	-	-	-	134,430,561	395,808,747
Non- pledged trading assets							
Treasury bills	1,173,239	348,327	849,159	-	-	-	2,370,725
Bonds	25,935	-	-	1,145,220	231,171	-	1,402,326
Loans and advances to banks	-	8,223,486	4,345,195	479,970	-	-	13,048,651
Loans and advances to customers							
Auto Loan	348,476	2,885	62,293	1,351,140	-	-	1,764,794
Credit Card	1,545,685	-	-	-	-	-	1,545,685
Finance Lease	81,840	46,610	118,975	1,460,657	-	-	1,708,082
Mortgage Loan	451,881	-	5,777	420,430	2,874,761	-	3,752,849
Overdraft	87,665,779	26,803,445	25,955,198	1,749,997	-	-	142,174,419
Personal Loan	26,212	1,232	30,826	917,810	2,687	-	978,766
Term Loan	58,698,927	36,521,502	25,310,765	70,116,200	215,082,084	-	405,729,478
Time Loan	155,611,136	16,934,205	4,876,085	224,358	883	-	177,646,668
Pledged assets							
Treasury bills	4,712,475	-	-	-	-	-	4,712,475
Bonds	-	-	-	-	58,635,348	-	58,635,348
Investment securities							
- Available for sale							
Treasury bills	61,290,535	39,464,474	19,109,070	-	-	-	119,864,079
Bonds	-	-	-	9,509,116	-	-	9,509,116
- Held to Maturity							
Treasury bills	-	-	-	-	-	-	-
Bonds	3,056,099	9,574,162	59,123,792	24,771,561	43,941,195	-	140,466,809
Other assets	-	-	-	-	-	37,705,436	37,705,436
	636,066,405	**137,920,328**	**139,787,135**	**112,146,459**	**320,768,129**	**172,135,997**	**1,518,824,453**
Non-derivative liabilities							
Deposits from financial institutions	56,942,176	4,208,541	144,635	-	-	-	61,295,352
Deposits from customers	785,591,169	95,673,189	335,912,435	-	-	-	1,217,176,793
Other liabilities	-	-	-	-	-	15,678,189	15,678,189
Interest bearing borrowings	2,292,943	1,349,297	4,143,416	97,331,598	15,224,773	-	120,342,027
	844,826,288	**101,231,027**	**340,200,486**	**97,331,598**	**15,224,773**	**15,678,189**	**1,414,492,361**
Total interest re-pricing gap	(208,759,883)	36,689,301	(200,413,351)	14,814,861	305,543,356	156,457,808	104,332,094

Market risk management

The Group trades on bonds, treasury bills and foreign exchange. 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 and 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 Treasury 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, indices, 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 based 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:

Trading

The Group trades on bonds, treasury bills and foreign exchange while subsidiaries trade on foreign currencies only. 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.

1 Day VAR summary

Group

	December 2014			
	Average	**High**	**Low**	**Actual**
Foreign exchange risk	15,982,744	59,675,425	62,820	1,939,865
Interest rate risk				
- Treasury bills	97,139,728	792,551,201	4,625,377	163,534,948
- Bonds	31,263,860	168,416,053	48,763	21,845,994
Total	**144,386,332**	**1,020,642,679**	**4,736,960**	**187,320,807**

Bank

	December 2014			
	Average	**High**	**Low**	**Actual**
Foreign exchange risk	12,896,588	28,305,388	35,811	-
Interest rate risk				
- Treasury bills	97,139,728	792,551,201	4,625,377	163,534,948
- Bonds	31,263,860	168,416,053	48,763	21,845,994
Total	**141,300,176**	**989,272,642**	**4,709,951**	**185,380,942**

Group	**December 2013**			
	Average	**High**	**Low**	**Actual**
Foreign exchange risk	(8,765,308)	13,669,142	(19,943,285)	(19,733,507)
Interest rate risk	(57,972,316)	262,820,854	(460,274,271)	(52,190,081)
Total	**(66,737,624)**	**276,489,996**	**(480,217,556)**	**(71,923,588)**

Bank	**December 2013**			
	Average	**High**	**Low**	**Actual**
Foreign exchange risk	(8,765,308)	13,669,142	(19,943,285)	(19,733,507)
Interest rate risk	(49,744,235)	225,518,368	(394,946,980)	(44,782,679)
Total	**(58,509,543)**	**239,187,510**	**(414,890,265)**	**(64,516,186)**

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 December 2014	**Fixed**	**Floating**	**Non-interest bearing**	**Total**
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	147,422,860	-	257,591,933	405,014,793
Non pledged trading assets	28,332,204	-	79,440	28,411,644
Derivative financial instruments	-	-	24,866,681	24,866,681
Loans and advances to banks	12,435,659	-	-	12,435,659
Loans and advances to customers	8,094,817	1,102,369,625	-	1,110,464,442
Pledged assets	87,072,147	-	-	87,072,147
Investment securities:				
– Available-for-sale	139,795,410	-	45,087,422	184,882,832
– Held-to-maturity	85,328,556	-	-	85,328,556
TOTAL	**508,481,653**	**1,102,369,625**	**327,625,476**	**1,938,476,754**
LIABILITIES				
Deposits from financial institutions	119,045,423	-	-	119,045,423
Deposits from customers	629,193,731	825,225,318	-	1,454,419,049
Derivative financial instruments	-	-	1,989,662	1,989,662
Debt securities issued	138,481,179	-	-	138,481,179
Interest-bearing borrowings	31,394,994	48,421,315	-	79,816,309
TOTAL	**918,115,327**	**873,646,633**	**1,989,662**	**1,793,751,622**

31 December 2013	Fixed	Floating	Non-interest bearing	Total
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	220,243,617	-	219,215,924	439,459,541
Non pledged trading assets	3,877,969	-	-	3,877,969
Derivative financial instruments	-	-	102,123	102,123
Loans and advances to banks	24,579,875	-	-	24,579,875
Loans and advances to customers	7,420,624	778,749,080	-	786,169,704
Pledged assets	63,409,851	-	-	63,409,851
Investment securities:				
– Available-for-sale	150,289,909	-	39,570,237	189,860,146
– Held-to-maturity	163,951,202	-	-	163,951,202
TOTAL	**633,773,047**	**778,749,080**	**258,888,284**	**1,671,410,411**
LIABILITIES				
Deposits from financial institutions	72,147,955	-	-	72,147,955
Deposits from customers	501,645,662	829,772,997	-	1,331,418,659
Derivative financial instruments	-	-	32,955	32,955
Interest-bearing borrowings	-	-	-	64,338,982
TOTAL	**573,793,617**	**829,772,997**	**32,955**	**1,467,938,551**

Bank

31 December 2014	Fixed	Floating	Non-interest bearing	Total
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	36,965,179	-	314,209,700	351,174,879
Non pledged trading assets	28,411,644	-	-	28,411,644
Derivative financial instruments	-	-	24,866,681	24,866,681
Loans and advances to banks	55,776,837	-	-	55,776,837
Loans and advances to customers	4,055,691	1,015,853,157	-	1,019,908,848
Pledged assets	85,183,353	-	-	85,183,353
Investment securities:				-
– Available-for-sale	106,680,114	-	39,431,796	146,111,910
– Held-to-maturity	73,884,873	-	-	73,884,873
TOTAL	**390,957,691**	**1,015,853,157**	**378,508,177**	**1,785,319,025**
LIABILITIES				
Deposits from financial institutions	134,509,662	-	-	134,509,662
Deposits from customers	586,973,211	737,827,398	-	1,324,800,609
Derivative financial instruments	-	-	1,737,791	1,737,791
Debt securities issued	-	73,155,391	-	73,155,391
Interest-bearing borrowings	97,924,452	48,421,317	-	146,345,769
TOTAL	819,407,325	859,404,106	1,737,791	1,680,549,222

31 December 2013	Fixed	Floating	Non-interest bearing	Total
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	166,934,910	-	228,873,837	395,808,747
Non pledged trading assets	3,773,051	-	104,918	3,877,969
	-	-	72,675	72,675
Loans and advances to banks	13,048,651	-	-	13,048,651
Loans and advances to customers	3,612,839	782,556,865	-	786,169,704
Pledged assets	63,347,823	-	-	63,347,823
Investment securities:				
– Available-for-sale	129,373,195	-	39,231,798	168,604,993
– Held-to-maturity	140,466,809	-	-	140,466,809
TOTAL	**520,557,278**	**782,556,865**	**268,283,228**	**1,571,397,371**
LIABILITIES				
Deposits from financial institutions	8,191,490	53,103,862	-	61,295,352
Deposits from customers	455,231,840	761,944,953	-	1,217,176,793
Interest-bearing borrowings	57,020,588	63,321,438	-	120,342,026
TOTAL	**520,443,918**	**878,370,253**	**-**	**1,398,814,171**

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 and long-term borrowings, deposits from banks and customers. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Other financial liabilities issued at fixed rates expose the group to fair value interest rate risk.

The management of interest rate risk against interest rate gap limits is supplemented with monitoring the sensitivity of the Group's financial assets and liabilities to various scenarios.

Interest rate movement have both cash flow and fair value effect depending on whether interest rate is fixed or floating. The impact resulting from adverse or favourable movement flows from either retained earnings or OCI and ultimately ends in equity in the following manner:

(i) Retained earnings arising from increase or decrease in net interest income and the fair value changes reported in profit or loss.

(ii) Fair value reserves arising from increases or decreases in fair value of available-for-sale financial instruments reported directly in other comprehensive income.

Group
Interest sensitivity analysis - 31 December 2014
Impact on net interest income of +/-100 basis points changes in rates over a one year period (N'000)

Time Band	Size of Gap	Cashflow interest rate risk 100 basis points decline in rates	100 basis points increase in rates
Less than 3 months	(705,508,105)	579,870	(579,870)
6 months	153,447,828	(378,365)	378,365
12 months	18,482,161	(184,822)	184,822
	(533,578,116)	**16,683**	**(16,683)**

Interest sensitivity analysis - 31 December 2013
Impact of 100 basis points changes in rates over a one year period (N'000)

Time Band	Cashflow interest rate risk 100 basis points decline in rates	100 basis points increase in rates
Less than 3 months	625,559	(625,559)
6 months	210,389	(210,389)
12 months	2,169,244	(2,169,244)
	3,005,192	**(3,005,192)**

Bank
Interest sensitivity analysis - 31 December 2014
Impact on net interest income of +/-100 basis points changes in rates over a one year period (N'000)

Time Band	Size of Gap	Cashflow interest rate risk 100 basis points decline in rates	100 basis points increase in rates
Less than 3 months	(778,342,903)	639,734	(639,734)
6 months	122,047,091	(300,938)	300,938
12 months	104,703,067	(1,047,031)	1,047,031
	(551,592,745)	**(708,235)**	**708,235**

Interest sensitivity analysis - 31 December 2013
Impact of 100 basis points changes in rates over a one year period (N'000)

Time Band	Cashflow interest rate risk rates	increase in rates
Less than 3 months	684,706	(684,706)
6 months	45,582	(45,582)
12 months	2,174,566	(2,174,566)
	2,904,854	**(2,904,854)**

The table above sets out the impact on net interest income of a 100 basis points parallel fall or rise in all yields. A parallel increase in yields by 100 basis points would lead to an increase in net interest income while a parallel falls in yields by 100 basis points would lead to a decline in net interest income. The interest rate sensitivities are based on simplified scenarios and assumptions, including that all positions will be retained and rolled over upon maturity. The figures represent the effect of movements in net interest income based on the 100 basis point shift in interest rate and subject to the current interest rate exposures. However, the effect has not taken into account the possible risk management measures undertaken by the Bank to mitigate interest rate risk. In practice, the Assets and Liability Committee, ALCO seeks proactively to change the interest rate risk profile to minimize losses and optimise net revenues. The projections also assume that interest rates on various maturities will move within similar ranges, and therefore do not reflect any potential effect on net interest income in the event that some interest rates may change and others remain unchanged.

Price sensitivity analysis on bonds and treasury bills

The table below shows the impact of likely movement in yields on the value of bonds and treasury bills. This relates to the positions held for trade and available for sales. Since an increase in yields would lead to decline in market values of bonds and treasury bills, the analysis was carried out to show the likely impact of 50 basis points increase in market yields. The impact of held for trading investments is on the income statement while the impact of available for sale instruments is on the statement of other comprehensive income.

Group

31 December 2014	**Carying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive			
Held for trading Bonds	3,786,172	34,987	13,075
Held for trading T-bills	24,546,032	(85,430)	(122,835)
Impact on Other Comprehensive Income			
Available for sale investments	141,716,040	(626,969)	(19,767)
TOTAL	**170,048,244**	**(677,412)**	**(129,527)**

31 December 2013	**Carying Value**	**Impact of 50 basis points increase in yields**	**Impact of 50 basis points increase in yields**
Impact on Statement of Comprehensive			
Held for trading Bonds	1,129,324	(70,374)	(19,042)
Held for trading T.bills	2,356,425	9,270	19,330
Impact on Other Comprehensive Income			
Available for sale investments	19,075,871	299,509	273,284
TOTAL	**22,561,620**	**238,405**	**273,572**

Bank

31 December 2014	**Carying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive Income			
Held for trading Bonds	3,786,172	34,987	13,075
Held for trading T.bills	24,546,032	(85,430)	(122,835)
Held for trading	**28,332,204**	**(50,443)**	**(109,760)**
Impact on Other Comprehensive Income			
Available for sale investments	109,121,466	(482,766)	(569,704)
TOTAL	**137,453,670**	**(533,209)**	**(679,464)**

31 December 2013	**Carying Value**	**Impact of 50 basis points increase in yields**	**Impact of 50 basis points increase in yields**
Impact on Statement of Comprehensive			
Held for trading Bonds	1,129,324	(70,374)	(19,042)
Held for trading T.bills	2,356,425	9,270	19,330
Held for trading	3,485,749	(61,104)	288
Impact on Other Comprehensive Income			
Available for sale investments	16,257,535	255,259	331,598
TOTAL	**19,743,284**	**194,155**	**331,886**

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

Financial instruments by currency
Group

In thousands of Naira

31 December 2014	Total	Naira	US $	GBP	Euro	Others
Cash and balances with banks	405,014,793	334,720,872	33,190,564	14,354,481	11,542,629	11,206,247
Non-pledged trading assets						
Treasury bills	24,546,032	24,546,032	-	-	-	-
Bonds	3,786,172	3,786,172	-	-	-	-
Equity	79,440	79,440	-	-	-	-
Derivative financial instruments	24,866,681	-	24,866,681	-	-	-
Loans and advances to banks	12,435,659	145,085	-	12,290,574	-	-
Loans and advances to customers	-	-	-	-	-	-
Auto Loan	3,195,795	3,186,276	-	-	-	9,519
Credit Card	1,919,130	260,850	1,658,027	253	-	-
Finance Lease	2,732,767	1,354,012	1,108,524	-	-	270,231
Mortgage Loan	4,408,740	3,645,130	51,066	-	-	712,544
Overdraft	249,410,182	196,679,153	26,326,190	2,256	2,421	26,400,162
Personal Loan	8,099,089	6,531,859	240,070	-	-	1,327,160
Term Loan	539,981,932	244,883,198	266,269,925	12,362,262	-	16,466,547
Time Loan	300,716,807	111,981,926	168,694,753	580,322	957,015	18,502,791
Pledged assets						
Treasury bills	15,125,322	13,236,528	-	-	-	1,888,794
Bonds	71,946,825	71,946,825	-	-	-	-
Investment securities	-	-	-	-	-	-
- Available for sale						
Treasury bills	92,046,032	61,656,952	-	19,567,536		10,821,544
Bonds	47,749,378	37,193,593	10,555,785	-	-	-
Equity	45,087,422	45,087,422	-	-	-	-
- Held to Maturity						
Treasury bills	23,495,446	23,495,446	-	-	-	-
Bonds	61,833,110	49,432,542	1,551,167	1,744,468	-	9,104,933
Other assets	36,030,750	21,235,571	4,933,087	482,266	4,962	9,374,864
	1,974,507,505	**1,255,084,884**	**539,445,839**	**61,384,418**	**12,507,027**	**106,085,336**
						-
Deposits from financial institutions	119,045,423	-	104,440,854	5,220,977	4,057,703	5,325,889
Deposits from customers	1,454,419,052	962,857,336	396,080,908	18,068,662	16,433,183	60,978,963
Derivative financial instruments	1,989,662	-	1,737,791	251,871	-	-
Other liabilities	20,201,802	8,417,676	8,592,050	333,528	1,133,634	1,724,914
Debt securities issued	138,481,179	-	138,481,179	-	-	-
Interest bearing borrowings	79,816,309	31,391,634	48,424,675	-	-	-
	1,813,953,427	**1,002,666,646**	**697,757,457**	**23,875,038**	**21,624,520**	**68,029,766**
Off balance sheet exposuress						
Transaction related bonds and guarantees	165,466,393	110,544,517	46,395,843	349,724	90,246	8,086,063
Guaranteed facilities	91,373,327	23,316,732	39,498,364	-	17,954,443	10,603,788
Clean line facilities for letters of credit and other commitments	377,152,396	31,382	367,511,575	356,957	5,353,943	3,898,539
	633,992,116	**133,892,631**	**453,405,782**	**706,681**	**23,398,632**	**22,588,390**

Group
In thousands of Naira

31 December 2013	**Total**	**Naira**	**US $**	**GBP**	**Euro**	**Others**
Cash and balances with banks	439,459,541	260,494,916	124,326,370	20,207,125	17,077,120	17,354,010
Non-pledged trading assets						
Treasury bills	2,370,725	2,370,725	-	-	-	-
Bonds	1,402,326	1,402,326	-	-	-	-
Equity	104,918	104,918	-	-	-	-
Derivative financial instruments	102,123	-	80,829	12,889	8,405	-
Loans and advances to banks	24,579,875	345,445	23,291,359	19,991	923,080	-
Loans and advances to customers						
Auto Loan	1,821,130	1,764,794	-	-	-	56,336
Credit Card	1,545,685	105,219	1,440,181	285	-	-
Finance Lease	2,138,177	1,708,081	-	-	-	430,096
Mortgage Loan	3,811,569	3,752,849	-	-	-	58,720
Overdraft	162,586,492	131,873,468	23,888,262	3,008,861	97,241	3,718,660
Personal Loan	3,154,373	1,570,157	8,215	-	-	1,576,001
Term Loan	426,826,185	285,377,241	120,352,237	-	-	21,096,706
Time Loan	184,286,092	30,513,575	143,847,177	32,808	3,208,716	6,683,816
Pledged assets			-	-	-	
Treasury bills	4,774,503	4,712,475	-	-	-	62,028
Bonds	58,635,348	58,635,348	-	-	-	-
Investment securities				-		
- Available for sale						
Treasury bills	140,780,793	119,864,079	-	18,059,611	-	2,857,103
Bonds	9,847,556	2,818,336	7,029,220	-	-	-
Equity	39,231,797	39,231,797	-	-	-	-
- Held to Maturity						
Treasury bills	17,503,150	-	7,850,659	-	-	9,652,491
Bonds	146,448,052	143,525,604	-	2,922,448	-	-
Other assets	43,214,300	20,500,090	11,142,427	630,530	2,756,847	8,184,406
	1,714,624,708	**1,110,671,443**	**463,256,936**	**44,894,548**	**24,071,409**	**71,730,373**
Deposits from financial institutions	72,147,956	7,161,530	54,577,845	1,296,884	8,424,934	686,763
Deposits from customers	1,331,418,659	933,913,152	317,797,743	9,582,405	14,034,476	56,090,883
Derivative financial instruments	32,955	-	8,755	16,833	7,367	-
Other liabilities	54,706,413	31,897,727	13,187,678	333,421	6,836,079	2,451,508
Debt securities issued	55,828,248	-	55,828,248	-	-	-
Interest bearing borrowings	64,338,982	38,247,211	26,091,771	-	-	-
	1,578,473,213	**1,011,219,620**	**467,492,040**	**11,229,543**	**29,302,856**	**59,229,154**
Off balance sheet exposuress						
Transaction related bonds and guarantees	158,715,258	108,458,868	36,417,906	-	432,422	13,406,062
Guaranteed facilities	54,741,356	21,442,945	14,689,365	-	18,609,046	
Clean line facilities for letters of credit and other commitments	228,957,302	-	216,689,716	218,918	10,024,148	2,024,520
	442,413,916	**129,901,813**	**267,796,987**	**218,918**	**29,065,616**	**15,430,582**

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

Financial instruments by currency

Bank
In thousands of Naira

31 December 2014	**Total**	**Naira**	**US $**	**GBP**	**Euro**	**Others**
Cash and balances with banks	351,174,879	337,434,866	7,164,550	2,218,668	3,697,876	658,919
Non-pledged trading assets						
Treasury bills	24,546,032	24,546,032	-	-	-	-
Bonds	3,786,172	3,786,172	-	-	-	-
Equity	79,440	79,440	-	-	-	-
Derivative financial instruments	24,831,145	-	24,831,145	-	-	-
Loans and advances to banks	55,776,837	145,085	55,631,752	-	-	-
Loans and advances to customers	-			-		
Auto Loan	3,186,276	3,186,276	-	-	-	-
Credit Card	1,836,831	260,850	1,575,728	253	-	-
Finance Lease	2,462,537	1,354,013	1,108,524	-	-	-
Mortgage Loan	3,696,196	3,645,130	51,066	-	-	-
Overdraft	220,076,668	196,679,153	23,392,838	2,256	2,421	-
Personal Loan	6,771,929	6,531,859	240,070	-	-	-
Term Loan	507,949,921	244,883,197	263,066,724	-	-	-
Time Loan	273,928,490	111,981,927	160,817,986	47,893	957,015	123,669
Pledged assets						
Treasury bills	13,236,528	13,236,528	-	-	-	-
Bonds	71,946,825	71,946,825	-	-	-	-
Investment securities						
Available for sale						
Treasury bills	61,656,952	61,656,952	-	-	-	-
Bonds	45,543,884	37,193,593	8,350,291	-	-	-
Equity	45,052,274	45,052,274	-	-	-	-
Held to Maturity						
Treasury bills	15,963,009	15,963,009	-	-	-	-
Bonds	57,921,864	56,964,979	956,885	-	-	-
Other assets	30,513,159	25,625,988	4,851,490	29,966	4,962	753
	1,821,937,848	**1,262,154,148**	**552,039,049**	**2,299,036**	**4,662,274**	**783,341**
Deposits from financial institutions	134,509,662	-	133,632,208	47,968	711,685	117,801
Deposits from customers	1,324,800,611	944,366,864	370,580,896	5,897,079	3,955,772	-
Derivative financial instruments	1,737,791	-	1,737,791	-	-	-
Other liabilities	15,578,189	8,613,010	5,501,180	333,528	1,130,471	-
Debt securities issued	73,155,391	-	73,155,391	-	-	-
Interest bearing borrowings	146,345,767	31,391,634	114,954,133	-	-	-
	1,696,127,411	984,371,508	699,561,599	6,278,575	5,797,928	117,801
Off balance sheet exposuress						
Transaction related bonds and guarantees	145,831,160	110,544,517	34,846,673	349,724	90,246	-
Guaranteed facilities	72,221,845	23,316,732	30,892,720	-	17,954,443	57,950
Clean line facilities for letters of credit and other commitments	372,652,653	31,382	366,851,692	356,957	5,353,943	58,679
	590,705,658	133,892,631	432,591,085	706,681	23,398,632	116,629

Financial instruments by currency

Bank

31 December 2013	Total	Naira	US $	GBP	Euro	Others
Cash and balances with banks	395,808,747	259,896,634	122,464,877	5,868,743	7,167,728	410,765
Non-pledged trading assets						
Treasury bills	2,370,725	2,370,725	-	-	-	-
Bonds	1,402,326	1,402,326	-	-	-	-
Equity	104,918	104,918	-	-	-	-
Derivative Financial Instruments	72,675	-	72,675	-	-	-
Loans and advances to banks	13,048,651	345,445	12,703,206	-	-	-
Loans and advances to customers						
Auto Loan	1,764,793	1,764,793	-	-	-	-
Credit Card	1,545,685	105,219	1,440,181	285	-	-
Finance Lease	1,708,082	1,708,082	-	-	-	-
Mortgage Loan	3,752,849	3,752,849	-	-	-	-
Overdraft	141,574,814	131,873,468	9,526,196	77,909	97,241	-
Personal Loan	1,578,372	1,570,157	8,215	-	-	-
Term Loan	405,729,478	285,377,241	120,352,237	-	-	-
Time Loan	177,646,668	30,513,576	143,847,177	32,808	3,208,716	44,391
Pledged assets						
Treasury bills	4,712,475	4,712,475	-	-	-	-
Bonds	58,635,348	58,635,348	-	-	-	-
Investment securities						
- Available for sale						
Treasury bills	119,864,079	119,864,079	-	-	-	-
Bonds	9,509,116	1,996,897	7,512,219	-	-	-
Equity	39,231,797	39,231,797	-	-	-	-
- Held to Maturity						
Treasury bills	-	-	-	-	-	-
Bonds	140,466,810	140,466,810	-	-	-	-
Other assets	37,705,436	21,729,379	10,979,145	20,951	2,578,707	2,397,254
	1,558,233,844	**1,107,422,218**	**428,906,128**	**6,000,696**	**13,052,392**	**2,852,410**
Deposits from financial institutions	61,295,352	7,161,530	52,766,940	355,836	962,600	48,446
Deposits from customers	1,217,176,792	933,913,283	269,649,902	6,666,809	6,946,406	392
Other liabilities	50,881,253	29,804,239	12,186,448	308,107	6,317,073	2,265,386
Interest bearing borrowings	120,342,026	38,247,211	82,094,815	-	-	-
	1,449,695,423	**1,009,126,263**	**416,698,105**	**7,330,752**	**14,226,079**	**2,314,224**
Off balance sheet exposuress						
Transaction related bonds and guarantees	142,850,060	108,458,868	34,068,343	-	322,849	-
Guaranteed facilities	46,956,539	21,442,945	6,904,547	-	18,609,047	-
Clean line facilities for letters of credit and other commitments	162,171,919	-	154,854,385	64,778	5,609,545	1,643,211
	351,978,518	**129,901,813**	**195,827,275**	**64,778**	**24,541,441**	**1,643,211**

Liquidity risk management
The following table shows the undiscounted cash flows on the Group's financial assets and liabilities and on the basis of their earliest possible contractual maturity. The Gross nominal inflow / (outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment.

The amounts in the table below have been compiled as follows:

Type of financial instrument	Basis on which amounts are compiled
Non-derivative financial liabilities and financial assets	Undiscounted cash flows, which include estimated interest payments.
Issued financial guarantee contracts, and unrecognised loan commitments	Earliest possible contractual maturity. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.
Derivative financial liabilities and financial assets held for risk management purposes	Contractual undiscounted cash flows. The amounts shown are the gross nominal inflows and outflows for derivatives that have simultaneous gross settlement (e.g. forward exchange contracts and currency swaps) and the net amounts for derivatives that are net settled.
Trading derivative liabilities and assets forming part of the Group's proprietary trading operations that are expected to be closed out before contractual maturity	Fair values at the date of the statement of financial position. This is because contractual maturities are not reflective of the liquidity risk exposure arising from these positions. These fair values are disclosed in the 'less than one month' column.
Trading derivative liabilities and assets that are entered into by the Group with its customers	Contractual undiscounted cash flows. This is because these instruments are not usually closed out before contractual maturity and so the Group believes that contractual maturities are essential for understanding the timing of cash flows associated with these derivative positions.

The Group's expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. For example, demand deposits from customers are expected to remain stable or increase and unrecognised loan commitments are not all expected to be drawn down immediately. As part of the management of liquidity risk arising from financial liabilities, the Group holds liquid assets comprising Cash and balances with banks, and debt securities issued by federal government, which can be readily sold to meet liquidity requirements.
In addition, the Group maintains agreed lines of credit with other banks and holds unencumbered assets eligible for use as collateral.

5.3.1 Residual contractual maturities of financial assets and liabilities

Group **31 December 2014**	**Carrying amount**	**Gross nominal inflow/(outflow)**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
In thousands of Naira							
Cash and balances with banks	405,014,793	405,014,793	147,422,860	-	-	-	257,591,933
Non-pledged trading assets							
Treasury bills	24,546,032	25,710,426	18,445,882	1,426,320	5,838,224	-	
Bonds	3,786,172	4,430,376	45,694	3,701,616	53,244	629,822	-
Derivative financial instruments	24,866,681	24,866,681	11,123,891	2,364,449	11,378,341	-	-
Loans and advances to banks	12,435,659	12,565,313	26,149	12,539,164	-	-	-
Loans and advances to customers							
Auto Loan	3,195,795	3,236,214	17,178	37,150	117,316	3,064,570	-
Credit Card	1,919,130	1,953,708	1,865,557	-	14,993	73,158	-
Finance Lease	2,732,767	2,752,076	251,990	164,902	41,782	2,293,402	-
Mortgage Loan	4,408,740	4,471,262	-	72,101	122,572	1,097,538	3,179,051
Overdraft	249,410,182	261,418,928	191,403,273	32,588,846	37,400,530	26,279	-
Personal Loan	8,099,089	8,195,721	364,621	449,882	690,771	6,596,360	94,087
Term Loan	539,981,932	545,406,009	87,109,939	31,739,205	22,388,605	274,224,727	129,943,533
Time Loan	300,716,807	302,013,620	210,045,048	39,717,240	48,458,630	3,791,933	769
Pledged assets							
Treasury bills	15,125,322	15,771,114	10,950,000	2,260,000	2,561,114	-	-
Bonds	71,946,825	142,341,219	-	2,960,901	2,960,902	23,687,212	112,732,204
Investment securities							
Available for sale							
Treasury bills	92,046,032	63,782,166	16,303,382	43,575,593	3,903,191	-	-
Bonds	47,749,378	51,218,215	100,608	38,012,504	406,262	12,631,528	67,313
Held to Maturity							
Treasury bills	23,495,446	16,528,059	4,507,169	11,628,437	392,453	-	-
Bonds	61,833,110	83,995,499	1,187,545	10,518,762	3,817,009	47,754,306	20,717,877
Other assets	36,030,750	36,030,750	22,966,686	-	13,064,064	-	-
	1,929,340,642	**2,011,702,149**	**724,137,472**	**233,757,072**	**153,610,003**	**375,870,835**	**524,326,767**
Deposits from financial institutions	119,045,423	120,289,784	120,205,261	84,523	-	-	-
Deposits from customers	1,454,419,052	1,463,332,471	1,350,067,610	50,697,481	62,567,380	-	-
Derivative financial instruments	1,989,662	1,989,662	1,989,662	-	-	-	-
Other liabilities	20,201,802	20,201,802	14,828,024	5,373,778	-	-	-
Debt securities issued	138,481,179	196,231,586	-	3,441,925	5,831,737	102,212,149	84,745,775
Interest bearing borrowings	79,816,309	86,584,834	1,644,011	1,955,389	4,482,437	66,614,293	11,888,704
	1,813,953,427	**1,888,630,139**	**1,488,734,568**	**61,553,096**	**72,881,554**	**168,826,442**	**96,634,479**
Gap (asset - liabilities)	115,387,215	123,072,010	(764,597,096)	172,203,976	80,728,449	207,044,393	427,692,288
Cumulative liquidity gap							
Off-balance sheet							
Transaction related bonds and guarantees	165,466,393	165,466,393	23,327,259	12,814,843	22,637,392	24,843,233	81,843,666
Guaranteed facilities	91,373,327	91,373,327	11,956,469	11,175,156	24,614,114	14,968,793	28,658,795
Clean line facilities for letters of credit and other commitments	377,152,396	377,152,396	216,360,947	95,953,913	64,729,400	108,136	-
	633,992,116	**633,992,117**	**251,644,675**	**119,943,912**	**111,980,906**	**39,920,162**	**110,502,461**

Group 31 December 2013	Carrying amount	Gross nominal inflow/(outflow)	Less than 3 months	6 months	12 months	5 years	More than 5 years
Cash and balances with banks	439,459,541	439,459,541	264,639,659	1,097,783	1,315,801	-	172,406,298
Non-pledged trading assets							
Treasury bills	2,370,725	2,555,561	1,252,097	365,520	937,944	-	-
Bonds	1,402,326	2,558,653	164,479	50,953	101,906	921,589	1,319,726
Derivative financial instruments	102,123	102,123	102,123	-	-	-	-
Loans and advances to banks	24,579,875	26,753,256	8,437,494	9,571,785	7,429,123	775,308	539,546
Loans and advances to customers							
Auto Loan	1,821,130	1,828,951	299,962	2,885	62,293	1,463,811	-
Credit Card	1,545,685	1,552,324	1,552,324	-	-	-	-
Finance Lease	2,138,177	2,147,361	521,119	46,610	118,975	1,460,657	-
Mortgage Loan	3,811,569	3,827,939	526,971	-	5,777	420,430	2,874,761
Overdraft	162,586,492	162,586,493	102,852,700	26,499,223	27,689,687	2,502,240	3,042,643
Personal Loan	3,154,373	3,167,920	2,215,365	1,232	30,826	917,810	2,687
Term Loan	426,826,185	428,659,286	60,588,364	44,364,987	30,283,286	78,340,565	215,082,084
Time Loan	184,286,092	185,077,549	163,042,018	16,934,205	4,876,085	224,358	883
Pledged assets							
Treasury bills	4,774,503	4,821,114	4,821,114				
Bonds	58,635,348	95,274,885	1,211,788	1,211,788	2,423,577	12,762,012	77,665,720
Investment securities							
Available for sale							
Treasury bills	140,780,793	144,205,491	64,477,406	55,709,964	24,018,121	-	-
Bonds	9,847,556	11,783,984	810,784	812,811	1,621,569	8,538,820	-
Held to Maturity							
Treasury bills	17,503,150	20,765,062	1,322,853	17,157,708	2,284,501	-	-
Bonds	146,448,052	206,855,706	8,394,537	10,865,499	64,981,475	63,115,455	59,498,740
Other assets	43,214,300	43,214,299	37,433,733	-	5,780,566	-	-
	1,675,287,995	**1,787,197,498**	**724,666,890**	**184,692,953**	**173,961,512**	**171,443,055**	**532,433,088**
Deposits from financial institutions	72,147,956	72,257,135	55,496,033	12,608,327	4,152,775	-	-
Deposits from customers	1,331,418,659	1,333,474,753	848,190,371	133,482,680	348,933,912	2,416,093	451,697
Derivative financial instruments	32,955	32,955	32,955	-	-	-	-
Other liabilities	54,706,413	54,706,413	50,437,954	4,268,459	-	-	-
Debt securities issued	55,828,248	81,846,186	-	2,389,812	4,779,625	74,676,749	-
Interest bearing borrowings	64,338,982	80,283,463	4,560,709	2,077,505	8,150,902	41,740,259	23,754,088
	1,578,473,213	**1,622,600,905**	**958,718,022**	**154,826,783**	**366,017,214**	**118,833,101**	**24,205,785**
Gap (asset - liabilities)	96,814,782	164,596,593	(234,051,132)	29,866,171	(192,055,701)	52,609,954	508,227,303
Cumulative liquidity gap			(234,051,132)	(204,184,961)	(396,240,662)	(343,630,708)	164,596,595
Off -balance sheet							
Transaction related bonds and guarantees	158,715,258	158,715,258	36,391,163	21,880,870	13,727,023	24,498,529	62,217,673
Guaranteed facilities	54,741,356	54,741,356	27,078,764	6,572,665	10,309,368	4,610,667	6,169,892
Clean line facilities for letters of credit and other commitments	228,957,302	228,957,302	152,715,496	47,959,692	27,919,468	362,646	-
	442,413,916	**442,413,916**	**216,185,423**	**76,413,227**	**51,955,859**	**29,471,842**	**68,387,565**

5.3.1 Residual contractual maturities of financial assets and liabilities

Bank **31 December 2014** *In thousands of Naira*	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
Cash and balances with banks	351,174,879	351,174,879	95,571,518	-	-	-	255,603,361
Non-pledged trading assets							
Treasury bills	24,546,032	25,710,426	18,445,882	1,426,320	5,838,224	-	-
Bonds	3,786,172	5,040,127	45,694	3,701,616	53,244	629,823	609,750
Derivative financial instruments	24,831,145	24,831,145	11,123,891	2,328,913	11,378,341	-	-
Loans and advances to banks	55,776,837	55,882,570	9,315,720	18,681,814	27,885,036	-	-
Loans and advances to customers							
Auto Loan	3,186,276	3,226,646	16,126	34,758	113,010	3,062,752	-
Credit Card	1,836,831	1,870,919	1,782,768	-	14,993	73,158	-
Finance Lease	2,462,536	2,480,457	170,505	96,997	1,039	2,211,916	-
Mortgage Loan	3,696,197	3,750,249	-	-	-	895,654	2,854,595
Overdraft	220,050,668	230,582,559	182,460,726	20,562,662	27,532,892	26,279	-
Personal Loan	6,771,929	6,865,010	98,479	63,976	238,329	6,370,139	94,087
Term Loan	507,949,921	513,183,052	83,887,643	26,905,761	14,332,866	269,391,284	118,665,498
Time Loan	273,954,489	274,956,092	204,633,543	31,599,981	34,929,866	3,791,933	769
Pledged assets							
Treasury bills	13,236,528	13,771,114	8,950,000	2,260,000	2,561,114	-	-
Bonds	71,946,825	142,341,219	-	2,960,902	2,960,902	23,687,212	112,732,204
Investment securities							
Available for sale							
Treasury bills	61,656,952	63,782,166	16,303,382	43,575,593	3,903,191	-	-
Bonds	45,543,884	51,218,215	100,608	38,012,504	406,262	12,631,528	67,313
Held to Maturity							
Treasury bills	15,963,009	16,528,059	4,507,169	11,628,437	392,453	-	-
Bonds	57,921,864	83,995,499	1,187,545	10,518,762	3,817,009	47,754,306	20,717,877
Other assets	30,513,159	30,513,159	19,898,971	-	10,614,188	-	-
	1,776,806,133	**1,901,703,562**	**658,500,169**	**214,358,997**	**146,972,958**	**370,525,984**	**511,345,455**
Deposits from financial institutions	134,509,662	135,915,668	135,820,165	95,503	-	-	-
Deposits from customers	1,324,800,611	1,332,919,663	1,230,872,383	45,045,689	57,001,592	-	-
Derivative financial instruments	1,737,791	1,737,791	1,737,791	-	-	-	-
Other liabilities	15,678,189	15,678,189	14,488,882	1,189,307	-	-	-
Debt securities issued	73,155,391	119,165,025	-	3,441,925	3,441,925	27,535,400	84,745,775
Interest bearing borrowings	146,345,767	158,756,077	3,014,348	3,585,269	8,218,692	122,139,447	21,798,322
	1,696,227,411	1,764,172,413	1,385,933,569	53,357,693	68,662,209	149,674,847	106,544,097
Gap (asset - liabilities)	80,578,722	137,531,149	(727,433,400)	161,001,304	78,310,749	220,851,137	404,801,358
Cumulative liquidity gap			(727,433,400)	(566,432,096)	(488,121,348)	(267,270,211)	137,531,147
Off balance-sheet							
Transaction related bonds and guarantees	145,831,160	145,831,160	14,923,004	8,079,588	16,163,390	24,821,512	81,843,666
Guaranteed facilities	72,221,845	72,221,845	5,031,916	4,173,263	22,786,732	12,044,944	28,184,990
Clean line facilities for letters of credit and other commitments	372,652,653	372,652,653	215,874,910	92,822,023	63,847,583	108,136	-
	590,705,658	**590,705,658**	**235,829,830**	**105,074,874**	**102,797,705**	**36,974,592**	**110,028,656**

Bank 31 December 2013	Carrying amount	Gross nominal inflow/outflow	Less than 3 months	6 months	12 months	5 years	More than 5 years
Cash and balances with banks	395,808,747	395,808,747	223,864,210	-	-	-	171,944,537
Non-pledged trading assets							
Treasury bills	2,370,725	2,496,849	1,193,385	365,520	937,944	-	-
Bonds	1,402,326	2,558,653	164,479	50,953	101,906	921,589	1,319,726
Equity	104,918	104,918	104,918	-	-	-	-
Derivative Financial Instruments	72,675	72,675	72,675	-	-	-	-
Loans and advances to banks	13,048,651	13,442,287	50,160	8,237,533	4,031,688	1,122,906	-
Loans and advances to customers							
Auto Loan	1,764,794	1,778,550	362,233	2,885	62,293	1,351,139	-
Credit Card	1,545,685	1,557,734	1,557,734	-	-	-	-
Finance Lease	1,703,834	1,721,397	95,155	46,610	118,975	1,460,657	-
Mortgage Loan	3,757,096	3,782,103	481,135	-	5,777	420,430	2,874,761
Overdraft	141,573,329	141,574,414	87,065,774	26,803,445	25,955,198	1,749,997	-
Personal Loan	1,579,856	1,590,675	638,120	1,232	30,826	917,810	2,687
Term Loan	405,729,479	409,995,783	62,965,232	36,521,502	25,310,765	70,116,200	215,082,084
Time Loan	177,646,668	179,031,849	156,996,318	16,934,205	4,876,085	224,358	883
Pledged assets							
Treasury bills	4,712,475	4,821,114	4,821,114	-	-	-	-
Bonds	58,635,348	95,274,885	1,211,788	1,211,788	2,423,577	12,762,012	77,665,720
Investment securities							
- Available for sale							
Treasury bills	119,864,078	129,097,999	63,188,551	35,315,053	30,594,395	-	-
Bonds	9,847,556	11,783,984	810,784	812,811	1,621,569	8,538,820	-
- Held to Maturity							
Treasury bills	-	-	-	-	-	-	-
Bonds	140,466,810	148,648,100	1,950,000	3,200,000	65,641,306	19,029,507	58,827,287
Other assets	37,705,436	37,705,436	31,924,870	-	5,780,566	-	-
	1,519,340,486	**1,582,848,152**	**639,518,635**	**129,503,537**	**167,492,870**	**118,615,425**	**527,717,685**
Deposits from financial institutions	61,295,352	61,376,623	57,097,580	4,127,708	151,335	-	-
Deposits from customers	1,217,176,792	1,218,851,031	786,275,557	95,890,264	336,056,653	176,860	451,697
Other liabilities	50,881,124	50,881,254	46,936,863	3,944,391	-	-	-
Interest bearing borrowings	120,342,026	135,088,313	4,528,997	2,000,692	8,118,102	97,213,926	23,226,596
	1,449,695,294	**1,466,197,221**	**894,838,997**	**105,963,055**	**344,326,090**	**97,390,786**	**23,678,293**
Gap (asset - liabilities)	69,645,192	116,650,930	(255,320,362)	23,540,482	(176,833,220)	21,224,639	504,039,392
Cumulative liquidity gap			(255,320,362)	(231,779,880)	(408,613,101)	(387,388,462)	116,650,929
Off balance-sheet engagements							
Transaction related bonds and guarantees	142,850,060	142,850,060	35,654,495	19,902,373	9,308,603	17,184,986	60,799,603
Guaranteed facilities	46,956,539	46,956,539	23,313,012	5,179,053	7,683,916	4,610,667	6,169,891
	162,171,919	162,171,919	114,338,950	23,663,555	23,806,768	362,646	-
Clean line facilities for letters of credit and other commitments							
	351,978,518	**351,978,518**	**173,306,457**	**48,744,981**	**40,799,287**	**22,158,299**	**66,969,494**

5.3.2 Financial instruments below and above 1 year's maturity

Group	December 2014			December 2013		
In thousands of Naira	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Cash and balances with banks	147,422,860	257,591,933	**405,014,793**	267,053,244	172,406,297	**439,459,541**
Non pledged trading assets						
Treasury bills	24,546,032	-	**24,546,032**	2,370,725	-	**2,370,725**
Bonds	3,515,700	270,472	**3,786,172**	25,935	1,376,391	**1,402,326**
Derivative financial instruments	24,866,681	-	**24,866,681**	102,123	-	**102,123**
Loans and advances to banks	12,435,659		**12,435,659**	20,921,683	3,658,192	**24,579,875**
Loans and advances to customers						
Auto Loan	169,509	3,026,286	**3,195,795**	413,655	1,407,475	**1,821,130**
Credit Card	1,847,002	72,128	**1,919,130**	1,545,685	-	**1,545,685**
Finance Lease	454,960	2,277,807	**2,732,767**	247,425	1,890,752	**2,138,177**
Mortgage Loan	192,387	4,216,353	**4,408,741**	457,658	3,353,911	**3,811,569**
Overdraft	249,389,815	20,366	**249,410,181**	160,836,496	1,749,997	**162,586,493**
Personal Loan	1,497,008	6,602,081	**8,099,089**	58,269	3,096,103	**3,154,372**
Term Loan	140,806,230	399,175,702	**539,981,932**	133,403,536	293,422,649	**426,826,185**
Time Loan	296,925,761	3,791,047	**300,716,808**	177,277,498	7,008,594	**184,286,092**
Pledged assets						
Treasury bills	15,125,322	-	**15,125,322**	4,774,503	-	**4,774,503**
Bonds	-	71,946,825	**71,946,825**	-	58,635,348	**58,635,348**
Investment securities						
Available for sale						
Treasury bills	92,046,032	-	**92,046,032**	140,780,793	-	**140,780,793**
Bonds	36,407,716	11,341,662	**47,749,378**	-	9,847,556	**9,847,556**
Held to Maturity						
Treasury bills	23,495,446	-	**23,495,446**	17,503,150	-	**17,503,150**
Bonds	9,473,538	52,359,572	**61,833,110**	10,431,148	136,016,904	**146,448,052**
Other assets	36,030,750	-	**36,030,750**	43,214,300	-	**43,214,300**
	1,116,648,408	**812,692,234**	**1,929,340,643**	**981,417,826**	**693,870,169**	**1,675,287,995**
Deposits from financial institutions	119,045,423	-	**119,045,423**	72,147,956	-	**72,147,956**
Deposits from customers	1,308,794,239	145,624,813	**1,454,419,052**	1,328,550,869	2,867,790	**1,331,418,659**
Derivative financial instruments	1,989,662	-	**1,989,662**	32,955	-	**32,955**
Debt securities issued	-	138,481,179	**138,481,179**	-	55,828,248	**55,828,248**
Current tax liabilities	8,180,969	-	**8,180,969**	6,899,558	-	**6,899,558**
Other liabilities	20,201,802	-	**20,201,802**	54,706,413	-	**54,706,413**
Interest-bearing borrowings	10,898,495	68,917,814	**79,816,309**	14,789,115	49,549,867	**64,338,982**
	1,469,110,590	**353,023,806**	**1,822,134,396**	**1,477,126,866**	**108,245,905**	**1,585,372,771**

Bank	**December 2014** Within 12 months	After 12 months	Total	**December 2013** Within 12 months	After 12 months	Total
In thousands of Naira						
Cash and balances with banks	95,571,518	255,603,361	**351,174,879**	223,864,210	171,944,537	**395,808,747**
Non pledged trading assets						
Treasury bills	24,546,032	-	**24,546,032**	2,370,725	-	**2,370,725**
Bonds	3,786,172	-	**3,786,172**	25,935	1,376,391	**1,402,326**
Derivative financial instruments	24,831,145	-	**24,831,145**	72,675	-	**72,675**
Loans and advances to banks	55,653,199	123,638	**55,776,837**	11,925,744	1,122,907	**13,048,651**
Loans and advances to customers	-	-	-			
Auto Loan	161,799	3,024,477	**3,186,276**	413,655	1,351,139	**1,764,793**
Credit Card	1,764,703	72,128	**1,836,831**	1,545,685	-	**1,545,685**
Finance Lease	265,798	2,196,738	**2,462,536**	247,425	1,460,657	**1,708,082**
Mortgage Loan	-	3,696,197	**3,696,197**	457,658	3,295,191	**3,752,849**
Overdraft	220,056,303	20,366	**220,076,669**	140,424,422	1,749,997	**142,174,419**
Personal Loan	395,466	6,376,463	**6,771,929**	58,269	920,497	**978,766**
Term Loan	124,790,224	383,159,697	**507,949,921**	120,531,194	285,198,284	**405,729,478**
Time Loan	270,137,443	3,791,046	**273,928,489**	177,421,426	225,242	**177,646,668**
Pledged assets						
Treasury bills	13,236,528	-	**13,236,528**	4,712,475	-	**4,712,475**
Bonds	-	71,946,825	**71,946,825**	4,955,792	53,679,556	**58,635,348**
Investment securities						
Available for sale						
Treasury bills	61,656,952	-	**61,656,952**	119,864,079	-	**119,864,079**
Bonds	36,407,716	9,136,168	**45,543,884**	-	9,509,116	**9,509,116**
Held to Maturity						
Treasury bills	15,963,009	-	**15,963,009**	-	-	-
Bonds	9,473,539	48,448,325	**57,921,864**	10,431,148	130,035,662	**140,466,810**
Other assets	30,513,159	-	**30,513,159**	37,705,436	-	**37,705,436**
	989,210,703	**787,595,430**	**1,776,806,133**	**857,027,954**	**661,869,176**	**1,518,897,130**
Deposits from financial institutions	134,509,662	-	**134,509,662**	61,295,352	-	**61,295,352**
Deposits from customers	1,324,500,611	300,000	**1,324,800,611**	1,216,548,236	628,557	**1,217,176,793**
Derivative financial instruments	1,737,791	-	**1,737,791**	-	-	-
Debt securities issued	6,883,850	66,271,541	**73,155,391**	-	-	-
Current tax liabilities	7,113,226	-	**7,113,226**	6,075,590	-	**6,075,590**
Other liabilities	15,678,189	-	**15,678,189**	50,881,254	-	**50,881,254**
Interest-bearing borrowings	11,573,248	134,772,519	**146,345,767**	14,647,791	105,694,235	**120,342,026**
	1,501,996,577	**201,344,060**	**1,703,340,637**	**1,349,448,223**	**106,322,792**	**1,455,771,015**

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: share capital, share premium, retained earnings and other reserves, and
- Tier 2 capital: unrealised gains arising on the fair valuation of equity instruments held as available-for-sale and foreign currency translation reserves with adjustments for deferred tax assets, intangibles and investments in subsidiaries.

In thousands of Naira	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
Tier 1 capital				
Ordinary share capital	11,441,460	11,441,460	11,441,460	11,441,460
Share premium	161,036,211	161,036,211	161,036,211	161,036,211
Retained earnings	34,139,453	22,232,374	36,499,779	23,095,393
Other reserves	67,262,761	48,003,894	65,178,336	49,608,934
Non-controlling interests	3,530,843	1,768,110	-	-
	277,410,728	**244,482,049**	**274,155,786**	**245,181,998**
Add/(Less):				
Fair value reserve for available-for-sale	(9,881,402)	(6,237,939)	(9,833,418)	(6,262,140)
Foreign Currency Translational reserves	3,710,648	4,815,485	-	-
Other reserves	(295,419)	(112,783)	(295,419)	(112,783)
Total Tier 1	**270,944,556**	**242,946,812**	**264,026,949**	**238,807,075**
Add/(Less):				
50% Investments in subsidiaries	-	-	(20,060,286)	(19,014,996)
Deferred tax assets	(10,881,984)	(10,687,635)	(10,128,537)	(9,847,853)
Regulatory risk reserve	(21,205,031)	(13,074,748)	(17,001,981)	(11,177,662)
Intangible assets	(5,592,991)	(3,659,072)	(4,436,814)	(2,661,553)
Adjusted Tier 1	**233,264,550**	**215,525,357**	**212,399,332**	**196,105,011**
Tier 2 capital				
Debt securities issued	66,853,428	-	66,006,738	-
Fair value reserve for available-for-sale securities	9,881,402	6,237,939	9,833,418	6,262,140
Foreign currency translational reserves	(3,710,648)	(4,815,485)	-	-
Other reserves	295,419	112,783	295,419	112,783
50% Investments in subsidiaries	-	-	(20,060,286)	(19,014,996)
Total Tier 2	**73,319,601**	**1,535,237**	**56,075,289**	**(12,640,073)**
Total regulatory capital	**306,584,151**	**217,060,594**	**268,474,620**	**183,464,938**
Risk-weighted assets	**1,686,979,582**	**1,209,463,253**	**1,560,034,376**	**1,096,697,585**
Capital ratios				
Total regulatory capital expressed as a percentage of total risk-weighted assets	18%	18%	17%	17%
Total tier 1 capital expressed as a percentage of risk-weighted assets	14%	18%	14%	18%

7a 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.

Operating segments

Total revenue in the segments represents; Interest Income, Fees and Commission Income, Net gains on Financial Instruments held for trading, Foreign Exchange income, Other Operating Income and Fair Value Gains on Investment Propoerty.

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;

Material total assets and liabilities	**Group December 2014**	**Group December 2013**
In thousands of Naira		
Other assets	56,310,620	52,019,723
Investments in equity accounted investee	-	3,623,326
Investment properties	-	23,974,789
Derivative financial instruments	24,866,681	102,123
Deferred tax (net)	10,881,984	10,687,635
Assets held for sale	23,438,484	2,847,740
Total assets	**115,497,769**	**93,255,336**
Derivative financial instruments	1,989,662	32,955
Other liabilities	21,689,079	56,847,216
Debt securities issued	138,481,179	55,828,248
Interest-bearing borrowings	79,816,309	64,338,982
Deferred tax liabilities	59,038	37,861
Retirement benefit obligations	3,269,100	1,933,021
Total liabilities	**245,304,367**	**179,018,283**

Material revenue and expenses

	Group December 2014	**Group December 2013**
Revenue derived from external customers		
Fair value gain on Investment property	-	4,850,286
Fair value gain on assets held for sale	750,000	-
	750,000	**4,850,286**
Interest expense		
Interest expense on Eurobond	(8,768,860)	(4,021,979)

7a Operating segments (Continued)

31 December 2014

In thousands of Naira	Corporate & Investment Banking	Commercial Banking	Business Banking	Personal Banking	Unallocated Segments	Total Continuing Operations	Discontinued Operations	Total
Revenue:								
Derived from external customers	95,219,332	95,326,092	18,563,990	35,358,155	750,000	245,217,569	51,003	245,268,572
Derived from other business segments	(1,466)	313	750	403	-	-	-	-
Total Revenue	95,217,866	95,326,405	18,564,740	35,358,558	750,000	245,217,569	51,003	245,268,572
Interest expenses	(27,281,898)	(28,863,962)	(5,632,460)	(6,353,900)	(8,768,860)	(76,901,080)	-	(76,901,080)
Profit/(Loss) on ordinary activities before taxation	35,657,154	31,039,955	(9,145,850)	2,489,891	(8,018,860)	52,022,290	(87,267)	51,935,023
Share of profit from associate							-	-
Income tax expense						(8,958,811)	-	(8,958,811)
Pre-tax loss on re-measurement of assets of disposal group							-	-
Profit after tax						43,063,479	(87,267)	42,976,212
Other segment information:								
Depreciation and amortisation	(5,115,004)	(3,796,657)	(199,957)	(126,555)	-	(9,238,173)	-	(9,238,173)
Impairment charge for the year/(allowance no longer required)	(5,282,414)	(3,485,412)	(1,826,906)	(344,517)	(713,022)	(11,652,271)	-	(11,652,271)
Assets and liabilities:								
Tangible segment assets	1,043,884,995	849,266,149	46,299,060	49,412,565	-	1,988,862,769	-	1,988,862,769
Unallocated segment assets	-	-	-	-	115,497,770	115,497,770	-	115,497,770
Total assets	1,043,884,995	849,266,149	46,299,060	49,412,565	115,497,770	2,104,360,539	-	2,104,360,539
Segment liabilities	316,821,648	701,564,665	192,116,217	371,142,914	-	1,581,645,444	-	1,581,645,444
Unallocated segment liabilities					245,304,367	245,304,367	-	245,304,367
Total liabilities	316,821,648	701,564,665	192,116,217	371,142,914	245,304,367	1,826,949,811	-	1,826,949,811
Net assets	727,063,347	147,701,485	(145,817,157)	(321,730,348)	(129,806,597)	277,410,729		

Operating segments (Continued)
Information about operating segments

31 December 2013

In thousands of Naira	Corporate & Investment Banking	Commercial Banking	Business Banking	Personal Banking	Unallocated segments	Total continuing operations	Discontinued operations	Total N'000
Revenue:								
Derived from external customers	57,716,244	85,880,717	16,793,961	41,730,181	4,770,116	206,891,219	5,730,405	212,621,624
Derived from other business segments	(1,635,281)	666,325	314,719	654,237	-	-	-	-
Total Revenue	56,080,963	86,547,042	17,108,680	42,384,418	4,770,116	206,891,219	5,730,405	212,621,624
Interest expenses	(29,343,182)	(24,742,433)	(4,506,681)	(5,623,112)	(4,021,979)	(68,237,387)	(229,392)	(68,466,779)
Profit/(Loss) on ordinary activities before taxation	18,126,148	25,831,334	(5,027,266)	3,852,238	748,137	43,530,591	265,760	43,796,351
Income tax expense						(7,498,759)	(47,152)	(7,545,911)
Pre-tax loss on re-measurement of assets of disposal group								-
Profit after tax						36,031,832	218,608	36,250,440
Other segment information:								
Depreciation and amortisation	(4,791,720)	(3,420,153)	(227,707)	(253,632)	(21,332)	(8,714,544)	(75,929)	(8,790,473)
Assets and liabilities:								
Tangible segment assets	969,785,577	720,137,802	37,927,258	24,004,593	83,610,770	1,835,466,000	55,750,624	1,891,216,624
Unallocated segment assets	-	-	-	-	-	-	-	-
Total assets	969,785,577	720,137,802	37,927,258	24,004,593	83,610,770	1,835,466,000	55,750,624	1,891,216,624
Segment liabilities	337,567,545	693,660,138	148,902,642	289,378,204	121,475,421	1,590,983,950	37,293,229	1,628,277,179
Unallocated segment liabilities	-	-						-
Total liabilities	337,567,545	693,660,138	148,902,642	289,378,204	121,475,421	1,590,983,950	37,293,229	1,628,277,179
								-
Net assets	632,218,032	26,477,664	(110,975,384)	(265,373,611)	(37,864,651)	244,482,050	18,457,395	262,939,445

7b Geographical segments

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

31 December 2014 *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Total Continuing Operations**	**Discontinued Operations**	**Total**
Derived from external customers	206,943,083	28,927,880	9,346,606	245,217,569	51,003	245,268,572
Derived from other segments	-	-	-	-	-	-
Total Revenue	206,943,083	28,927,880	9,346,606	245,217,569	51,003	245,268,572
Interest expense	(66,508,654)	(5,672,841)	(4,719,585)	(76,901,080)	-	(76,901,080)
Fee and commission expenses	-	(9)	(36,754)	(36,763)	-	(36,763)
Operating Income	140,434,429	23,255,030	4,590,267	168,279,726	51,003	168,330,729
Profit/(loss) before income tax	43,235,936	7,542,190	1,244,164	52,022,290	(87,267)	51,935,023
Assets and liabilities:						
Total assets	1,801,096,283	106,205,635	197,058,621	2,104,360,539	-	2,104,360,539
Total liabilities	1,524,671,322	121,582,200	180,696,289	1,826,949,811	-	1,826,949,811
Net assets	276,424,961	(15,376,565)	16,362,332	277,410,728	-	277,410,728

31 December 2013	**Nigeria**	**Rest of Africa**	**Europe**	**Total continuing operations**	**Discontinued operations**	**Total**
Derived from external customers	180,230,975	20,555,979	6,104,264	206,891,218	5,730,405	212,621,623
Derived from other segments	-	-	-	-	-	-
Total Revenue	180,230,975	20,555,979	6,104,264	206,891,218	5,730,405	212,621,623
Interest expense	(61,171,695)	(4,009,098)	(3,056,594)	(68,237,387)	(229,392)	(68,466,780)
Net impairment on financial assets	7,508,215	(1,344,671)	-	6,163,544	-	6,163,544
Fee and commission expenses		(105,638)		(105,638)	(22,055)	(127,693)
Operating Income	126,567,495	15,096,572	3,047,670	144,711,737	5,478,958	150,190,694
Profit/(loss) before income tax	37,461,915	5,482,645	586,031	43,530,591	265,760	43,796,351
Assets and liabilities:						
Total assets	1,626,950,595	74,749,016	130,918,649	1,835,466,000	55,750,624	1,891,216,624
Total liabilities	1,392,856,984	84,997,770	111,629,701	1,590,983,951	37,293,229	1,628,277,180
Net assets	234,093,611	(10,248,754)	19,288,948	244,482,049	18,457,395	262,939,444

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 year ended 2014 and for the year ended 31 December 2013. Information on revenue from external customers for each product and service had not been disclosed as the information is not readily available to the chief operating decision maker and the cost to develop is considered excessive.

8 Interest income

In thousands of Naira	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
Interest income				
Cash and balances with banks	3,216,457	1,685,844	2,341,290	572,631
Loans and advances to banks and customers	136,389,429	97,533,141	123,618,114	85,243,336
Investment securities				
Available for Sale				
- Treasury Bills	3,721,138	1,277,858	3,490,675	1,172,892
- Bonds	779,964	1,896,833	779,964	1,896,833
Held for trading				
- Treasury Bills	7,966,555	4,589,566	7,324,156	599,778
- Bonds	263,466	220,163	92,623	220,163
Held to maturity				
- Treasury Bills	6,838,811	1,639,266	4,188,958	1,038,242
- Bonds	17,742,403	37,118,357	17,742,404	36,967,090
	176,918,223	**145,961,028**	**159,578,184**	**127,710,965**
Interest expense				
Deposit from financial institutions	4,586,282	2,020,605	3,393,599	2,695,673
Deposit from customers	63,530,991	56,979,897	58,742,291	53,177,930
Securities dealing	7,927	417,343	-	414,151
Interest bearing borrowings	8,775,880	4,808,966	8,775,173	4,738,092
Other borrowed funds	-	4,010,576	-	-
	76,901,080	**68,237,387**	**70,911,063**	**61,025,846**
Net interest income	**100,017,143**	**77,723,641**	**88,667,121**	**66,685,119**

Interest income for the year ended 31 December 2014 includes interest accrued on impaired financial assets of Group: N6.2Bn (31 Dec 2013: N7.8Bn) and Bank: N6.1Bn (31 Dec 2013: N7.8Bn).

9a (Impairment)/writeback on financial assets

In thousands of Naira	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
Write back of collective impairment charges on loans and advances to banks(note 22)	2,996	3,263	2,996	3,263
(Additional)/Write back of collective impairment charges on loans and advances to customers (note 23)	(4,474,651)	7,670,932	(4,249,362)	6,433,655
Write back of specific impairment charges on loans and advances to banks (see note 22)	-	96,755	-	96,755
Additional specific impairment charges on loans and advances to customers (see note 23)	(6,467,595)	(2,914,577)	(5,649,913)	(332,628)
Write back of impairment charge on available for sale equities (see note 25)	-	155,906	-	155,906
(Additional)/write back impairment allowance on financial assets in other assets (see note 26)	(713,021)	1,151,265	(713,021)	1,151,265
	(11,652,271)	**6,163,544**	**(10,609,300)**	**7,508,216**

The swing from an additional impairment to a write back from December 2013 to December 2014 arose was as a result of the increase in probability of default ratio used in the determination of collective impairment and additional specific impairment recorded during the year.

9b Net impairment on investment in subsidiaries

In thousands of Naira	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
Impairment on investment in subsidiaries	-	-	-	(823,182)
	-	**-**	**-**	**(823,182)**

10 Fee and commission income

In thousands of Naira	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
Credit related fees and commissions	12,107,051	10,044,049	10,265,759	8,197,544
Commission on turnover and handling commission	5,872,065	6,251,985	5,324,789	5,803,756
Commission on bills and letters of credit	2,767,671	2,704,101	1,288,462	1,538,720
Commissions on collections	727,476	467,053	210,127	81,758
Commission on other financial services	3,109,363	3,626,407	1,150,738	4,173,868
Commission on virtual products	2,062,465	3,384,226	1,328,477	2,729,427
Commission on foreign currency denominated transactions	1,349,866	655,262	753,866	549,265
Card related commissions	2,328,659	1,584,964	2,250,546	1,504,463
Retail account charges	472,182	2,935,123	472,182	1,816,397
	30,796,798	**31,653,170**	**23,044,946**	**26,395,198**

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.

11 Net gains on investment securities -

a Net gains on financial instruments classified as held for trading

In thousands of Naira	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
Fixed income securities	316,985	750,730	43,193	658,470
Derivative instruments	22,768,006	69,168	22,980,834	72,676
	23,084,991	**819,898**	**23,024,027**	**731,146**

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.

b Net gains on financial instruments held as available for sale

In thousands of Naira	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
Fixed income securities	321,372	1,055,385	263,247	1,029,242
Total	**321,372**	**1,055,385**	**263,247**	**1,029,242**

12 Net foreign exchange income/(loss)

In thousands of Naira	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
Foreign exchange net trading income	18,178,055	6,709,105	14,907,528	5,221,837
Unrealised foreign exchange (loss)/gains on revaluation	(17,614,133)	828,440	(18,305,648)	513,975
	563,922	**7,537,545**	**(3,398,120)**	**5,735,812**

13 Other operating income

In thousands of Naira	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
Dividends on available for sale equity securities	3,382,399	3,161,572	3,861,439	3,257,612
Gain on disposal of property and equipment	905,884	2,134,945	874,372	2,135,015
Rental income	205,973	313,257	205,973	308,609
Bad debt recovered	3,294,295	2,711,471	3,174,082	2,659,515
Cash management charges	444,087	391,350	444,087	391,350
Income from contingent settlement derecognition	-	3,548,250	-	3,548,250
Other income	4,549,625	2,753,062	3,972,114	1,477,976
	12,782,263	**15,013,907**	**12,532,067**	**13,778,327**

14 Personnel expenses

In thousands of Naira	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
Wages and salaries	29,884,739	29,567,517	24,441,936	24,596,464
Increase in liability for long term incentive plan (see note 40 (a) (i))	421,275	801,169	421,275	801,169
Contributions to defined contribution plans	804,890	600,485	565,204	427,402
Restricted Share Performance Plan (a)	182,636	112,783	182,636	112,783
	31,293,540	**31,081,954**	**25,611,051**	**25,937,818**

(a) Under the Restricted Share Performance Plan (RSPP), shares of the Bank are awarded to employees based on their performance at no cost to them. Under the terms of the plan, the shares vest over a 3 year period from the date of award. The scheme applies to only employees of the Bank that meet the stipulated performance criteria irrespective of where they work within the Group. 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 five (5) 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 fair value of RSPP shares purchased was obtained from Nigeria Stock Exchange quotation on the date of purchase in June 2014 as 9.70 Naira per share. No other shares have been purchased therafter uptil 31 December 2014. A further statutory fee was paid at an average of 6 kobo per share making a total carrying price of N9.76 per share.

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;

Description of shares		December 2014 Number of Shares	December 2014 Weighted Share Price per Share - Naira	December 2013 Number of Shares	December 2013 Weighted Share Price per Share - Naira
(i)	Shares allocated to staff at start of the year;	38,196,543	11.50	nil	nil
(ii)	Shares purchased during the year	52,822,453	9.76	40,063,365	11.50
(iii)	Unallocated shares during the year	9,398,371	9.76	1,866,822	11.50
(iv)	Forfeited during the year;	3,838,352	nil	nil	nil
(v)	Exercised during the year;	nil	nil	nil	nil
(vi)	Shares allocated to staff at end of the year;	77,782,273	10.51	38,196,543	11.50
		Naira	**Price per Share - Naira**	**Naira**	**Price per Share - Naira**
Share based expense recognised during the year		182,636,342	10.51	112,782,658	11.50

Outstanding allocated shares to staff at the end of the year have the following maturity dates

	Vesting period	Expiry date	Shares
Outstanding allocated shares for the 2013 - 2015 vesting period	2013 - 2015	31 Dec 2015	28,798,172
Outstanding allocated shares for the 2014 - 2016 vesting period	2014 - 2016	31 Dec 2016	48,984,101
			77,782,273

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

	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
	Number	**Number**	**Number**	**Number**
Managerial	303	259	244	210
Other staff	3,401	3,151	2,477	2,251
	3,704	**3,410**	**2,721**	**2,461**

iii. Employees, other than directors, earning more than N900,000 per annum, whose duties were wholly or mainly discharged in Nigeria, received remuneration (excluding pension contributions and certain benefits) in the following ranges:

	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
	Number	Number	Number	Number
Below N900,000	180	131	-	-
N900,001 - N1,990,000	90	152	8	8
N1,990,001 - N2,990,000	156	169	-	-
N2,990,001 - N3,910,000	990	950	677	691
N3,910,001 - N4,740,000	10	27	-	-
N4,740,001 - N5,740,000	704	633	630	556
N5,740,001 - N6,760,000	59	501	-	446
N6,760,001 - N7,489,000	578	296	553	272
N7,489,001 - N8,760,000	327	8	314	-
N8,760,001 - N9,190,000	3	2	-	-
N9,190,001 - N11,360,000	195	295	175	278
N11,360,001 - N14,950,000	139	122	120	105
N14,950,001 - N17,950,000	129	46	115	43
N17,950,001 - N21,940,000	58	5	55	-
N21,940,001 - N26,250,000	2	28	-	25
N26,250,001 - N30,260,000	40	25	37	21
N30,261,001 - N45,329,000	36	18	31	16
Above N45,329,000	8	2	6	-
	3,704	3,410	2,721	2,461

15 Other operating expenses

In thousands of Naira	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
Premises and equipment costs	6,296,518	6,024,009	5,585,368	5,675,181
Professional fees	2,641,005	2,961,878	1,046,274	1,664,072
Insurance	499,373	858,014	362,923	704,128
Business travel expenses	2,783,045	2,394,411	2,562,719	2,349,730
Asset Management Corporation of Nigeria (AMCON) surcharge (see note (a) below)	8,520,471	11,695,255	8,520,471	11,695,255
Loss on disposal of investments	17	1,025,936	17	1,025,936
Deposit insurance premium	6,024,910	5,800,622	6,024,910	5,800,622
Auditor's renumeration	433,734	308,208	260,000	255,607
Administrative expenses	8,994,432	6,400,724	7,625,739	4,932,312
Board expenses	342,374	280,835	339,179	280,835
Communication expenses	2,436,612	2,070,592	1,495,757	2,070,592
Consultancy and IT expenses	7,428,985	7,383,837	6,731,029	7,383,837
Outsourcing costs	6,606,279	5,189,615	6,277,997	5,189,615
Public relations and marketing expenses	2,657,098	2,153,600	2,121,556	2,153,600
Recruitment and training	1,277,738	973,101	1,260,129	973,101
Events, charities and sponsorship	2,042,254	1,490,098	1,947,601	1,490,098
Periodicals and subscriptions	538,189	469,726	533,918	469,726
Security expenses	3,009,001	2,452,521	2,560,702	2,452,521
	62,532,035	59,932,982	55,256,289	56,566,768

(a) This represents the Group's contribution to AMCON's sinking fund for the year ended 31 December 2014. Effective 1 January 2011, the banks in Nigeria were required to contribute 0.3% of total assets as at the preceding year end to AMCON's sinking fund in line with existing guidelines. This was increased to 0.5% in 2013. The contribution to AMCON is a levy on all deposit money banks in Nigeria. 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.

16a Discontinued operations
For the year ended 31 December 2014

In thousands of Naira	Access Bank Burundi	Associated Discount House	Total
	Subsidiary	Associate	
Up to date:	**February 2014**	**December 2014**	
Interest income	33,228	10,923,949	10,957,177
Interest expense	(10,177)	(8,736,442)	(8,746,619)
Net interest income	23,051	2,187,507	2,210,558
Net Impairment writeback on financial assets	-	21,842	21,842
Fee and commission income	12,923	16,505	29,428
Trading income	-	673,416	673,416
Net (losses)/gains from financial instruments at fair value	-	(5,273)	(5,273)
Net fee and commission income	12,923	706,490	719,413
Other operating income	4,853	18,650	23,503
Total operating income	**40,827**	**2,912,647**	**2,953,475**
Personnel expenses	(16,060)	(472,017)	(488,077)
Other operating expenses	(31,486)	(819,569)	(851,055)
Total expenses	(47,546)	(1,291,586)	(1,339,132)
Loss before tax	(6,719)	1,621,061	1,614,342
Income tax expense	-	(10,527)	(10,527)
Loss after tax	**(6,719)**	**1,610,534**	**1,603,815**
Loss after tax attributable to:			
Owners of the bank	(5,846)	-	(5,846)
Share of profit attributable to Access Bank:	-	485,576	485,576
Non-controlling interests	(873)	-	(873)
Loss after tax for the period	**(6,719)**	**485,576**	**478,857**
Basic loss per share (kobo)	(0.12)		(0.12)

16b The aggregate book value of the net assets for the subsidiary and associate disposed at the date of disposal is as follows:

Group			
Cash and balances with banks	956,473	11,570,356	12,526,829
Non pledged trading assets	-	470,490	470,490
Loans and advances to customers	1,400,651	298,343	1,698,994
Investment securities	546,762	24,735,328	25,282,090
Pledged assets	-	32,296,487	32,296,487
Other assets	94,593	309,622	404,215
Intangible assets	-	44,207	44,207
Property, plant and equipment	225,883	165,106	390,989
Deferred tax	-	4,184,550	4,184,550
Assets held for sale	-	48,756	48,756
Total assets	**3,224,362**	**74,123,245**	**77,347,607**
Deposits from banks and customers	(2,031,040)	(20,717,369)	(22,748,409)
Deposit from customers	-	(36,645,218)	(36,645,218)
Other liabilities	(166,526)	(233,301)	(399,827)
Total liabilities	**(2,197,566)**	**(57,595,888)**	**(59,793,454)**
Net assets of disposal group	**1,026,796**	**16,527,357**	**17,554,153**

Group			
Proceeds on disposal	776,200	4,044,377	4,820,577
Less:			
Share of other components of net assets exluding translation reserve	(983,780)	-	(983,780)
Carrying amount of investment in associate at disposal	-	(4,130,394)	(4,130,394)
Share of foreign exchange gain arising from disposal	97,187	-	97,187
Goodwill	(369,714)	-	(369,714)
Loss on disposal of subsidiary and associate	**(480,107)**	**(86,017)**	**(566,124)**
Post tax loss of discontinued operations			**(6,719)**
Share of profit of disposed associate (see note 28)			**485,576**
Loss from discontinued operations			**(87,267)**
Bank			
Proceeds on disposal	776,200	4,044,376	4,820,576
Cost of investments	(1,141,875)	(1,521,812)	(2,663,687)
Allowance for impairment	261,409	-	261,409
Gain on disposal of subsidiary and associate	**(104,266)**	**2,522,564**	**2,418,298**

16c Discontinued operations

In 2013, the subsidiaries of Intercontinental Homes and Savings Plc and Intercontinental Bank (UK), Access Bank Cote d'Ivoire and Access Investment and Securities Ltd were sold. Management was committed to a plan to sell Access Bank Burundi within 12 months from the reporting period. (Analysis of the result of discontinued operations and the result recognised in the re-measurement of assets or disposal groups is as below:

The Central Bank of Nigeria (CBN) directed all banks to divest from non-core banking subsidiaries. In line with this, Shareholders of Access Bank Plc, at a court ordered extra- ordinary general meeting (EGM) endorsed the proposal by its Board of Directors to unbundle the Bank's shares in WAPIC Insurance Plc to the shareholders. WAPIC Insurance Plc thus ceased to be a subsidiary of Access Bank Plc in September 2013 and has been accounted for as a discontinued operation.

In accordance with the scheme, the 4,883,039,474 ordinary shares of 50 kobo each of WAPIC Insurance Plc held by Access Bank Plc were transferred to the eligible shareholders of Access Bank pro rata in the proportion of their shareholding in Access Bank Plc, based on the application of the Allocation Ratio as specified in the Scheme document; that pursuant to the provision of section 106 of the Companies and Allied Matters Act and in consideration for the transfer by Access Bank Plc to its shareholders of its entire shares in WAPIC Insurance Plc, the Bank's equity was reduced by the sum of N4,150,585 in September 2013. This transaction was recognised and measured in accordance with "IFRIC 17 – Distribution of Non-cash Assets to Owners.)

In thousands of Naira	**Bank December 2013**
Distribution of shares of WAPIC to Access Bank Shareholders	
Fair value of the non-cash asset	4,150,584
Less:	
Share of net assets of the entity's shares being distributed/ carrying amount of the assets distributed	(6,613,213)
	(2,462,629)

16d(i) ***For the year ended 31 December 2013***

In thousands of Naira

Results of discontinued operations up to date:	**Omni Finance Bank Cote D' Ivoire**	**Access Bank Burundi**	**Intercontinental Homes & Savings Limited**	**Intercontinental Bank UK**	**WAPIC**	**Total**
	December 2013	**December 2013**	**January 2013**	**March 2013**	**September 2013**	
Interest income	118,689	333,767	18,224	15,217	-	485,897
Interest expense	(115,269)	(97,380)	(11,922)	(4,821)	-	(229,392)
Net impairment loss on financial assets	-	(1,192)	(37,955)	-	-	(39,147)
Net interest income	3,420	235,195	(31,653)	10,396	-	217,358
Insurance premium income	-	-	-	-	3,741,257	3,741,257
Insurance premium ceded to Reinsurers	-	-	-	-	(1,487,483)	(1,487,483)
	-	-	-	-	2,253,774	2,253,774
Fee and commission income	117,334	85,542	1,193	6,654	133,280	344,003
Fee and commission expense	-	(21,642)	(153)	(260)	-	(22,055)
Net fee and commission income	117,334	63,900	1,040	6,394	133,280	321,948
Net trading and investment income	-	20,383	-	296	1,138,568	1,159,247
Other operating income	178,620	70,177	74,903	-	655,988	979,688
Total operating income	299,374	389,655	44,290	17,086	4,181,610	4,932,015
Personnel expenses	(226,621)	(189,336)	(25,477)	(46,722)	(714,057)	(1,202,213)
Net claims expense and underiting expenses	-	-	-	-	(2,232,097)	(2,232,097)
Depreciation and amortization	-	(70,505)	(4,045)	(1,379)	-	(75,929)
Other operating expenses	(508,714)	(183,704)	(13,358)	(33,467)	(1,103,358)	(1,842,601)
Total expenses	(735,335)	(443,545)	(42,880)	(81,568)	(4,049,512)	(5,352,840)
(Loss)/ gain before tax	**(435,960)**	**(53,890)**	**1,410**	**(64,482)**	**132,099**	**(420,824)**
Income tax expense	-	-	-	-	(47,152)	(47,152)
(Loss)/ gain after tax	**(435,960)**	**(53,890)**	**1,410**	**(64,482)**	**84,947**	**(467,976)**
(Loss)/ profit after tax attributable to:						
Owners of the bank	(226,699)	(28,023)	733	(64,482)	44,173	(274,298)
Non-controlling interests	(209,261)	(25,867)	677	-	40,774	(193,677)
Loss after tax for the period	(435,960)	(53,890)	1,410	(64,482)	84,947	(467,976)
Basic (loss)/ earnings per share (kobo)	(7.97)	(0.98)	0.03	(2.08)	1.55	
Cash flows from/(used in)						
Net cash used in operating activities	549,385	(166,571)	135,566	1,011,090	2,003,551	3,533,021
Net cash from investing activities	(1,046)	(5,477)	231,939	1,088,569	(248,691)	1,065,294
Net cash from financing activities	-	76,803	11,922	-	2,990,815	3,079,540
Effect on cashflows	**548,339**	**(95,245)**	**379,427**	**2,099,659**	**4,745,675**	**7,677,855**

16d(ii) The aggregate book values of the net assets for four subsidiaries disposed at the respective dates of disposal were as follows:

In thousands of Naira	WAPIC September 2013	Intercontinental Homes & Savings Limited January 2013	Intercontinental Bank UK March 2013	Access Investments and Securities September 2013	Omni Finance Bank Cote D' Ivoire December 2013	Total
Cash and balances with banks	8,814,192	374,534	11,027,379	69,794	4,688,605	24,974,504
Loans and advances to banks	-	-	4,060,575	-	-	4,060,575
Loans and advances to customers	-	1,551,045	781,982	-	1,404,556	3,737,583
Trading properties		3,377,221	-	-	-	3,377,221
Investment securities	5,463,103	105,502	1,585,976	-	48,980	7,203,561
Reinsurance assets	882,258	-	-	-	-	882,258
Other assets	2,346,289	342,853	183,909	181,343	233,137	3,287,531
Investment properties	3,566,382	431,944	-	-	-	3,998,326
Property and equipment	1,067,202	693,922	48,019	31,304	1,245,798	3,086,245
Intangible assets	65,612	31,617	19,484	-	-	116,713
Deferred acquisition cost	270,658	-	-	-	-	270,658
Deferred tax assets	32,731	722,718	-	-	-	755,449
Total assets	**22,508,427**	**7,631,356**	**17,707,324**	**282,441**	**7,621,076**	**55,750,624**
Deposits from banks	-	-	(8,009,531)	-	-	(8,009,531)
Deposits from customers	-	(1,062,594)	(6,421,984)	-	(10,573,163)	(18,057,741)
Derivative financial instruments	-	-	(145,590)	-	-	(145,590)
Current tax liabilities	(292,631)	(31,285)		(84,050)	-	(407,966)
Other liabilities	(3,139,702)	(902,368)	(192,200)	-	(342,232)	(4,576,502)
Insurance contracts	(4,929,359)	-	-	-	-	(4,929,359)
Interest-bearing borrowings	-	(995,884)	-	-	-	(995,884)
Deferred tax liability	(170,656)	-	-	-	-	(170,656)
Total liabilities	**(8,532,348)**	**(2,992,131)**	**(14,769,305)**	**(84,050)**	**(10,915,395)**	**(37,293,229)**
Net assets of disposal group	**13,976,079**	**4,639,225**	**2,938,019**	**198,391**	**(3,294,319)**	**18,457,395**
Group						
Proceeds on disposal	-	2,100,000	3,872,960	101,023	160,666	6,234,649
Fair value of the non-cash asset	4,150,584	-	-	-	-	4,150,584
Group's share of other components of net assets exluding translation reserve	(8,665,168)	(2,412,397)	(3,509,765)	(198,391)	2,688,582	(12,097,139)
Gain on disposal	(4,514,584)	(312,397)	363,195	(97,368)	2,849,248	(1,711,906)
Profit from discontinued operations						
Foreign exchange gain/(loss) arising from disposal of translated foreign subsidiaries	-	-	571,746	-	408,078	979,824
Post tax loss of discontinued operations						(467,976)
Share of profit of disposed associate (see note 28)						1,465,818
						265,760
Bank						
Proceeds on disposal		2,100,000	3,872,960	101,023	160,666	6,234,649
Cost of investments		(3,387,938)	(7,301,401)	(819,278)	(5,438,520)	(16,947,137)
Allowances for impairment		1,001,475	3,307,929	620,907	5,277,854	10,208,165
Loss on disposal on investment in subsidiaries		**(286,463)**	**(120,512)**	**(97,348)**	**-**	**(504,323)**

17 Income tax expense

In thousands of Naira	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
Current tax expense				
Corporate income tax	7,293,969	4,625,657	4,532,644	2,633,332
IT tax	459,163	299,650	459,163	299,650
Education tax	203,887	1,485,593	203,887	1,485,593
Capital gains tax	110,061	97,357	110,061	97,357
Prior year's under provision	751,307	2,819,776	751,307	2,809,419
	8,818,387	9,328,033	6,057,062	7,325,351
Deferred tax expense				
Origination of temporary differences	140,424	(1,829,274)	144,234	(2,171,799)
Total income tax expense	**8,958,811**	**7,498,759**	**6,201,296**	**5,153,552**

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

	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
Balance at the beginning of the year	6,899,558	8,937,964	6,075,590	7,686,568
Tax paid	(7,187,505)	(10,850,841)	(5,070,239)	(8,936,329)
Income tax charge	8,067,080	6,508,257	5,305,755	4,515,932
On disposal of subsidiary	-	(406,978)	-	-
Prior year's under provision	751,307	2,819,776	751,307	2,809,419
Reclassifications	50,813	-	50,813	-
Translation adjustments	(373,157)	(86,483)	-	-
Income tax receivable	(27,127)	(22,137)	-	-
Balance at the end of the year	**8,180,969**	**6,899,558**	**7,113,226**	**6,075,590**

Income tax liability is to be settled within one period

In thousands of Naira	Group December 2014	Group December 2014	Group December 2013	Group December 2013
Profit before income tax		52,022,290		43,530,591
Income tax using the domestic tax rate	30%	15,603,325	30%	10,988,217
Effect of tax rates in foreign jurisdictions	0%	-	0%	(27,429)
Capital allowance utilised for the year	0%	-	1%	439,108
Non-deductible expenses	17%	8,977,112	8%	2,867,824
Tax exempt income	-41%	(21,362,068)	-33%	(15,077,667)
Tax losses (utilised)/unutilised	1%	556,262	-1%	(212,945)
Education tax levy	0%	203,887	0%	1,485,593
Capital gain's tax	0%	110,061	0%	97,357
Prior year's under provision	1%	751,307	3%	2,819,776
Impact of dividend as tax base	8%	4,118,925	12%	4,118,925
Effective tax rate	**16%**	**8,958,811**	**20%**	**7,498,759**

In thousands of Naira	Bank December 2014	Bank December 2014	Bank December 2013	Bank December 2013
Profit before income tax	-	46,142,422		31,365,395
Income tax using the domestic tax rate	30%	13,842,727	30%	9,409,619
Information technology tax	1%	459,163	1%	299,650
Non-deductible expenses	19%	8,811,846	7%	2,314,851
Tax exempt income	-48%	(22,096,620)	-39%	(15,381,862)
Education tax levy	0%	203,887	0%	1,485,593
Capital gain tax	0%	110,061	0%	97,357
Prior year's under provision	2%	751,307	4%	2,809,419
Impact of dividend as tax base	9%	4,118,925	13%	4,118,925
Effective tax rate	**13%**	**6,201,296**	**16%**	**5,153,552**

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 year excluding ordinary shares purchased by the company and held as treasury shares.

	Group	Group	Bank	Bank
In thousands of Naira	**December 2014**	**December 2013**	**December 2014**	**December 2013**
Profit for the year from continuing operations	43,063,479	36,031,832	39,941,126	26,211,844
Loss for the year from discontinued operations	(87,267)	265,760	-	-
Weighted average number of ordinary shares in issue	22,882,919	22,882,919	22,882,919	22,882,919
Weighted average number of ordinary shares after treasury shares	22,816,414	22,862,870	22,882,919	22,882,919
In naira per share				
Basic earnings per share from continuing operations	1.89	1.58	1.74	1.14
Basic (earnings) per share from discontinued operations	-	0.01	-	-

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has no debt with a convertible option. The are no diluted earnings

19 Cash and balances with banks

In thousands of Naira	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
Cash on hand and balances with banks (see note (i))	49,549,044	114,541,529	36,343,757	109,655,119
Restricted deposits with central banks (see note (ii))	257,591,933	172,406,297	255,603,361	171,944,537
Unrestricted balances with central banks	32,060,575	31,143,134	22,262,582	24,775,442
Money market placements	65,813,241	121,368,581	36,965,179	89,433,649
	405,014,793	**439,459,541**	**351,174,879**	**395,808,747**

(i) Included in cash in hand and balances with other banks is an amount of N5.030Bn (31 Dec 2013: N10.276Bn) 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 36). 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.

20 Non pledged trading assets

In thousands of Naira	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
Government bonds	3,786,172	1,402,326	3,786,172	1,402,326
Treasury bills	24,546,032	2,370,725	24,546,032	2,370,725
Equity securities	79,440	104,918	79,440	104,918
	28,411,644	**3,877,969**	**28,411,644**	**3,877,969**

21 Derivative financial instruments

In thousands of Naira	Notional amount	Fair Value Assets/ (Liabilities)	Notional amount	Fair Value Assets/ (Liabilities)
	December 2014		December 2013	
Group				
Foreign exchange derivatives				
Total derivative assets	226,641,589	24,866,681	11,471,603	102,123
Total derivative liabilities	49,836,860	(1,989,662)	2,000,495	(32,955)

	Notional amount	Fair Value Assets/ (Liabilities)	Notional amount	Fair Value Assets/ (Liabilities)
	December 2014		December 2013	
Bank				
Foreign exchange derivatives				
Total derivative assets	224,496,226	24,831,145	9,423,411	72,675
Total derivative liabilities	25,458,938	(1,737,791)	-	-

Derivative financial instruments consist of short term forward and swap 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 within twelve months. All derivative contracts are considered to be valued using level two i.e. are priced with reference to observable market data.

22 Loans and advances to banks

In thousands of Naira	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
Loans and advances to banks	12,442,000	24,589,212	55,783,178	13,057,988
Less collective allowances for impairment	(6,341)	(9,337)	(6,341)	(9,337)
	12,435,659	**24,579,875**	**55,776,837**	**13,048,651**

Specific allowances for impairment on loans and advances to banks

In thousands of Naira	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
Balance, beginning of year	-	96,755	-	96,755
Impairment loss for the year:				
- Net charge/allowance no longer required	-	(96,755)	-	(96,755)
Balance, end of year	-	-	-	-

Collective allowances for impairment on loans and advances to banks

In thousands of Naira	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
Balance beginning of year	9,337	12,600	9,337	12,600
Allowance no longer required	(2,996)	(3,263)	(2,996)	(3,263)
Balance end of year	6,341	9,337	6,341	9,337

23 Loans and advances to customers

a Group

December 2014 *In thousands of Naira*	**Gross amount**	**Specific impairment allowance**	**Collective impairment allowance**	**Total impairment allowance**	**Carrying amount**
Loans to individuals					
Retail Exposures					
Auto Loan	1,049,322	-	(15,878)	(15,878)	1,033,444
Credit Card	1,701,880	-	(31,026)	(31,026)	1,670,854
Finance Lease	67,905	-	(347)	(347)	67,558
Mortgage Loan	4,291,312	-	(59,532)	(59,532)	4,231,780
Overdraft	5,653,252	-	(497,431)	(497,431)	5,155,821
Personal Loan	8,195,722	-	(96,633)	(96,633)	8,099,089
Term Loan	4,263,687	-	(61,701)	(61,701)	4,201,986
Time Loan	3,374,403	-	(35,562)	(35,562)	3,338,841
Loans to corporate entities and other organizations					
Non-Retail Exposures					
Auto Loan	2,186,891	-	(24,540)	(24,540)	2,162,351
Credit Card	251,828	-	(3,553)	(3,553)	248,275
Finance Lease	2,684,171	-	(18,962)	(18,962)	2,665,210
Mortgage Loan	179,950	-	(2,354)	(2,354)	177,596
Overdraft	255,764,405	(5,663,268)	(5,847,412)	(11,510,680)	244,253,725
Term Loan	541,142,322	(2,165,144)	(3,197,231)	(5,362,375)	535,779,947
Time Loan	298,639,218	(139,117)	(1,122,134)	(1,261,251)	297,377,967
	1,129,446,268	**(7,967,529)**	**(11,014,296)**	**(18,981,825)**	**1,110,464,442**

Group

December 2013 *In thousands of Naira*	**Gross amount**	**Specific impairment allowance**	**Collective impairment allowance**	**Total impairment allowance**	**Carrying amount**
Loans to individuals					
Retail Exposures					
Auto Loan	588,969	-	(7,761)	(7,761)	581,208
Credit Card	1,220,445	-	(18,872)	(18,872)	1,201,573
Finance Lease	161,129	-	(2,277)	(2,277)	158,852
Mortgage Loan	3,859,707	-	(48,138)	(48,138)	3,811,569
Overdraft	3,764,482	(759,674)	(344,341)	(1,104,015)	2,660,467
Personal Loan	3,176,765	-	(22,393)	(22,393)	3,154,372
Term Loan	2,578,909	(379,837)	(36,645)	(416,482)	2,162,427
Time Loan	248,369	-	(3,371)	(3,371)	244,998
Loans to corporate entities and other organizations					
Non-Retail Exposures					
Auto Loan	1,257,384	-	(17,462)	(17,462)	1,239,922
Credit Card	348,842	-	(4,730)	(4,730)	344,112
Finance Lease	2,000,500	-	(21,175)	(21,175)	1,979,325
Mortgage Loan	-		-	-	-
Overdraft	166,953,179	(4,983,861)	(2,043,291)	(7,027,152)	159,926,027
Term Loan	429,600,488	(1,820,737)	(3,115,994)	(4,936,731)	424,663,757
Time Loan	184,905,253	-	(864,159)	(864,159)	184,041,094
	800,664,424	**(7,944,110)**	**(6,550,609)**	**(14,494,719)**	**786,169,703**

Impairment on loans and advances to customers

In thousands of Naira	**Specific allowances** December 2014	December 2013	**Collective allowances** December 2014	December 2013
Balance beginning of year	7,944,110	24,233,008	6,550,608	13,728,715
Impairment loss for the year:				
- Charge for the year/(allowance no longer required)	6,467,595	2,914,577	4,474,651	(7,670,933)
Effect of foreign currency movements	-	872,556	-	992,633
Write-offs	(6,444,176)	(20,076,031)	(10,964)	(499,807)
Balance end of year	**7,967,529**	**7,944,110**	**11,014,295**	**6,550,608**

23 Loans and advances to customers
b Bank

December 2014 *In thousands of Naira*	Gross amount	Specific impairment allowance	Collective impairment allowance	Total impairment allowance	Carrying amount
Loans to individuals					
Retail Exposures					
Auto Loan	1,039,754	-	(15,829)	(15,829)	1,023,925
Credit Card	1,619,091	-	(30,536)	(30,536)	1,588,555
Finance Lease	-	-	-	-	-
Mortgage Loan	3,570,299	-	(51,698)	(51,698)	3,518,601
Overdraft	4,111,433	-	(422,288)	(422,288)	3,689,145
Personal Loan	6,865,010	-	(93,081)	(93,081)	6,771,929
Term Loan	3,274,322	-	(52,154)	(52,154)	3,222,168
Time Loan	668,650	-	(8,641)	(8,641)	660,009
Loans to corporate entities and other organizations					
Non-Retail Exposures					
Auto Loan	2,186,892	-	(24,540)	(24,540)	2,162,352
Credit Card	251,829	-	(3,553)	(3,553)	248,276
Finance Lease	2,480,457	-	(17,921)	(17,921)	2,462,536
Mortgage Loan	179,950	-	(2,354)	(2,354)	177,596
Overdraft	226,471,125	(4,342,851)	(5,740,751)	(10,083,602)	216,387,523
Term Loan	509,908,731	(1,997,308)	(3,183,670)	(5,180,978)	504,727,753
Time Loan	274,287,442	-	(1,018,962)	(1,018,962)	273,268,480
	1,036,914,985	**(6,340,159)**	**(10,665,978)**	**(17,006,137)**	**1,019,908,848**

Bank

December 2013 *In thousands of Naira*	Gross amount	Specific impairment allowance	Collective impairment allowance	Total impairment allowance	Carrying amount
Loans to individuals					
Retail Exposures					
Auto Loan	549,534	-	(7,761)	(7,761)	541,773
Credit Card	1,220,445	-	(18,872)	(18,872)	1,201,573
Finance Lease	161,129	-	(2,277)	(2,277)	158,852
Mortgage Loan	3,805,234	-	(48,138)	(48,138)	3,757,096
Overdraft	2,645,838	-	(344,276)	(344,276)	2,301,562
Personal Loan	1,602,249	-	(22,393)	(22,393)	1,579,856
Term Loan	1,863,130	-	(36,645)	(36,645)	1,826,485
Time Loan	248,369	-	(3,371)	(3,371)	244,998
Loans to corporate entities and other organizations					
Non-Retail Exposures					
Auto Loan	1,240,483	-	(17,462)	(17,462)	1,223,021
Credit Card	348,842	-	(4,730)	(4,730)	344,112
Finance Lease	1,566,157	-	(21,175)	(21,175)	1,544,982
Mortgage Loan	-	-	-	-	-
Overdraft	146,183,869	(4,991,775)	(1,920,327)	(6,912,102)	139,271,767
Term Loan	408,839,725	(1,820,737)	(3,115,994)	(4,936,731)	403,902,995
Time Loan	178,265,829	-	(864,159)	(864,159)	177,401,670
	748,540,833	**(6,812,512)**	**(6,427,580)**	**(13,240,092)**	**735,300,741**

Impairment on loans and advances to customers

In thousands of Naira	Specific Impairment December 2014	 December 2013	Collective Impairment December 2014	 December 2013
Balance beginning of year	6,812,512	19,843,639	6,427,580	13,361,042
Impairment loss for the year:				
- Charge for the year/(allowances no longer required)	5,649,913	332,628	4,249,362	(6,433,655)
Write-offs	(6,122,266)	(13,363,755)	(10,964)	(499,807)
Balance end of year	**6,340,159**	**6,812,512**	**10,665,978**	**6,427,580**

23(c) Advances under Finance Leases

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

In thousands of Naira	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
Gross investment in finance lease, receivable	7,357,545	4,491,222	6,925,411	3,941,383
Unearned finance income on finance leases	(1,369,254)	(483,240)	(1,218,308)	(424,079)
Net investment in finance leases	5,988,291	4,007,982	5,707,103	3,517,304
Gross investment in finance leases, receivable:				
Less than one year	862,109	673,877	761,251	591,377
Between one and five years	6,495,436	3,817,345	6,164,160	3,350,006
Later than five years	-	-	-	-
	7,357,545	4,491,222	6,925,411	3,941,383
Unearned finance income on finance leases	(1,369,256)	(483,240)	(1,218,308)	(424,079)
Present value of minimum lease payments				
	5,988,289	4,007,982	5,707,103	3,517,304
The present value of minimum lease payments may be analysed				
Less than one year	476,860	410,962	420,328	360,650
Between one and five years	5,511,429	3,597,020	5,286,775	3,156,654
Later than five years	-	-	-	-

24 Pledged assets

In thousands of Naira	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
Treasury bills	15,125,322	4,774,503	13,236,528	4,712,475
Government bonds	71,946,825	58,635,348	71,946,825	58,635,348
	87,072,147	**63,409,851**	**85,183,353**	**63,347,823**
The related liability for assets pledged as collateral include:				
Bank of Industry (BOI)	23,479,759	23,432,643	23,479,759	23,432,643

(i) The assets pledged as collateral include assets pledged to third parties under secured borrowing with the related liability disclosed above. The contractual maturity of the collateral agreement is similar to that of the related liability.

Also included in pledged assets are assets pledged as collateral or security deposits to clearing house and payment agencies of N24.3Bn (31 Dec 2013: N26.7Bn) for which there is no related liability.

As at 31 December 2014, the Bank held N19.8Bn worth of collateral, (December 2013: N5.0Bn).

25 Investment securities

Available for sale investment securities *In thousands of Naira*	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
Debt securities				
Government bonds	37,048,459	2,818,336	37,048,459	2,818,336
Treasury bills	92,046,032	140,780,793	61,656,952	119,864,079
Eurobonds	10,700,919	7,029,220	8,495,425	6,690,780
Equity securities				
Equity securities with readily determinable fair values	45,087,422	39,231,797	45,052,274	39,231,797
Unquoted equity securities at cost	3,145,697	3,145,697	3,145,697	3,145,697
	188,028,529	193,005,843	155,398,807	171,750,689
Specific allowance for impairment on equity securities	(3,145,697)	(3,145,697)	(3,145,697)	(3,145,697)
	184,882,832	**189,860,146**	**152,253,110**	**168,604,992**

(i) Equity securities with readily determinable fair values (Carrying amount)

	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
MTN Nigeria	10,226,687	8,468,523	10,226,687	8,468,523
Central Securities Clearing System Limited	1,847,493	2,350,030	1,847,493	2,350,030
Nigeria Interbank Settlement System	1,026,992	403,226	1,026,992	403,226
IBTC Pension Managers	1,452,636	2,345,888	1,452,636	2,345,888
Unified Payment Services Limited	2,384,009	788,387	2,384,009	788,387
Africa Finance Corporation	26,891,794	24,206,487	26,891,794	24,206,487
Juli Pharmacy	12,526	12,526	12,526	12,526
E-Tranzact	777,928	537,600	777,928	537,600
African Export-Import Bank	2,291	1,357	2,291	1,357
FMDQ	30,000	30,000	30,000	30,000
Nigerian Mortage Refinance Company	200,000	-	200,000	-
Credit Bureau Limited	199,918	87,773	199,918	87,773
Others	35,148	-	-	-
	45,087,422	**39,231,797**	**45,052,274**	**39,231,797**

Held to maturity investment securities
In thousands of Naira

Debt securities				
Treasury bills	23,495,446	17,503,150	15,963,009	-
Federal government bonds	39,519,702	62,199,278	37,947,206	59,140,483
State government bonds	7,504,536	9,922,603	7,504,536	9,922,603
AMCON bonds (see note below)	-	59,123,792	-	59,123,792
Corporate bonds	5,079,686	7,386,140	3,335,218	4,463,693
Eurobonds	1,551,167	821,441	956,885	821,441
Local contractors bonds	8,178,019	6,994,798	8,178,019	6,994,798
	85,328,556	**163,951,202**	**73,884,873**	**140,466,810**
Total	**270,211,388**	**353,811,348**	**226,137,983**	**309,071,802**

Specific allowance for impairment on available for sale investment securities at cost

In thousands of Naira	**Group December 2014**	**Group December 2013**	**Bank December 2014**	**Bank December 2013**
Balance, beginning of year	3,145,697	3,388,176	3,145,697	3,371,603
Allowance no longer required	-	(155,906)	-	(155,906)
Amount written off	-	(70,000)	-	(70,000)
Exchange difference	-	(16,573)	-	-
Balance, end of year	**3,145,697**	**3,145,697**	**3,145,697**	**3,145,697**

AMCON consideration bonds represent consideration bonds issued by the Asset Management Corporation of Nigeria (AMCON) and fully guaranteed by the Federal Government of Nigeria. The consideration bonds were issued in exchange for non-performing loans and the issued shares in Intercontinental Bank, as part of the acquisition by Access Bank. Based on the terms of the transactions, AMCON reserves the right to re-evaluate the valuation of the sale. Any changes to the transaction consideration is prospectively adjusted through income. As at 31 December 2014, all AMCON bonds held by the Bank had matured.

26 Other assets

In thousands of Naira	**Group December 2014**	**Group December 2013**	**Bank December 2014**	**Bank December 2013**
Financial assets				
Accounts receivable	52,828,011	59,064,525	46,508,768	52,823,055
Receivable from AMCON	5,498,909	5,780,565	5,498,909	5,780,565
Subscription for investment	25,001	925,030	826,653	1,657,636
	58,351,921	65,770,120	52,834,330	60,261,256
Non-financial assets				
Prepayments	19,518,711	8,381,804	17,026,257	6,232,228
Inventory	761,159	423,619	706,891	388,696
	20,279,870	8,805,423	17,733,148	6,620,924
Gross other assets	78,631,791	74,575,543	70,567,478	66,882,180
Allowance for impairment on financial assets	(22,321,171)	(22,555,820)	(22,321,171)	(22,555,820)
	56,310,620	**52,019,723**	**48,246,307**	**44,326,360**
Within 12 months	46,361,423	48,351,117	38,846,499	41,044,430
After 12 months	9,949,197	3,668,606	9,399,808	3,281,930

Movement in allowance for impairment on other assets:

In thousands of Naira	**Group**	**Bank**
Balance at 1 January 2013	25,151,856	25,151,856
Impairment loss for the year:		
- Additional provision	509,012	509,012
- Provision no longer required	(1,660,277)	(1,660,277)
Write back	(1,151,265)	(1,151,265)
Allowance written off	(1,444,771)	(1,444,771)
Balance as at 31 December 2013/1 January 2014	22,555,820	22,555,820
Impairment loss for the year:		
- Additional provision	882,369	882,369
- Provision no longer required	(169,348)	(169,348)
Net impairment	713,021	713,021
Allowance written off	(947,670)	(947,670)
Balance as at year end 31 December 2014	22,321,171	22,321,171

27 Investment properties

In thousands of Naira	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
Balance, beginning of the year	23,974,789	14,360,567	23,974,789	14,072,673
Additions during the year	-	5,159,830	-	5,159,830
Fair value gain	-	4,850,286	-	4,850,286
Loss on disposal of subsidiary	-	(287,894)	-	-
Disposals	(1,286,305)	(108,000)	(1,286,305)	(108,000)
Transfer to asset classified as held for sale	(22,688,484)	-	(22,688,484)	-
Balance, end of the year	-	**23,974,789**	-	**23,974,789**

These investment properties have been valued by reputable estate surveyors and valuers using the comparable transactions method of valuation to arrive at the open market value. The portion of the investment property representing land is N23.7bn. The valuers used bythe bank are Azuka Iheabunike & Partners and Diya Fatimilehin & Co. There were no rental income from investment property during the year and no restrcitions on the reaslisability of the property. Investment properties have been reclassified to assets held for sale, as management has initiated a plan to dispose of these properties within a twelve months period.

28 Investments in associate

In thousands of Naira	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
Balance, beginning of year	3,623,326	2,774,643	1,521,812	1,980,808
Share of profit	485,576	1,465,818	-	-
Share of OCI	21,492	(17,215)	-	-
Dividends paid	-	(96,041)	-	-
Disposals	(4,130,394)	(503,879)	(1,521,812)	(458,996)
	-		-	
Balance, end of year	-	**3,623,326**	-	**1,521,812**

Set out below are the summarised financial information for associates which are accounted for using the equity method.

	Associated Discount House Limited		Magnate Technologies	
	December 2014	December 2013	December 2014	December 2013
Assets				
Cash and balances with banks	11,570,356	11,117,515	14,375	15,064
Non pledged trading assets	470,490	9,622,924	-	-
Loans and advances to customers	298,343	1,736,058	-	-
Investment Securities:				
Held to maturity	16,402,421	8,728,382	-	-
Available for sale securities	8,332,907	13,374,599	-	-
Assets pledged as collateral	32,296,487	21,366,884	-	-
Other assets	309,622	459,840	16,604	23,454
Intangible assets	44,207	65,174	-	-
Property, plant and equipment	165,106	124,911	209,992	367,139
Deferred tax	4,184,550	4,098,254	-	-
Assets held for sale	48,756	48,756	-	-
Total assets	74,123,245	70,743,297	240,971	405,657
Financed by:				
Deposits from banks	20,620,987	39,331,966	205,492	95,237
Borrowings	36,645,218	-	-	-
Deposits from customers	96,382	21,528,055	-	333,677
Other liabilities	233,301	348,214	55,118	-
				-
Total liabilities	57,595,888	61,208,235	260,610	428,914
Net assets/(liabilities)	16,527,357	9,535,062	(19,639)	(23,257)
Profit before tax	1,621,061	1,802,723	2,171	(27,077)
Income tax	(10,527)	1,319,512	-	-
Profit for the year	1,610,534	3,122,235	2,171	(27,077)
Other comprehensive income/(loss)	71,284	(44,922)	-	-
Group's share of profit (adjusted)	485,576	1,465,814	-	(10,831)
Group's share of OCI	21,492	(17,215)	-	-

28b Reconciliation of summarised financial information to the carrying amount of its interests in associates

Summarized financial information	**Associated Discount House Limited**		**Magnate Technologies**	
	December 2014	**December 2013**	**December 2014**	**December 2013**
Opening Net Assets (1 January 2014)	9,535,062	6,728,780	(23,257)	3,820
Profit/ (loss) for the period	1,610,535	3,122,235	2,171	(27,077)
Other comprehensive income	71,284	(44,922)	-	-
Dividend paid	-	(271,031)	-	-
Deposit for shares	5,310,475	-		
Exchange gain/(loss)			1,447	
Closing net assets (31 December 2014)	16,527,356	9,535,062	(19,639)	(23,257)
Interest in associate	-	3,623,326	(7,856)	(9,303)

Associated Discount House was incorporated in Nigeria while Magnate Technology and Services Limited, was incorporated in Ghana.

The Group's interest in the Associated Discount House was 38.32% from the beginning of the year to 1 July 2014. This interest was diluted to 29.18% on 30 June 2014 as the Bank did not take up its portion of the rights issue.

On 31 December 2014, the Group fully disposed its interest in ADH and recognised the gain on disposal (31 December 2013: 1,067,117,591 ordinary shares, 38.32%). No Dividend income was received from ADH during the year

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

The Group holds an equity interest of 40% in Magnate Technology and Services Limited (MTSL) as at 31 December 2014 (31 December 2013: 40%). The company was incorporated in February, 2003 with the principal activity of providing security and communication services to its numerous clients via the use of its ICT platform.

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

As as 31 December 2014, the Group exercises significant influence in Magnate Technologies Limited by virtue of its more than 20% shareholding and the representation of at least one director on the board of the company and significant participation in the companies' operating and financial policies. The Group's interest in Associated Discount House at the end of the year was nil.

There are SME investments of N3.1 bn (December 2013: N3.1 bn) for which the Bank has shareholdings of more than 20% but less than 50%. These investments were classified as available for sale rather than as investment in associates or subsidiaries because the company does not have the power to excercise any influence or control over these entities. The Bank has determined that it does not have any influence over these entities through it's shareholding based on the following factors in particular:

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

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

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

iv These investments are carried at cost as their fair value cannot be measured reliably. They are investments in small and medium scale enterprises with no available financial information. These amounts have been fully impaired as at 31 December 2014 (2013: Nil).

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

Set out below are the group's subsidiaries as at 31 December 2014. 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 .

			Ownership interest	
	Nature of business	**Country of incorporation**	**December 2014**	**December 2013**
Access Bank Gambia Limited	Banking	Gambia	64%	88%
Access Bank Sierra Leone Limited	Banking	Sierra Leone	97%	97%
Access Bank Rwanda Limited	Banking	Rwanda	75%	75%
Access Bank Zambia	Banking	Zambia	92%	87%
The Access Bank UK	Banking	United Kingdom	100%	100%
Access Bank R.D. Congo	Banking	Congo	74%	100%
Access Bank Ghana	Banking	Ghana	92%	92%
Access Finance B.V. (see note (a) below)	Banking	Netherlands	100%	100%

(a) Access Finance B.V. was incorporated in 2011 and commenced operations in 2012. An obligation also exists between the Bank and Access Finance B.V., for which Access Finance B.V. 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.

(ii) Subsidiaries undergoing liquidation

			Ownership interest	
	Nature of business	**Country of incorporation**	**December 2014**	**December 2013**
Flexmore Technologies Limited	IT Services	Nigeria	0%	100%

This subsidiary is currently undergoing a winding-down process through the appointment of a court ordered receiver manager to manage their affairs. As a result of this event, the Bank has lost control without a change in absolute or relative ownership level. The loss of control in these subsidiaries, have been accounted for in the financail statements.

(iii) Structured entities:

			Ownership interest	
	Nature of business	**Country of incorporation**	**December 2014**	**December 2013**
Restricted Share Performance Plan (RSPP)	Financial services	Nigeria	100%	100%

(iv) Associates

Associated Discount House Limited	Financial services	Nigeria	0%	38%
Magnate Technology and Services Limited	IT Services	Ghana	40%	40%

29(b) Investment in subsidiary

In thousands of Naira	Bank December 2014	Bank December 2013
Subsidiaries with continuing operations		
Access Bank, UK	13,928,819	13,928,819
Access Bank, Ghana	13,704,428	13,704,428
Access Bank Rwanda	1,578,825	1,578,825
Access Bank, Congo	2,779,650	2,779,650
Access Bank, Zambia	4,274,925	1,819,425
Access Bank, Gambia	1,853,756	1,853,756
Access Bank, Sierra Leone	1,019,952	1,019,952
Investment in RSPP scheme	976,125	460,580
Access Bank Finance B.V.	4,092	4,092
Subsidiaries held for sale		
FinBank, Burundi	-	1,141,874
Subsidiaries undergoing liquidation		
Intercontinental Capital Markets Limited	-	672,500
Intercontinental Finance and Investment Limited	-	100,000
Intercontinental Registrars Limited	-	200,000
Intercontinental Trustees Limited	-	100,000
Intercontinental Securities Limited	-	391,598
Flexmore Technologies Limited	100,000	100,000
	40,220,572	39,855,499
Specific allowances for impairment on investment in subsidiaries	(100,000)	(1,825,507)
Balance, end of year	**40,120,572**	**38,029,992**

Specific allowances for impairment on investment in subsidiaries

In thousands of Naira	Bank December 2014	Bank December 2013
Balance, beginning of year	1,825,507	11,210,490
Amount reclassified	-	(120,908)
Charge for the year	-	1,505,591
Allowance no longer required	-	(682,409)
Allowance written off	(1,725,507)	(10,087,257)
Balance, end of year	100,000	1,825,507

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

29 (c) Condensed results of consolidated entities

(i) The condensed financial data of the consolidated entities as at 31 December 2014, 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	4,277,758	13,912,679	1,592,611	1,670,747	807,674	874,023	598,094	21,951	123,593
Operating expenses	(2,851,778)	(5,955,246)	(1,316,178)	(1,252,975)	(1,308,538)	(489,795)	(547,193)	-	(305,410)
Net impairment on financial assets	-	(909,901)	(18,300)	(26,395)	(25,460)	(62,915)	-	-	-
Profit before tax	1,425,980	7,047,532	258,133	391,377	(526,324)	321,313	50,901	21,951	(181,817)
Taxation	(302,389)	(2,168,614)	(93,146)	(150,665)	18,793	(16,973)	(14,983)	-	(29,539)
Profit for the year	1,123,591	4,878,918	164,987	240,712	(507,531)	304,340	35,918	21,951	(211,356)
Assets									
Cash and balances with banks	19,723,288	28,718,479	6,189,888	2,370,866	4,793,833	1,145,405	2,292,292	-	2,185,302
Derivative financial instruments	35,536	-	-	-	-	-	-	-	-
Loans and advances to banks	62,695,820	-	-	-	-	-	-	-	63,357,784
Loans and advances to customers	26,621,426	47,982,339	5,317,264	6,206,928	3,167,098	715,665	544,874	-	-
Pledged assets	-	-	-	-	-	1,888,794	-	-	-
Investment securities	21,347,150	11,948,616	2,784,897	1,142,760	3,912,586	-	2,937,395	-	-
Other assets	452,300	4,511,582	193,904	147,186	2,966,061	1,099,250	529,990	-	-
Investment in subsidiaires	-	-	-	-	-	-	-	976,126	-
Property and equipment	174,868	2,979,160	191,604	834,481	551,125	504,533	263,609	-	-
Intangible assets	30,524	249,613	53,396	37,378	33,816	42,137	28,305	-	-
Deferred tax assets	10,757	316,578	-	-	438,577		106,292	-	-
Assets classified as held for sale	-	-	-	-	-		-		-
	131,091,669	**96,706,367**	**14,730,953**	**10,739,599**	**15,863,096**	**5,395,784**	**6,702,757**	**976,126**	**65,543,086**
Financed by:									
Deposits from banks	91,176,538	9,700,939	-	-	95,215	-	7,831	-	-
Deposits from customers	22,934,317	67,486,781	11,873,269	7,468,618	11,592,695	3,291,879	4,992,832	-	-
Derivative Liability	251,871	-	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-	65,325,788
Retirement benefit obligations	-	-	-	-	-	-	1,736	-	-
Current income tax liability	-	867,940	-	170,714	-	-	-	-	29,090
Other liabilities	668,974	2,157,465	457,031	394,096	1,092,311	300,393	459,940	-	323,043
Contingent settlement provisions	-	-	-	-	-	-	-	-	-
Deferred tax liability	-	111,509	-	-	0	-	14,983	-	-
Equity	16,059,969	16,381,733	2,349,349	2,706,171	3,082,875	1,803,512	1,225,435	976,127	(134,835)
	131,091,669	**96,706,367**	**14,679,649**	**10,739,599**	**15,863,096**	**5,395,784**	**6,702,757**	**976,127**	**65,543,086**
Net cashflow from investing activities	2,391,557	(1,924,281)	909,928	(128,923)	(1,593,367)	(1,636,747)	598,429	-	-
Net cashflow from financing activities	-	3,840,427	-	-	2,762,382	765,254	-	-	7,138,351
Increase/(Decrease) in cash and cash equivalents	(81,883,511)	10,097,706	1,496,429	(841,950)	777,393	350,114	542,017	-	78,508
Cash and cash equivalent, beginning of year	101,279,783	18,573,352	4,095,830	4,353,919	1,843,604	812,938	1,750,275	-	73,058
Cash and cash equivalent, end of year	19,396,272	28,671,058	5,592,259	3,511,969	2,620,997	1,163,052	2,292,292	-	151,566

29 (d) Condensed results of consolidated entities
(i) The condensed financial data of the consolidated entities as at 31 December 2013, 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.	Finbank Burundi
Operating income	2,720,093	11,417,150	1,025,704	1,086,486	420,068	758,862	584,969	-	76,584	-
Operating expenses	(2,197,059)	(5,028,351)	(560,134)	(1,459,070)	(530,277)	(544,781)	(482,177)	-	(18,210)	-
Net impairment on financial assets	-	(1,577,530)	(42,276)	(371,673)	(8,107)	(42,355)	-	-	-	-
Profit before tax	523,034	4,811,269	423,294	(744,257)	(118,316)	171,726	102,792	-	58,374	-
Taxation	(56,038)	(1,839,187)	-	-	-	-	(30,008)		-	
Profit for the year	466,996	2,972,082	423,294	(744,257)	(118,316)	171,726	72,784	-	58,374	-
Assets										
Cash and balances with banks	101,614,630	18,656,703	4,072,329	1,511,868	1,836,151	840,753	1,752,203	-	73,210	-
Non pledged trading assets	-	10,119,159	-	-	2,114,404	-	1,992,773	-	-	-
Derivative financial instruments	29,447	-	-	-	-	-	-	-	-	-
Loans and advances to banks	22,463,310	-	-	-	-	-	-	-	56,500,033	-
Loans and advances to customers	6,777,681	28,467,321	3,632,070	4,242,434	3,426,494	2,753,387	937,248	-	-	-
Investment securities	22,356,206	2,395,464	2,927,472	2,834,070	-	62,028	-	-	-	-
Other assets	826,124	4,009,346	547,309	203,652	1,470,875	228,902	270,628	-	1,900,027	-
Investment in associates	-	19,059	-	-	-	-	-	-	-	-
Investment in subsidiaires	-	-	-	-	-	-	-	460,579	-	-
Property and equipment	62,265	1,948,035	13,441	709,362	504,177	535,876	205,564	-	-	-
Intangible assets	40,223	149,349	74,781	52,031	19,864	25,590	16,012	-	-	-
Deferred tax assets	293,032	-	-	-	427,287	-	91,554	-	-	-
Assets classified as held for sale	-	-	-	-	-	-	-	-	-	2,847,741
	154,462,918	65,764,436	11,267,402	9,553,417	9,799,252	4,446,536	5,265,982	460,579	58,473,270	2,847,741
Financed by:										
Deposits from banks	106,834,234	1,000,781	5,607	-	231,929	510,618	-	-	-	-
Deposits from customers	33,210,249	47,872,002	8,823,609	8,278,860	8,556,023	2,964,587	3,950,819	-	-	-
Derivative Liability	32,955	-	-	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-	55,828,249	-
Retirement benefit obligations	-	-	-	-	-	-	3,326	-	-	-
Current income tax liability	-	606,473	-	(2,322)	-	-	-	-	8,545	-
Other liabilities	311,316	1,135,156	485,560	484,433	830,526	189,111	286,432	-	2,170,273	-
Borrowings	-	1,017,544	-	-	-	-	-	-	-	-
Deferred tax liability	-	166,643	-	-	-	-	-	-	-	-
Liabilities classified as held for sale	-	-	-	-	-	-	-	-	-	(1,499,495)
Equity	14,074,164	13,965,837	1,952,626	792,446	180,774	782,220	1,025,405	460,579	466,203	(1,348,246)
	-	-	-	-	-	-	-		-	-
	154,462,918	65,764,436	11,267,402	9,553,417	9,799,252	4,446,536	5,265,982	460,579	58,473,270	(2,847,741)
Net cashflow from investing activities	(14,432,257)	7,468,969	(1,045,459)	(1,462,237)	10,957	(71,651)	(122,952)	-	-	-
Net cashflow from financing activities	4,161,776	(266,456)	-		-	(22,466)	-	-	(2,236,147)	-
Increase in cash and cash equivalents	(2,203,680)	14,085,484	(601,416)	(3,322,390)	260,715	108,547	469,124	-	(2,163,234)	-
Cash and cash equivalent, beginning of year	93,547,615	11,690,372	3,759,203	3,445,126	1,416,211	637,505	846,418	-	220	-
Cash and cash equivalent, end of year	91,343,935	25,775,856	3,157,787	122,736	1,676,926	746,052	1,315,542	-	(2,163,014)	-

30 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 2014	53,782,026	12,708,148	24,439,933	7,745,878	6,108,452	104,784,437
Acquisitions	2,895,060	3,291,206	3,885,644	1,794,534	1,729,108	13,595,552
Disposals	(2,750,769)	(416,496)	(1,439,907)	(939,616)	(127,340)	(5,674,128)
Transfers	607,901	15,483	23,228	4,848	(651,460)	-
Write-Offs	(1,407)	-	(1,139,194)	-	-	(1,140,601)
Translation difference	148,334	114,080	(205,510)	(239,362)	(42,399)	(224,857)
Balance at 31 December 2014	**54,681,145**	**15,712,421**	**25,564,194**	**8,366,282**	**7,016,361**	**111,340,404**
Balance at 1 January 2013	50,399,801	25,517,339	29,770,062	12,964,846	10,758,289	129,410,337
Acquisitions	6,931,558	1,402,808	4,299,440	1,603,968	531,082	14,768,856
Disposals	(786,222)	(18,995)	(729,628)	(842,795)	(1,309,945)	(3,687,585)
Transfers	1,886,263	9,827	1,920,451	63,321	(3,879,862)	-
Write offs	(1,498,501)	(5,066,959)	(3,594,610)	(2,123,712)	-	(12,283,782)
On disposal of subsidiary	(2,782,931)	(9,007,928)	(6,977,773)	(3,775,488)	-	(22,544,120)
Translation difference	(367,942)	(127,944)	(248,009)	(144,262)	8,888	(879,269)
Balance at 31 December 2013	53,782,026	12,708,148	24,439,933	7,745,878	6,108,452	104,784,438

Depreciation and impairment losses	Leasehold improvement and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Balance at 1 January 2014	6,241,450	9,603,718	16,617,943	5,078,021	-	37,541,132
Charge for the year	1,589,332	1,848,403	3,192,072	1,293,034	-	7,922,841
Disposal	(167,198)	(352,812)	(1,163,919)	(727,268)	-	(2,411,197)
Write-Offs	(1,407)	-	(1,131,504)	-	-	(1,132,911)
Translation difference	61,017	(144,130)	(5,212)	(150,843)	-	(239,168)
Balance at 31 December 2014	**7,723,194**	**10,955,179**	**17,509,380**	**5,492,944**	**-**	**41,680,697**
Balance at 1 January 2013	9,176,583	20,884,685	23,764,029	10,950,602	-	64,775,899
Charge for the year	1,213,580	1,633,226	3,064,388	1,575,406	-	7,486,600
Disposal	(132,953)	(108,179)	(110,558)	(724,212)	-	(1,075,902)
Write-Offs	(1,258,663)	(4,200,550)	(3,228,455)	(3,135,238)	-	(11,822,906)
On disposal of subsidiary	(2,674,660)	(8,528,388)	(6,719,305)	(3,523,260)	-	(21,445,613)
Translation difference	(82,437)	(77,076)	(152,156)	(65,277)	-	(376,946)
Balance at 31 December 2013	6,241,450	9,603,718	16,617,943	5,078,021	-	37,541,132
Carrying amounts:						
Balance at 31 December 2014	**46,957,951**	**4,757,242**	**8,054,814**	**2,873,338**	**7,016,361**	**69,659,706**
Balance at 31 December 2013	47,540,576	3,104,430	7,821,990	2,667,857	6,108,452	67,243,305

30 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 2014	50,375,733	11,531,838	22,442,381	6,708,380	6,013,544	97,071,876
Acquisitions	2,439,886	3,093,581	3,334,290	1,496,580	947,468	11,311,805
Disposals	(2,750,769)	(416,496)	(1,329,668)	(752,663)	(127,340)	(5,376,936)
Transfers	607,901	12,065	23,228	4,848	(648,042)	-
Write-Offs	-	-	(1,139,194)	-	-	(1,139,194)
Balance at 31 December 2014	**50,672,751**	**14,220,988**	**23,331,037**	**7,457,145**	**6,185,630**	**101,867,551**
Balance at 1 January 2013	42,626,272	10,263,732	19,290,330	6,058,836	8,653,438	86,892,608
Acquisitions	6,649,453	1,274,589	3,846,279	1,370,738	455,647	13,596,706
Disposals	(785,249)	(10,492)	(729,628)	(734,004)	(1,158,065)	(3,417,438)
Transfers	1,885,257	4,009	35,400	12,810	(1,937,476)	-
Balance at 31 December 2013	50,375,733	11,531,838	22,442,381	6,708,380	6,013,544	97,071,876

Depreciation and impairment losses	Leasehold improvement and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Balance at 1 January 2014	5,477,164	8,716,667	15,330,242	4,344,558	-	33,868,631
Charge for the year	1,472,566	1,619,002	2,929,841	1,097,522	-	7,118,931
Disposal	(167,198)	(352,812)	(1,057,394)	(571,428)	-	(2,148,832)
Write-Off	-	-	(1,131,506)	-	-	(1,131,506)
Balance at 31 December 2014	**6,782,532**	**9,982,857**	**16,071,183**	**4,870,652**	**-**	**37,707,224**
Balance at 1 January 2013	4,577,907	7,284,568	12,463,095	3,628,589	-	27,954,159
Charge for the year	1,020,880	1,441,493	2,946,042	1,294,067	-	6,702,482
Disposal	(121,623)	(9,394)	(78,895)	(578,098)	-	(788,010)
Balance at 31 December 2013	5,477,164	8,716,667	15,330,242	4,344,558	-	33,868,631
Carrying amounts:						
Balance at 31 December 2014	**43,890,219**	**4,238,131**	**7,259,854**	**2,586,493**	**6,185,630**	**64,160,327**
Balance at 31 December 2013	44,898,569	2,815,171	7,112,139	2,363,822	6,013,544	63,203,245

(a) Included in property and equipment is land under Nigerian law, all land vests with government and subject to a 99year lease. As such land has been accounted for as a finance lease in line with the amendment to IAS 17 *Leases* which deletes previous guidance stating that "a lease of land with an indefinite economic life is classified as an operating lease".

(b) The amount of contractual commitments for the acquisition of property and equipment as at 31 December 2014 is N1,990,906,324 (31 December 2013: N1,541,766,732)

(c) 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.

31 Group

In thousands of Naira	Goodwill	WIP	Purchased Software	Total
Cost				
December 2014				
Balance at 1 January 2014	681,007	-	7,297,795	7,978,802
Acquisitions	-	740,711	2,617,984	3,358,695
Translation difference	-	-	30,695	30,695
Balance at 31 December 2014	**681,007**	740,711	**9,946,474**	**11,368,192**
December 2013				
Balance at 1 January 2013	681,007	-	9,682,951	10,363,958
Acquisitions	-	-	1,555,181	1,555,181
Transfer from other assets	-	-	8,614	8,614
Amount written off	-	-	(105,613)	(105,613)
Translation difference	-	-	231,943	231,943
On disposal of subsidiary	-	-	(4,075,281)	(4,075,281)
Balance at 31 December 2013	681,007	-	7,297,795	7,978,802
Amortization and impairment losses				
Balance at 1 January 2014	-	-	4,319,730	4,319,730
Amortization for the year	-	-	1,315,332	1,315,332
Translation difference	-	-	140,139	140,139
Balance at 31 December 2014	-	-	**5,775,201**	**5,775,201**
Balance at 1 January 2013	-	-	6,959,014	6,959,014
Amortization for the period	-	-	1,227,944	1,227,944
Amount written off	-	-	(105,613)	(105,613)
Reclassification	-	-	(6,405)	(6,405)
Translation difference	-	-	254,460	254,460
On disposal of subsidiary	-	-	(4,009,670)	(4,009,670)
Balance at 31 December 2013	-	-	4,319,730	4,319,730
Net Book Value				
Balance at 31 December 2014	**681,007**	**740,711**	**4,171,273**	**5,592,991**
Balance at 31 December 2013	681,007	-	2,978,065	3,659,072

There were no capitalised borrowing costs related to the internal development of software during the year under review. 31 December 2014 (2013: nil). Computer software has a definite useful life of not more than five years in line with the Bank's accounting policy, while Goodwill has an indefinite useful life and is annually assessed for impairment.

Intangible assets
Bank

In thousands of Naira	WIP	Purchased Software	Total
Cost			
December 2014			
Balance at 1 January 2014	-	6,002,340	6,002,340
Acquisitions	740,711	2,253,260	2,993,971
Balance at 30 December 2014	740,711	8,255,600	8,996,311
December 2013			
Balance at 1 January 2013	-	4,708,185	4,708,185
Acquisitions	-	1,399,768	1,399,768
Amount written off	-	(105,613)	(105,613)
Balance at 31 December 2013	-	6,002,340	6,002,340
Amortization and impairment losses			
Balance at 1 January 2014	-	3,340,787	3,340,787
Amortization for the period	-	1,218,710	1,218,710
Balance at 31 December 2014	-	4,559,497	4,559,497
Balance at 1 January 2013	-	2,368,675	2,368,675
Amortization for the period	-	1,077,725	1,077,725
Amount written off	-	(105,613)	(105,613)
Balance at 31 December 2013	-	3,340,787	3,340,787
Carrying amounts			
Balance at 31 December 2014	**740,711**	**3,696,103**	**4,436,814**
Balance at 31 December 2013	-	2,661,553	2,661,553

Work in progress (WIP) represents the costs being incurred and captalised for the ugrade and subsequent deployment of the the Bank's core banking software.

31(b) Intangible assets

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

In thousands of Naira	December 2014	December 2013
Access Bank Rwanda	681,007	681,007
	681,007	681,007

There were no capitalised borrowing costs related to the internal development of software during the year ended 31 December 2014 (31 December 2013: nil). The recoverable amount of Goodwill as at 31 December 2014 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. No impairment losses on goodwill were recognized during the period under review 31 December 2014 (2013: Nil)

The recoverable amount of Goodwill as at 31 December 2014 is greater than its carrying amount and is thus not impaired.
The recoverable amount was determined using a value-in-use computation as N1.649Bn.

Goodwill is monitored by the Group on an entity by entity basis
The key assumption used in computing the value-in-use for goodwil in 2014 are as follows:

	Access Bank Rwanda
Compound annual volume growth (i)	10.31%
Long term growth rate (ii)	10.32%
Discount rate (ii)	15.18%

(i) Compound annual volume growth rate in the initial five-year period.
(ii) Weighted average growth rate used to extrapolate cash flows beyond the budget period.
(ii) Pre-tax discount rate applied to the cash flow projections.

Cash Flow Forecast
Cash flows were projected based on past experience, actual operating results and the 5-year business plan. These cashflows are based on the expected revenue growth for the entity over this 5-year period.

Growth Rates
Pre-tax discount rate of 15.18% was applied in determining the recoverable amounts for the only entity with goodwil (Access Bank Rwanda). This discount rate was estimated based on past experience, inflation rate, risk-free rate and the weighted average cost of capital allocated by the Group to these units.

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.

Sensitvitiy analysis of key assumptions used

	10% increase	10% decrease
Impact of change in discount rate on value-in-use computation	(38,271)	19,721
Impact of change in growth rate on value-in-use computation	10,260	(10,167)

32 Deferred tax assets and liabilities

(a) Group

Deferred tax assets and liabilities are attributable to the following:

In thousands of Naira	December 2014			December 2013		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property and equipment, and software	6,625,003	-	6,625,003	2,462,099	-	2,462,099
Allowances/(Reversal) for loan losses	2,417,726	-	2,417,726	1,951,192	-	1,951,192
Tax loss carry forward	2,339,675	-	2,339,675	5,937,642	-	5,937,642
Exchange gain/(loss) unrealised	-	(1,438,632)	(1,438,632)	-	(180,476)	(180,476)
Fair value gain on investment property	-	(560,029)	(560,029)	-	(485,029)	(485,029)
Others	-	-	-	-	(49,938)	(49,938)
	-	-	-	-	-	-
Actuarial loss on retirement benefit obligation	1,439,202	-	1,439,202	1,014,284	-	1,014,284
Deferred tax assets (net)	12,821,606	(1,998,661)	10,822,945	11,365,217	(715,443)	10,649,774

(b) Bank

Deferred tax assets and liabilities are attributable to the following:

In thousands of Naira	December 2014			December 2013		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property and equipment, and software	6,399,965	-	6,399,965	2,384,904	-	2,384,904
Allowances/(Reversal) for loan losses	2,292,341	-	2,292,341	1,928,274	-	1,928,274
Tax loss carry forward	1,936,652	-	1,936,652	5,159,612	-	5,159,612
Exchange gain/(loss) unrealised	-	(1,379,594)	(1,379,594)	-	(154,192)	(154,192)
Fair value gain on investment property	-	(560,029)	(560,029)	-	(485,029)	(485,029)
Actuarial loss on retirement benefit obligation	1,439,202	-	1,439,202	1,014,284	-	1,014,284
Net defered tax assets/(liabilities)	12,068,160	(1,939,623)	10,128,537	10,487,074	(639,221)	9,847,853

There were no unrecognized deferred tax assets or liabilities as at 31 December 2014 (31 December 2013: nil)

	Group December 2014	**Group December 2013**	**Bank December 2014**	**Bank December 2013**
Deferred income tax assets				
– Deferred income tax asset to be recovered after more than 12 months	4,757,401	1,456,388	4,228,993	7,087,886
– Deferred income tax asset to be recovered within 12 months	8,064,205	9,908,829	7,839,167	3,399,188
	12,821,606	11,365,217	12,068,160	10,487,074
Deferred income tax liabilities				
– Deferred income tax liability to be recovered after more than 12 months	(560,029)	(534,967)	(560,029)	(485,029)
– Deferred income tax liability to be recovered within 12 months	(1,438,632)	(180,476)	(1,379,594)	(154,192)
	(1,998,661)	(715,443)	(1,939,623)	(639,221)

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

In thousands of Naira	**Group December 2014**	**Group December 2013**	**Bank December 2014**	**Bank December 2013**
Balance, beginning of year	10,649,774	8,113,973	9,847,853	7,007,389
Tax Credit/(charge)	(140,424)	1,829,274	(144,234)	2,171,799
Translation adjustments	(111,324)	37,862	-	-
Items included in OCI	424,919	668,665	424,919	668,665
Net deferred tax assets/(liabilities)	10,822,945	10,649,774	10,128,537	9,847,853
Out of which				
Deferred tax assets	12,821,606	11,365,217	12,068,160	10,487,074
Deferred tax liabilities	(1,998,661)	(715,443)	(1,939,623)	(639,221)

Temporary difference relating to the Group's Investment in subsidiaries as at December 2014 is N1.3billion (Dec 2013: N3.4 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 December 2014**	**Group December 2013**	**Bank December 2014**	**Bank December 2013**
Actuarial gain/loss on retirement benefit obligation				
Gross loss on retirement benefit obligation	1,416,394	2,228,885	1,416,394	2,228,885
Deferred tax @ 30%	(424,919)	(668,665)	(424,919)	(668,665)
Net balance loss after tax	991,475	1,560,220	991,475	1,560,220

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

(a) Non-current assets 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. During the year, 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.

Assets held for sale

In thousands of Naira	Group December 2014	Bank December 2014
Transfer from investment properties	22,688,484	22,688,484
Fair value gain on assets held for sale	750,000	750,000
	23,438,484	**23,438,484**

(b) Assets of disposal group classified as held for sale

As at 31 December 2013, Access Bank Burundi was presented as disposal group held for sale following the commitment of the Group's management to a plan to sell the operations of the subsidiary. The sale was eventually concluded in February 2014.
The disposal groups comprised assets and liabilities as follows:

For the year ended 31 December 2013

In thousands of Naira	Access Bank Burundi	Total
Cash and balances with banks	900,046	900,046
Loans and advances to customers	576,434	576,434
Investment securities	703,723	703,723
Property and equipment	266,853	266,853
Other assets	66,590	66,590
Intangible assets	334,094	334,094
Total assets	**2,847,740**	**2,847,740**
Deposits from banks	972,741	972,741
Deposits from customers	405,327	405,327
Other liabilities	121,427	121,427
Total liabilities	**1,499,495**	**1,499,495**
Net assets of disposal group	**1,348,245**	**1,348,245**

34 Deposits from financial institutions

In thousands of Naira	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
Money market deposits	89,965,383	17,953,460	72,171,314	8,191,490
Trade related obligations to foreign banks	29,080,040	54,194,496	62,338,348	53,103,862
	119,045,423	**72,147,956**	**134,509,662**	**61,295,352**

35 Deposits from customers

In thousands of Naira	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
Term deposits	629,193,734	501,645,662	586,973,213	455,231,840
Demand deposits	695,850,419	711,561,291	616,476,341	655,747,608
Saving deposits	129,374,899	118,211,706	121,351,057	106,197,344
	1,454,419,052	**1,331,418,659**	**1,324,800,611**	**1,217,176,792**

36 Other liabilities

In thousands of Naira	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
Financial liabilities				
Certified and bank cheques	3,166,277	3,242,082	1,978,995	3,180,644
E-banking payables	2,769,805	4,110,041	1,830,591	3,937,296
Collections account balances	2,355,222	17,679,787	1,695,416	17,635,881
Due to subsidiaries	-	-	389,662	489,035
Accruals	104,309	584,418	32,438	107,331
Creditors	1,316,758	1,521,338	469,209	235,219
Customer deposits for foreign exchange	8,700,913	20,968,919	8,594,218	20,705,859
Agency services	289,769	1,384,537	253,264	1,335,675
Other financial liabilities	1,498,749	5,215,291	434,396	3,254,313
	20,201,802	54,706,413	15,678,189	50,881,253
Non-financial liabilites				
Litigation claims provision (see below)	311,120	477,087	311,120	477,087
Other current liabilties	1,176,157	1,663,716	880,823	734,219
Total other liabilities	**21,689,079**	**56,847,216**	**16,870,132**	**52,092,559**
Within 12 months	20,512,922	55,183,500	15,989,309	51,358,340
After 12 months	311,120	477,087	311,120	477,087

(i) **Movement in litigation claims provision**	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
Opening balance	477,087	-	477,087	-
Additions	134,033	477,087	134,033	477,087
Provision no longer required	(300,000)	-	(300,000)	-
Closing balance	**311,120**	**477,087**	**311,120**	**477,087**

37 Debt securities issued

In thousands of Naira	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
Debt securities at amortized cost:				
Eurobond debt from Access Bank B.V (see (i) below)	65,325,788	55,828,248	-	-
Eurobond debt security (see (ii) below)	73,155,391	-	73,155,391	-
	138,481,179	**55,828,248**	**73,155,391**	**-**

(i) This refers to US$350,000,000 guaranteed notes with amortized cost equivalent as at 31 December 2014 of N65,325,788,000 issued on 25 July 2012 by Access Finance B.V., Netherlands with a maturity date of 25 July 2017;

(ii) This refers to US$400,000,000 subordinate notes with amortized cost of N73,155,391,000 of 9.25% resettable interest issued on 24 June 2014 by Access Bank Nigeria with a maturity date of 24 June 2021.

The principal amount on both notes are payable at maturity, whilst interest is payable on a semi-annual basis at their respective interest rates.

38 Interest bearing borrowings

In thousands of Naira	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
African Development Bank (see note (a))	18,597,477	2,405,673	18,597,477	2,405,673
Netherlands Development Finance Company (see note (b))	4,148,590	1,550,047	4,148,590	1,550,047
French Development Finance Company (see note (c))	8,066,584	4,798,841	8,066,584	4,798,841
Finnish Fund for Industrial Cooperation (FINFUND)(see note (d))	156,136	400,906	156,136	400,906
Belgian Investment Company for Developing Countries (BIO)(see note (e))	-	160,585	-	160,585
European Investment Bank (see note (f))	9,736,463	7,518,413	9,736,463	7,518,413
International Finance Corporation (see note (g))	7,716,067	8,239,763	7,716,067	8,239,763
Central Bank of Nigeria under the Commercial Agriculture Credit Scheme (see note (h))	3,943,692	8,750,000	3,943,692	8,750,000
Bank of Industry-Intervention Fund for SMEs (see note (i))	9,025,449	12,797,671	9,025,449	12,797,671
Bank of Industry-Power & Airline Intervention Fund (see note (j))	14,407,194	16,699,539	14,407,194	16,699,539
Access Finance B.V. (see note (k))	-	-	66,529,458	57,020,588
Special Refinancing & Restructuring Intervention fund (SRRIF) see note (l)	4,000,000		4,000,000	-
Other loans and borrowings	18,657	1,017,544	18,657	-
	79,816,309	**64,338,982**	**146,345,767**	**120,342,026**

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

(a) The amount of N18,597,476,752 (USD 99,959,563) represents the outstanding balance in the on-lending facility granted to the Bank by ADB (Africa Development Bank) in two tranches one in August 2007 (USD 12.5m)for a period of 9 years and the other in August 2014 (USD 90m) for a period of 10years. The principal amount is repayable semi-annually from February 2010 for the first tranche and February 2017 for the second. Interest is paid semi annually at 3% above 6 months LIBOR. The annual effective interest rate is 4.28% and 2.16% respectively.

(b) The amount of N4,148,589,519(USD 22,298,251) represents the outstanding balance in the on-lending facility granted to the Bank by the Netherlands Develoment Finance Company effective from 15 December 2012 and disbursed in two tranches; February 2013 (USD 10m) and October 2013 (USD 15m) for a period of 6.5 years. The principal amount is repayable semi-annually from December 2014 while interest is paid semi annually at 3.75% above 6 months LIBOR. The annual effective interest rate is 5.28% for the first tranche and 4.04% for the second tranche.

(c) The amount of N8,066,584,028 (USD 43,357,076) represents the outstanding balance in the on-lending facility granted to the Bank by the French Development Finance Company effective from 15 December 2012 and disbursed in three tranches; February 2013 (USD 6m) and October 2013 (USD 9m) and November 2014 (USD 30m) for a period of 6.5 years and 5 years respectively. The principal amount is repayable semi-annually from December 2014 and January 2014 while interest is paid semi annually at 3% above 6 months LIBOR. The annual effective interest rate is 4.43% for the first tranche, 4.15% for the second tranche and 4.58% for the third tranche.

(d) The amount of N156,135,991 (USD 839,215) represents the outstanding balance in the on-lending facility granted to the Bank by the Finnish Fund for Industrial Cooperation in July 2007 for a period of 8 years. The principal amount is repayable semi-annually from September 2012 while interest is paid semi annually at 3% above 6 months LIBOR. The annual effective interest rate is 4.45%.

(e) The on-lending facility granted to the Bank by the Belgian Investment Company for developing countries in March 2007 for a period of 7 years was fully repaid in September 2014.

(f) The amount of N9,736,463,087 (USD 52,332,508) represents the outstanding balance in three on-lending facilities granted to the Bank by the European Investment Bank (EIB) in May 2013(USD 25m), September 2013 (USD 26.75m) and June 2014 (USD 14.7m) and for a period of 6 years each. The average annual effective interest rates are 3.6%, 3.05% and 3.18% for the latter.

(g) The amount of N7,716,066,864(USD 41,473,082) represents the outstanding balance on the on-lending facilities granted to the Bank by the International Finance Corporation (IFC) in November 2013 (USD 50m) for a period of 5 years. The principal and interest repayments are made semi-annually from September 2011 (the former) and from November 2013 (the later). The Effective interest rate is 4.88%.

(h) The amount of N3,943,691,584 represents the outstanding balance in the on-lending facility granted to the Bank by Central Bank of Nigeria in collaboration with the Federal Government of Nigeria (FGN) in respect of Commercial Agriculture Credit Scheme (CACS) established by both CBN and the FGN for promoting commercial agricultural enterprises in Nigeria. The facility is for a maximum period of 7 years at a zero percent interest rate to the Bank. The principal amount is repayable at the expiration of the loan. The Bank did not provide security for this facility.

(i) The amount of N9,025,448,967 represents an outstanding balance on the intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria for the purpose of refinancing or restructuring existing loans to Small and Medium Scale Enterprises (SMEs) and manufacturing companies. The total has a 15 year tenor. A management fee of 1% deductible at source is paid by the Bank under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. Though the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers.

(j) The amount of N14,407,193,584 represents the outstanding balance on intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria, to be applied to eligible power and airline projects. The total facility has a maximum tenor of 15 years. A management fee of 1% deductible at source is paid by the Bank under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. Though the facility is meant for on-lending to borrowers within the power and aviation sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers.

(k) The amount of N66,529,457,688 (USD350,000,000) represents the borrowings of Access Bank Plc from Access Finance BV in respect of the dollar guaranteed notes issued by Access Finance B.V., Netherlands which is due on 25 July 2017. The notes were issued on 25 July 2012 for a period of 5 years with the principal amount repayable at the end of the tenor while interest on the Notes is payable semi-annually at 7.34%, in arrears on 25 January and 25 July in each year. The annual effective interest rate is 7.65%.

(l) The amount of N4,000,000,000 represents the outstanding balance on intervention credit granted to the bank by the Bank of Industry (BOI) under the Special refinancing and Restructuring intervention fund, with a 10 year tenor which is due on the 31 August 2024. The bank has a 36 months moratorium on the facility after which principal repayment will be charged quarterly. Though the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers.

39 Retirement benefit obligations

In thousands of Naira	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
Recognised liability for defined benefit obligations (see note (a) below)	3,267,364	1,929,695	3,267,364	1,929,695
Liability for defined contribution obligations	1,736	3,326	-	-
	3,269,100	**1,933,021**	**3,267,364**	**1,929,695**

(a) **Defined benefit obligations**

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

In thousands of Naira	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
Long term incentive plan (see note (i) below)	3,267,364	1,929,695	3,267,364	1,929,695
Recognised liability	**3,267,364**	**1,929,695**	**3,267,364**	**1,929,695**

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(i) **Long term incentive plan**

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

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

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

In thousands of Naira	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
Deficit on defined benefit obligations at 1 January	1,929,695	2,220,841	1,929,695	2,220,841
Charge for the period:				
-Interest costs	241,705	145,865	241,705	145,865
-Current service cost	179,570	264,726	179,570	264,726
-Past service cost		390,578		390,578
-Benefits paid	(500,000)	(3,321,200)	(500,000)	(3,321,200)
Net actuarial loss for the year remeasured in OCI				
Remeasurements - Actuarial gains and losses arising from changes in demographic assumptions	216,864	(114,149)	216,864	(114,149)
Remeasurements - Actuarial gains and losses arising from changes in financial assumption	1,199,530	2,343,034	1,199,530	2,343,034
Balance, end of year	**3,267,364**	**1,929,695**	**3,267,364**	**1,929,695**

Expense recognised in income statement:

	Group December 2014	Group December 2013	Bank December 2014	Bank December 2013
Current service cost	179,570	264,726	179,570	264,726
Interest on obligation	241,705	145,865	241,705	145,865
Past service cost		390,578		390,578
Total expense recognised in profit and loss (see Note 14)	**421,275**	**801,169**	**421,275**	**801,169**

The weighted average duration of the defined benefit obligation is 11years. The information on the maturity profile of the defined benefit plan includes the maturity analysis and the distribution of the timing of payment. The estimated contribution to the plan for the next annual reporting period is: N0.996Bn

31 December 2014

In thousands of Naira	**Impact on defined benefit obligation** Decrease in assumption by 1%	Liability changes to	Other comprehensive income
Effect of changes in the assumption to the discount rate	Decrease in liability by 6.0%	3,070,360	1,219,389
Effect of changes in assumption to the salary growth	Increase in liability by 6.5%	3,479,070	1,628,099

	Impact on defined benefit obligation Increase in assumption by 1%	Liability changes to	Other comprehensive income
Effect of changes in the assumption to the discount rate	Increase in the liability by 6.7%	3,485,329	1,634,358
Effect of changes in assumption to the salary growth	Decrease in the liability by 5.9%	3,074,305	1,223,334

31 December 2013

In thousands of Naira	**Impact on defined benefit obligation** Decrease in assumption by 1%	Liability changes to	Other comprehensive income
Effect of changes in the assumption to the discount rate	Increase in liability by 5.96%	2,044,695	2,343,885
Effect of changes in assumption to the salary growth	Nil	-	-

	Impact on defined benefit obligation Increase in assumption by 1%	Liability changes to	Other comprehensive income
Effect of changes in the assumption to the discount rate	Decrease in the liability by 5.39%	1,825,615	2,124,805
Effect of changes in assumption to the salary growth	Increase in the liability by 4.79%	2,022,070	2,321,260

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

Actuarial assumptions:
Principal actuarial assumptions at the reporting date (expressed as weighted averages):
The most recent valuation was performed by Alexander Forbes as at 31 December 2014.

	Dec 2014	Dec 2013
Future salary increases	4.50%	0.00%
Retirement age for both male and female	60 years	60 years
Retirement rate: 50 – 59 (average rate)	3.25%	3.10%
Withdrawal rate: 16 – 29	4.50%	4.50%
Withdrawal rate: 30 – 44	6.00%	5.50%
Withdrawal rate: 45 – 50	5.00%	5.00%
Withdrawal rate: 51 – 55 (average rate)	3.50%	3.60%

Assumptions regarding future mortality before retirement are based on A49/52 ultimate table published by the Institute of Actuaries of United Kingdom. The rate used to discount post employment benefit obligations has been determined by reference to the yield on Nigerian Government bonds of medium duration. This converts into an effective yield of 13% as at 31 December 2014. For members in active service as at the valuation date, the projected unit credit method of valuation as required under the IFRS has been adopted.

40 Capital and reserves

A Share capital

In thousands of Naira	Bank December 2014	Bank December 2013
(a) Authorised:		
Ordinary shares:		
38,000,000,000 Ordinary shares of 50k each	19,000,000	12,000,000
(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	13,000,000

In thousands of Naira	Bank December 2014	Bank December 2013
(b) Issued and fully paid-up :		
22,882,918,908 Ordinary shares of 50k each	11,441,460	11,441,460

Ordinary shareholding:
The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Bank. All ordinary shares rank pari-passu with the same rights and benefits at meetings of the Bank.

Preference shareholding:
Preference shares do not carry the right to vote. Preference shareholders have priority over ordinary shareholders with regard to the residual assets of the Bank and participate only to the extent of the face value of the shares plus any accrued dividends. No preference shares were in issue as at the end of the reporting period.

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

In thousands of Naira	Bank December 2014	Bank December 2013
Balance, beginning of year	11,441,460	11,441,460
Balance, end of year	11,441,460	11,441,460

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

In thousands of units	Group December 2014	Group December 2013
Balance, beginning of year	22,882,919	22,882,919
Balance, end of year	22,882,919	22,882,919

B Share premium

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

In thousands of Naira	Group December 2014	Group December 2013
Share premium	161,036,211	161,036,211

C Reserves

(i) Other Reserves

a 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.

b Small and Medium Scale Industries Reserve (SMEEIS)

The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 years but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this is no longer mandatory. The small and medium scale industries equity investment scheme reserves are non-distributable.

(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.

(ix) Merger reserves

The merger reserve in 31 December 2013 represents the difference between the consideration paid by Access Bank as the acquirer and its (Access Bank's share) of the net assets of Intercontinental Bank Limited (acquiree). Pursuant to the acquisition of Intercontinental Bank, Access Bank Group was restructured based on a scheme of merger dated 01 December 2011. As part of the merger process, Intercontinental Bank was dissolved as a legal entity on 23 January 2012 and its operations integrated into Access Bank Plc.

(x) Contingency reserves

The contingency reserve in 31 December 2013 represents the reserve that was set aside from retained earnings for the contingencies to guard against the risk that would arise from the merger and acqusition of Intercontinental bank.

D Non-controlling interest

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

In thousands of Naira	Group December 2014	Group December 2013
Access Bank, Gambia	649,264	104,022
Access Bank, Sierra Leone	36,763	20,508
Access Bank Zambia	243,623	329,770
Access Bank, Rwanda	587,337	488,156
Access Bank, Burundi	-	127,361
Access Bank, Congo	703,604	-
Access Bank, Ghana	1,310,252	698,292
	3,530,843	**1,768,109**

This represents the NCI share of profit for the year for the Group

In thousands of Naira	Group December 2014	Group December 2013
Access Bank, Gambia	109,562	38,345
Access Bank, Sierra Leone	1,078	1,456
Access Bank Zambia	(43,609)	1,735
Access Bank, Rwanda	41,247	12,628
Access Bank, Burundi	-	(7,006)
Access Bank, Congo	62,585	-
Access Bank, Ghana	390,020	148,604
	560,883	**195,762**

	Group December 2014	Group December 2013
Proportional Interest of NCI in subsidiaries	%	%
Access Bank, Gambia	36.0	13.0
Access Bank, Sierra Leone	3.0	3.0
Access Bank Zambia	8.0	13.0
Access Bank, Rwanda	25.0	25.0
Access Bank, Burundi	-	13.0
Access Bank Congo	26.0	-
Access Bank, Ghana	8.0	8.0

E Dividends

In thousands of Naira	Bank December 2014	Bank December 2013
Interim dividend paid (2014: 25k, 2013: 25k)	5,720,730	5,720,730
Interim non- cash dividend (2014: nil; 2013: 18k)	-	4,150,584
Final dividend paid (2014: nil; 2013: 35k)	-	8,009,048
	5,720,730	17,880,362
Number of shares	22,882,919	22,882,919
Dividend paid per share in kobo	25	78

The Directors proposed a final dividend of N0.35k for the year ended 31 December 2014

41 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 N311Mn has been made for the year ended 31 December 2014. In the normal course of business, the group is a party to financial instruments with off-balance sheet risks. These instruments are issued to meet the credit and other financial requirements of customers.

Contingent liability and commitments

In common with other banks, Group conducts business involving acceptances, performance bonds and indeminities. 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 condictions. 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 December 2014	Group December 2013	Bank December 2014	Bank December 2013
Contingent liabilities:				
Transaction related bonds and guarantees	165,466,393	158,715,258	145,831,160	142,850,060
Financial guarantees	91,373,327	54,741,356	72,221,845	46,956,539
	256,839,720	**213,456,614**	**218,053,005**	**189,806,599**
Commitments:				
Clean line facilities for letters of credit, unconfirmed letters of credit and other commitments	377,152,396	228,957,302	372,652,653	162,171,919
	633,992,116	**442,413,916**	**590,705,658**	**351,978,518**

The Bank granted clean line facilities for letters of credit during the year to guarantee the performance of customers to third parties.
Contractual capital commitments undertaken by the Bank during the year amounted to N1.99Bn (31 Dec 2013: N1.54Bn)

42 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 December 2014	Group December 2013	Bank December 2014	Bank December 2013
Cash on hand and balances with banks	44,519,023	104,264,577	31,313,736	99,378,167
Unrestricted balances with central banks	32,060,575	31,143,134	22,262,582	24,775,442
Money market placements and other cash equivalents	65,813,241	121,368,581	36,965,179	89,433,649
Treasury bills with original maturity of 90days	10,355,560	9,980,449	10,355,559	9,980,449
	152,748,399	**266,756,741**	**100,897,056**	**223,567,707**

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.

43 Contraventions of the Banks and Other Financial Institutions Act of Nigeria and CBN circulars

S/N	Regulatory Body	Infraction	Penalty
i)	Central Bank of Nigeria	An approval was not obtained from the CBN for the additions to investment properties of N5.15 Billion as at 30 September 2013.	N2 million
ii)	Central Bank of Nigeria	Non Implementation of the recommendation per management letter on long outstanding items in CBN and RTGS accounts.	N2 million
iii)	Central Bank of Nigeria	Contravention of the CBN foreign exchange manual in selling business travel allowance to an expatriate with an expired passport.	N2 million
iv)	Central Bank of Nigeria	The Bank was penalised for weaknesses noted in its Internal control and KYC procedures	N2 million
v)	Central Bank of Nigeria	Contravention on the minimum documentation in the credit file for some customers in line with the CBN prudential guidelines for deposit money banks.	N2 million
vi)	Central Bank of Nigeria	Contravention on the reporting of public sector deposits in with CBN guidelines	N174 million

44 Events after reporting date

Subsequent to the end of the reporting period, the Board of Directors proposed a final dividend of N0.35k each on the issued share capital of 22,882,918,908 ordinary shares of 50 kobo each as at 31 December 2014. There are no other post balance sheet event that require disclosure in these consolidated financial statements.

45 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes subsidiaries, associates, joint ventures and the Group's pension schemes, as well as key management personnel.

Transactions with key management personnel

The Group's key management personnel, and persons connected with them, are also considered to be related parties. The definition of key management includes the close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the Group. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Access Bank Plc and its subsidiaries.

Parent

The parent company, which is also the ultimate parent company, is Access Bank Plc.

(a) Loans and advances to related parties

The bank granted various credit facilities to other companies which have common directors with the bank and those that are members of the Group. The rates and terms agreed are comparable to other facilities being held in the bank's portfolio. Details of these are described below:

Year ended 31 December 2014	**Directors and other key management personnel (and close family members)**	**Subsidiaries**	**Associates**	**Total**
In thousands of Naira				
Balance, beginning of year	83,796,489	12,479,220	-	**96,275,709**
Net movement during the year	(80,808,539)	43,153,451		**(37,655,088)**
Balance, end of year	2,987,950	55,632,671	-	58,620,621
Interest income earned	328,988	89,691		418,679
Bad or doubtful debts due from related parties expense	-	-	-	-

The loans issued to directors and other key management personnel (and close family members) as at 31 December 2014 of N2.99Bn are repayable in various cycles ranging from monthly to annually over the tenor, and have average interest rates of 14%. The loans advanced to the directors during the year are collateralised by a combination of lien on shares of quoted companies, fixed and floating debentures, corporate guarantee, negative pledge, domiciliation of proceeds of company's receivables, legal mortgages and cash.

The loan to subsidiaries relates to a foreign currency term loan facility of USD299M granted during the period. It is a non-collateralised loan advanced at an average interest rate of 0.5%. This loan has been eliminated on consolidation and does not form part of the reported Group loans and advances balance.

No impairment losses have been recorded against balances outstanding during the year with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at the year end.

(b) Deposits from related parties

	Directors (and close family members and related entities)	Subsidiaries	Associates	Total
Year Ended 31 December 2014				
In thousands of Naira				
Balance, beginning of year	58,977,652	7,210,122	-	**66,187,774**
Net movement during the year	(27,393,298)	33,771,728	-	**6,378,430**
Balance, end of year	31,584,354	40,981,850	-	**72,566,204**
Interest expenses on deposits	1,656,779	14,622	-	**1,671,401**

There are no special considerations for the related party deposits. Deposits from related parties are taken at arms length. The average rate on deposit from directors and other key management personnel which are majorly term deposit was approximately 11.38% while average rate on deposit from subsidiaries majorly demand deposits was approximately 2.04%.

(c) Borrowings from related parties

In thousands of Naira	Subsidiaries	Associates	Total
Borrowings at 1 January 2014	57,020,588	-	57,020,588
Net movement during the year	9,508,870	-	9,508,870
			-
Borrowings at 31 December 2014	66,529,458	-	66,529,458
			-
Interest expenses on borrowings	4,171,752	-	4,171,752

The borrowings from subsidiaries represent the borrowings of Access Bank Plc from Access Finance BV in respect of the dollar guaranteed notes issued by Access Finance B.V., Netherlands which is due on 25 July 2017. The notes were issued on 25 July 2012 for a period of 5 years with the principal amount repayable at the end of the tenor while interest on the Notes is payable semi-annually at 7.34%, in arrears on 25 January and 25 July in each year. The annual effective interest rate is 7.65%.

(d) Other balances and transactions with related parties

In thousands of Naira	Directors (and close family members and related entities)	Subsidiaries	Associates	Total
Cash and cash equivalent	-	8,992,169	-	8,992,169
Derivative financial instrument	-	-	-	-
Deposit for Investments	-	951,148	-	951,148
Receivables	-	707,290	-	707,290
Payables	-	669,243	-	669,243

(e) Key management personnel compensation for the year comprises:

Directors' remuneration

In thousands of Naira	December 2014	December 2013
Non-executive Directors		
Fees	46,500	46,500
Other emoluments:		
Allowances	268,543	216,093
	315,043	262,593
Executive directors		
Short term employee's benefit	680,435	711,264
Defined contribution plan	19,469	17,859
Share based payment	649	649
Long term incentive plan	500,000	3,321,200
	1,200,553	**4,050,972**
Total compensation to key management personnel	**1,515,596**	**4,313,565**

(f) Directors remuneration:

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

In thousands of Naira	December 2014	December 2013
Fees as Directors	46,500	46,500
Other emoluments	38,256	17,190
Executives Directors	279,775	279,652
Other Directors	-	-
Allowances	230,288	216,243

The Directors renumeration show above includes

	December 2014	December 2013
Chairman	30,024	25,955
Highest paid Director	87,504	85,160

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

	December 2014	December 2013
N1,000,000 -N9,000,000	1	4
N9,000,001 - N13,000,000	-	
N13,000,001 -N20,000,000	-	1
N20,000,001 - N37,000,000	13	13
Above N37,000,000	3	2
	17	20

46 Director-related exposures

Access Bank has some exposures that are related to its Directors. The Bank however follows a strict process before granting such credits to its Directors. The requirements for creating and managing this category of risk assets include the following amongst others:

a. Complete adherence to the requirements for granting insider-related exposure as stated in the Bank's Credit Policy Guidelines, the Insider-related Policy as well as the Bank's duly approved Standard Operating Procedure for managing insider-related exposures.
b. Full compliance with the relevant CBN policies on insider-related lending.
c. All affected Directors are precluded from taking part in the approval process of credit request wherein they have interest.
d. The related Director is required to execute a document authorizing the Bank to use their accruable dividends to defray any related-obligor's delinquent exposures.
e. The Directors are required to execute documents for the transfer of their shares to the Bank's nominated broker to ensure effective control as required by the CBN policy to enhance the bank's Corporate Governance structure.
f. Section 89 of the Bank's Article of Association also reiterated that "a related Director shall vacate office or cease to be a Director, if the Director directly or indirectly enjoys a facility from the Bank that remains non-performing for a period of more than 12months."

The Bank's gross exposure to all its directors as at 31 December 2014 is N3,251,770,013. However, the relevant obligors under this category also have credit balances and deposits maintained in their bank accounts which mitigate the risks to the bank.

Below is a schedule showing the details of the Bank's director-related lending:

Analysis of loans and advances to key management personnel
In thousands of naira

S/N	Name of borrower	Relationship to reporting institution	Name of related Directors	Facility type	Outstanding Principal	Status	Nature of security
1	Combined Industrial Agro	Chairman	Mr. Gbenga Oyebode	Overdraft	140,739	Performing	Corporate Guarantee of Assets Management Group Limited.
2	Asset Management Group Limited	Chairman	Mr. Gbenga Oyebode	Term Loans On-Lending Loans	634,863 351,862 547	Performing Performing Performing	Pledged 5-storey office block property
3	Timbuktu Media Limited	Chairman & Director	Timbuktu Media Limited	CBN-BOI Intervention Fund	27,315	Performing	1. Debenture on the company's assets. 2. Domiciliation of receivables of Timbuktu Media Limited.
4	Sic Property And Investment Company Ltd	Director	Mr Dere Otubu	Term Loans	1,105,000	Performing	1. Pledged properties (being constructed) at Ikoyi Lagos. 2. Lien on property under construction
5	Marina Securities Limited	Relation of Ex-Director of the Bank	Marina Securities Limited	Overdraft	756,406	Performing	Legal Mortgae and Cash Investment and Lien on Investment Portfolio
6	Paul Usoro & Company	Non-executive Director	Mr Paul Usoro	Overdraft	16,788	Performing	Cash collateral
7	C.G Biostadt Limited	Ex-Director	Dr Cosmas Maduka	Term Loan	218,250	Performing	Negative pledge and guarantee
	Balance, end of period				**3,251,770**		

47 Changes in presentation of prior year information of profit for the period and discontinued operations

For the purpose of comparability in the current year, share of profit has been reclassified to discontinued operations, as the Group disposed of its interest in the associate, Associated Discount House Limited in the current year.

	GROUP		
	Per Reported Accounts 2013 N ' 000	**Reclassification 2013 N ' 000**	**Comparative of Current year 2013 N ' 000**
Operating profit	43,530,591	-	43,530,591
Share of profit of equity accounted investee	1,465,819	(1,465,819)	-
Profit before tax	**44,996,410**	**(1,465,819)**	**43,530,591**
Loss from discontinued operations	(1,200,059)	1,465,819	265,760

Value Added Statement

In thousands of Naira

	Group December 2014	%	Group December 2013	%
Gross earnings	245,217,569		206,891,219	
Interest expense				
Foreign	(2,254,130)		(1,446,554)	
Local	(65,871,070)		(59,422,958)	
	177,092,369		146,021,707	
Net impairment (loss) on financial assets	(10,939,250)		5,012,279	
Net impairment loss on other financial assets	(713,021)		1,151,265	
Bought-in-materials and services				
Foreign	(740,707)		(697,312)	
Local	(63,456,775)		(59,075,547)	
Value added	**101,242,616**		**92,412,392**	
Distribution of Value Added				
To Employees:				
Employees costs	31,293,540	31%	31,081,954	34%
To government				
Government as taxes	8,958,810	9%	7,498,759	8%
To providers of finance				
Interest on borrowings	8,775,880	9%	8,819,542	10%
Dividend to shareholders	13,707,782	14%	19,450,480	21%
Retained in business:				
For replacement of property and equipment and intangible assets	9,238,173	9%	8,714,544	9%
Retained profit (including Statutory and regulatory risk reserves	29,268,431	29%	16,847,113	18%
	101,242,616	**100%**	**92,412,392**	**100%**

Value Added Statement

In thousands of Naira	Bank December 2014	%	Bank December 2013	%
Gross earnings	221,610,769		180,230,976	
Interest expense				
Foreign	(2,254,130)		(1,446,554)	
Local	(59,881,760)		(54,427,049)	
	159,474,879		124,357,373	
Net impairment (loss) on financial assets	(9,896,279)		6,356,951	
Net impairment loss on other financial assets	(713,021)		1,151,265	
Bought-in-materials and services				
Foreign	(740,707)		(697,312)	
Local	(59,258,585)		(60,932,613)	
Value added	**88,866,287**		**70,235,664**	
Distribution of Value Added				
To Employees:				
Employees costs	25,611,050	29%	25,937,818	37%
To government				
Government as taxes	6,201,296	7%	5,153,552	7%
To providers of finance				
Interest on borrowings	8,775,173	10%	5,152,243	7%
Dividend to shareholders	13,729,733	15%	19,450,480	28%
Retained in business:				
For replacement of property and equipment	8,337,641	9%	7,780,207	11%
Retained profit (including Statutory and regulatory risk reserves	26,211,394	29%	6,761,364	10%
	88,866,287	**100%**	**70,235,664**	**100%**

Other financial Information
Five-year Financial Summary

	IFRS				NGAAP
	December 2014	December 2013	Restated December 2012	Restated December 2011	December 2010
Group					
	12 months	12 months	12 months	12 months	12 months
In thousands of Naira	N'000	N'000	N'000	N'000	N'000
Assets					
Cash and balances with banks	405,014,793	439,459,541	405,292,241	267,917,288	123,957,778
Non pledged trading assets	28,411,644	3,877,969	27,906,803	10,812,122	30,969,755
Pledged assets	87,072,147	63,409,851	60,949,856	66,191,144	59,930,096
Derivative financial instruments	24,866,681	102,123	30,949	9,909	1,110,803
Loans and advances to banks	12,435,659	24,579,875	4,564,943	775,765	610,108
Loans and advances to customers	1,110,464,442	786,169,703	604,073,399	576,228,507	447,810,358
Trading properties	-	-	2,693,227	6,688,000	-
Investment securities	270,211,388	353,811,348	447,281,811	561,733,704	69,892,874
Insurance receivables	-	-	627,337	1,405,000	-
Other assets	56,310,620	52,019,723	67,935,352	44,475,554	20,006,440
Investment properties	-	23,974,789	14,360,567	16,097,044	12,943,078
Investments in equity accounted investee	-	3,623,326	2,774,647	2,812,805	-
Investment in subsidiary	-	-	-	-	-
Property and equipment	69,659,707	67,243,305	64,634,438	67,647,817	23,807,982
Intangible assets	5,592,991	3,659,072	3,404,945	3,277,608	2,718,899
Deferred tax assets	10,881,984	10,687,635	8,113,973	2,930,928	2,458,597
Assets classified as held for sale	23,438,484	2,847,740	30,827,257	-	-
Total assets	2,104,360,540	1,835,466,000	1,745,471,745	1,629,003,195	796,216,768
Liabilities					
Deposits from financial institutions	119,045,423	72,147,956	96,893,015	135,228,759	69,889,795
Deposits from customers	1,454,419,052	1,331,418,659	1,201,481,996	1,101,703,921	484,723,475
Derivative financial instruments	1,989,662	32,955	35,515	9,413	725,007
Claims payable	-	-	118,226	450,000	-
Current tax liabilities	8,180,969	6,899,558	8,937,964	9,747,004	3,492,485
Other liabilities	21,689,079	56,847,216	58,418,260	140,772,972	49,977,525
Deferred tax liabilities	59,038	37,861	-	-	-
Liabilities on investment contracts	-	-	65,591	61,000	-
Liabilities on insurance contracts	-	-	3,351,234	2,703,000	-
Debt securities issued	138,481,179	55,828,248	54,685,891	-	-
Interest-bearing borrowings	79,816,309	64,338,982	48,369,849	40,837,800	22,760,350
Retirement benefit obligations	3,269,100	1,933,021	2,487,589	1,876,578	-
Contingent settlement provisions	-	-	3,548,250	3,548,000	-
Liabilities classified as held for sale	-	1,499,495	25,793,512	-	-
Total liabilities	1,826,949,811	1,590,983,951	1,504,186,892	1,436,938,447	631,568,637
Equity					
Share capital and share premium	172,477,671	172,477,671	176,628,255	155,104,963	155,104,963
Retained earnings	34,139,453	22,232,374	17,856,630	(6,744,577)	(10,785,618)
Other components of equity	67,262,761	48,003,894	38,700,374	20,649,521	19,629,454
Non controlling interest	3,530,843	1,768,110	8,099,594	23,054,841	699,332
Total equity	277,410,728	244,482,049	241,284,853	192,064,748	164,648,131
Net Assets	2,104,360,539	1,835,466,000	1,745,471,745	1,629,003,195	796,216,768
Gross earnings	245,217,569	206,891,219	197,081,930	135,635,180	90,644,073
Profit before income tax	52,022,290	44,996,410	46,534,979	27,107,026	12,584,231
Profit from continuing operations	42,415,329	36,101,830	44,839,636	17,077,918	7,727,399
Discontinued operations	(87,267)	265,760	(5,511,361)	(1,699,596)	-
Profit for the year	42,328,062	36,367,590	39,328,275	15,378,322	7,727,399
Non controlling interest	964,821	195,762	(191,904)	879,093	176,442
Profit attributable to equity holders	36,101,830	36,101,830	39,520,179	14,499,229	7,903,841
Dividend paid	5,720,730	13,729,777	12,588,538	12,588,538	8,944,125
Earning or (loss) per share -Basic	189k	159k	172k	172k	169k
- Adjusted	189k	159k	172k	172k	169k
Number of ordinary shares of 50k	22,882,918,908	22,882,918,908	22,882,918,908	22,882,918,908	17,888,251,478
Number of ordinary shares after treasury shares	22,816,413,836	22,862,869,766	-	-	-

Other financial Information
Five-year Financial Summary

	IFRS				NGAAP
	December 2014	December 2013	Restated December 2012	Restated December 2011	December 2010
Bank					
	12 months	12 months	12 months	12 months	12 months
In thousands of Naira	N'000	N'000	N'000	N'000	N'000
Assets					
Cash and balances with banks	351,174,879	395,808,747	284,062,159	131,647,158	89,825,872
Non pledged trading assets	28,411,644	3,877,969	3,769,260	5,787,534	-
Pledged assets	85,183,353	63,347,823	60,949,856	66,191,144	-
Derivative financial instruments	24,831,145	72,675	-	-	
Loans and advances to banks	55,776,837	13,048,651	3,054,520	775,765	-
Loans and advances to customers	1,019,908,848	735,300,741	554,592,199	490,877,501	428,605,827
Trading properties	-	-	-	-	-
Investment securities	226,137,983	309,071,802	420,346,295	127,420,035	128,429,620
Insurance receivables	-	-	-	-	
Other assets	48,246,307	44,326,360	61,431,658	15,676,950	22,172,504
Investment properties	-	23,974,789	14,072,673	12,417,043	12,943,078
Investments in equity accounted investee	-	1,521,812	1,980,808	-	-
Investment in subsidiary	40,120,572	38,029,992	43,209,688	80,400,287	24,261,123
Property and equipment	64,160,327	63,203,245	58,938,450	17,042,268	20,722,556
Intangible assets	4,436,814	2,661,553	2,339,510	1,146,412	-
Deferred tax assets	10,128,537	9,847,853	7,007,387	-	-
Assets classified as held for sale	23,438,484	-	-	-	-
Total assets	1,981,955,730	1,704,094,012	1,515,754,463	949,382,097	726,960,580
Liabilities					
Deposits from banks	134,509,662	61,295,352	16,312,516	131,494,136	34,742,938
Deposits from customers	1,324,800,611	1,217,176,792	1,093,979,220	522,922,292	440,542,115
Derivative financial instruments	1,737,791	-	-	-	
Debt securities issued	73,155,391	-	-	-	-
Claims payable	-	-	-	-	
Current tax liabilities	7,113,226	6,075,590	7,686,568	2,084,899	2,959,976
Other liabilities	16,870,132	52,092,559	50,246,164	61,029,366	43,169,762
Retirement benefit obligations	3,267,364	-	2,485,093	1,149,578	-
Liabilities on investment contracts	-	-	-	-	
Liabilities on insurance contracts	-	-	-	-	
Interest-bearing borrowings	146,345,767	120,342,026	103,872,441	40,823,345	22,685,778
Contingent settlement provisions	-	1,929,695	3,548,250	-	-
Deferred tax liabilities	-	-	-	2,841,403	355,197
Liabilities classified as held for sale	-	-	-	-	-
Total liabilities	1,707,799,944	1,458,912,014	1,278,130,252	762,345,019	544,455,766
Equity					
Share capital and share premium	172,477,671	172,477,671	176,628,255	155,104,963	155,104,963
Retained earnings	36,499,779	23,095,393	18,880,711	3,376,997	6,777,393
Other components of equity	65,178,336	49,608,934	42,115,245	28,555,118	20,622,458
Total equity	274,155,786	245,181,998	237,624,211	187,037,078	182,504,814
Net Assets	1,981,955,730	1,704,094,012	1,515,754,463	949,382,097	726,960,580
Gross earnings	221,610,769	180,230,976	172,719,708	98,518,061	79,065,123
Profit before income tax	46,142,422	31,365,396	36,259,530	12,141,462	17,668,584
Profit from continuing operations	39,941,126	26,211,844	35,815,611	5,248,866	7,727,399
Profit for the year	39,941,126	26,211,844	35,815,611	5,248,866	7,727,399
Dividend paid	5,720,730	13,729,777	12,588,538	12,588,538	8,944,125
Earning or (loss) per share -Basic	174k	114k	157k	157k	102k
- Adjusted	174k	114k	157k	157k	102k
Number of ordinary shares of 50k	22,882,918,908	22,882,918,908	22,882,918,908	22,882,918,908	17,888,251,478

Access Bank Plc

Consolidated and separate financial statements for the year ended
31 December 2013

ACCESS BANK PLC
Index to the consolidated financial statements
For the year ended 31 December 2013

pwc

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

Report on the financial statements

We have audited the accompanying consolidated and separate financial statements of Access Bank Plc ("the bank") and its subsidiaries (together "the group"). These financial statements comprise the statements of financial position as at 31 December 2013 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act and for such internal control, as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

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Opinion

In our opinion the accompanying consolidated and separate financial statements give a true and fair view of the state of the financial affairs as at 31 December 2013 and of the financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act.

Report on other legal requirements

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

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

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

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

iv) the information required by Central Bank of Nigeria Circular BSD/1/2004 on insider related credits is disclosed in Note 53 to the financial statements;

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

Anthony Oputa

For: PricewaterhouseCoopers
Chartered Accountants
Lagos, Nigeria.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A 611153

07 April 2014

Engagement Partner: Anthony Oputa
FRC/2013/ICAN/00000000980

Statement of comprehensive income

In thousands of Naira	*Notes*	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Continuing operations					
Interest income	8	145,961,028	165,293,728	127,710,965	148,277,802
Interest expense	8	(68,237,387)	(65,059,458)	(61,025,846)	(59,424,878)
Net interest income		77,723,641	100,234,270	66,685,119	88,852,924
Writeback/(impairment charge) on financial assets	9a	6,163,544	(10,021,978)	7,508,216	(8,006,142)
Net interest income after impairment charges		83,887,185	90,212,292	74,193,335	80,846,782
Fee and commission income	10	31,653,170	24,877,843	26,395,198	19,266,497
Fee and commission expense		(105,638)	(605,835)	-	-
Net fee and commission income		31,547,532	24,272,008	26,395,198	19,266,497
Net gains on financial instruments classified as held for trading	11	1,875,283	110,589	1,760,388	59,147
Foreign exchange income	12	7,537,545	7,434,264	5,735,812	5,396,987
Other operating income	13	15,013,907	9,387,484	13,778,327	7,725,417
Loss on disposal of subsidiary	17d	-	-	(504,323)	-
Fair value gain on investment property	30	4,850,286	-	4,850,286	-
Writeback/(Impairment) charge on non-financial assets	9b	-	(768,672)	(823,182)	(3,609,936)
Personnel expenses	14	(31,081,954)	(32,510,560)	(25,937,818)	(28,412,192)
Operating lease expenses		(1,451,667)	(1,442,926)	(1,273,023)	(1,384,837)
Depreciation and amortization	33,34	(8,714,544)	(10,866,941)	(7,780,207)	(9,678,299)
Loss on settlement of non-cash distribution to shareholders	17a	-	-	(2,462,629)	-
Other operating expenses	15	(59,932,982)	(39,929,462)	(56,566,768)	(33,950,036)
Operating profit		43,530,591	45,898,076	31,365,396	36,259,530
Share of profit of equity accounted investee	31	1,465,819	636,903	-	-
Profit before income tax		**44,996,410**	**46,534,979**	**31,365,396**	**36,259,530**
Income tax expense	16	(7,498,759)	(1,695,343)	(5,153,552)	(443,919)
Profit for the year from continuing operations		37,497,651	44,839,636	26,211,844	35,815,611
Discontinued operations					
Loss from discontinued operations	17c,d	(1,200,059)	(5,511,361)	-	-
Profit for the year		**36,297,592**	**39,328,275**	**26,211,844**	**35,815,611**
Other comprehensive income (OCI) for the year:					
Items that will not be reclassified to the income statement:					
Remeasurements of post employment benefit obligations		(1,560,220)	538,032	(1,560,220)	538,032
Items that may be subsequently reclassified to the income statement:					
Foreign currency translation differences for foreign subsidiaries					
- Unrealised (losses)/gains/ arising during the year		(7,248,271)	1,387,577	-	-
- Realised gains arising during the year		979,824	-	-	-
Net changes in fair value of AFS financial instruments					
-Fair value changes arising during the year		6,189,893	1,904,176	6,394,443	(4,755,960)
Fair value changes on AFS financial instruments from associates		(17,215)	133,484		
Other comprehensive (loss)/gain for the year, net of related tax effects:		(1,655,989)	3,963,269	4,834,223	(4,217,928)
Total comprehensive income for the year		**34,641,604**	**43,291,544**	**31,046,067**	**31,597,683**
Profit attributable to:					
Owners of the Bank		36,101,830	39,520,179	26,211,844	35,815,611
Non-controlling interest		195,762	(191,904)	-	-
Profit for the year		**36,297,592**	**39,328,275**	**26,211,844**	**35,815,611**
Total comprehensive income attributable to:					
Owners of the Bank		34,431,354	43,531,029	31,046,067	31,597,683
Non-controlling interest		210,250	(239,485)	-	-
Total comprehensive income for the year		34,641,604	43,291,544	31,046,067	31,597,683
Total comprehensive income for the year:					
Continuing operations		35,841,662	48,802,905	31,046,067	31,597,683
Discontinued operations		(1,200,059)	(5,511,361)	-	-
		34,641,604	43,291,544	31,046,067	31,597,683
Earnings per share					
Basic earnings per share(kobo)	19	159	172	115	157
Diluted (kobo)		159	172	115	157
Earnings per share - continuing operations					
Basic earnings per share(kobo)	19	164	196	115	157
Diluted (kobo)		164	196	115	157

Statement of financial position
As at 31 December 2013

In thousands of Naira	*Notes*	Group December 2013	Group December 2012	Group December 2011	Bank December 2013	Bank December 2012	Bank December 2011
Assets							
Cash and balances with banks	20	439,459,541	405,292,241	267,917,288	395,808,747	284,062,159	131,647,158
Non pledged trading assets	21	3,877,969	27,906,803	10,812,122	3,877,969	3,769,260	5,787,534
Pledged assets	22	63,409,851	60,949,856	66,191,144	63,347,823	60,949,856	66,191,144
Derivative financial instruments	23	102,123	30,949	9,909	72,675	-	-
Loans and advances to banks	24	24,579,875	4,564,943	775,765	13,048,651	3,054,520	775,765
Loans and advances to customers	25	786,169,704	604,073,399	576,228,507	735,300,741	554,592,199	490,877,501
Trading properties	26	-	2,693,227	6,688,000	-	-	-
Investment securities	27	353,811,348	447,281,811	561,733,704	309,071,802	420,346,295	127,420,035
Insurance receivables	28	-	627,337	1,405,000	-	-	-
Other assets	29	52,019,723	67,935,352	44,475,554	44,326,360	61,431,658	15,676,950
Investment properties	30	23,974,789	14,360,567	16,097,044	23,974,789	14,072,673	12,417,043
Investments in equity accounted investee	31	3,623,325	2,774,647	2,812,805	1,521,812	1,980,808	-
Investment in subsidiary	32	-	-	-	38,029,992	43,209,688	80,400,287
Property and equipment	33	67,243,305	64,634,438	67,647,817	63,203,245	58,938,450	17,042,268
Intangible assets	34	3,659,071	3,404,945	3,277,608	2,661,553	2,339,510	1,146,412
Deferred tax (net)	35	10,687,635	8,113,973	2,930,928	9,847,853	7,007,387	-
		1,832,618,259	1,714,644,488	1,629,003,195	1,704,094,012	1,515,754,463	949,382,097
Assets classified as held for sale	18	2,847,741	30,827,257	-	-	-	-
Total assets		**1,835,466,000**	**1,745,471,745**	**1,629,003,195**	**1,704,094,012**	**1,515,754,463**	**949,382,097**
Liabilities							
Deposits from financial institutions	36	72,147,955	96,893,015	135,228,759	61,295,352	16,312,516	131,494,136
Deposits from customers	37	1,331,418,659	1,201,481,996	1,101,703,921	1,217,176,793	1,093,979,220	522,922,292
Derivative financial instruments	23	32,955	35,515	9,413	-	-	-
Claims payable	38	-	118,226	450,000	-	-	-
Current tax liabilities	16	6,899,558	8,937,964	9,747,004	6,075,590	7,686,568	2,084,899
Other liabilities	39	56,847,216	58,418,260	140,772,972	52,092,559	50,246,164	61,029,366
Deferred tax liabilities	35	37,861	-	-	-	-	2,841,403
Liabilities on investment contracts	40	-	65,591	61,000	-	-	-
Liabilities on insurance contracts	41	-	3,351,234	2,703,000	-	-	-
Debt securities issued	42	55,828,248	54,685,891	-	-	-	-
Interest-bearing loans and borrowings	43	64,338,982	48,369,849	40,837,800	120,342,026	103,872,441	40,823,345
Retirement benefit obligations	44	1,933,021	2,487,589	1,876,578	1,929,695	2,485,093	1,149,578
Contingent settlement provisions	45	-	3,548,250	3,548,000	-	3,548,250	-
		1,589,484,455	1,478,393,380	1,436,938,447	1,458,912,015	1,278,130,252	762,345,019
Liabilities classified as held for sale	18	1,499,495	25,793,512	-	-	-	-
Total liabilities		**1,590,983,950**	**1,504,186,892**	**1,436,938,447**	**1,458,912,015**	**1,278,130,252**	**762,345,019**
Equity							
Share capital and share premium	46	172,477,671	176,628,255	155,104,963	172,477,671	176,628,255	155,104,963
Retained earnings	46	22,232,375	17,856,630	(6,744,577)	23,095,392	18,880,711	3,376,997
Other components of equity	46	48,003,894	38,700,374	20,649,521	49,608,934	42,115,245	28,555,118
Total equity attributable to owners of the Bank		**242,713,940**	**233,185,259**	**169,009,907**	**245,181,997**	**237,624,211**	**187,037,078**
Non controlling interest	46	1,768,110	8,099,594	23,054,841	-	-	-
Total equity		**244,482,050**	**241,284,853**	**192,064,748**	**245,181,997**	**237,624,211**	**187,037,078**
Total liabilities and equity		**1,835,466,000**	**1,745,471,745**	**1,629,003,195**	**1,704,094,012**	**1,515,754,463**	**949,382,097**

Signed on behalf of the Board of Directors on 28 January 2014 by:

Group Managing Director
Herbert Wigwe
FRC/2013/ICAN/00000001998

Executive Director
Victor Etuokwu
FRC/2014/CIBN/00000006249

Additionally certified by:

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	Contingency reserve	Foreign currency translation reserve	Retained earnings	Total	Non Controlling interest	Total Equity
Balance at 1 January 2013	11,441,460	165,186,795	6,961,919	26,080,715	-	-	3,489,080	65,261	650,437	1,452,962	17,856,630	233,185,260	8,099,594	241,284,854
Total comprehensive income for the year:														
Profit for the year											36,101,830	36,101,830	195,762	36,297,592
Other comprehensive income, net of tax														
Unrealised foreign currency translation difference	-	-	-	-	-	-	-	-	-	(7,248,271)	-	(7,248,271)	-	(7,248,271)
Realised foreign currency translation difference										979,824	-	979,824	-	979,824
Actuarial gain/loss on remeasurement of retirement benefit	-	-	-	-	-	-	-	-	-		(1,560,220)	(1,560,220)	-	(1,560,220)
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	-	6,189,893	-	-	-	6,189,893	-	6,189,893
Fair value changes on AFS financial instruments from associates	-	-	-	-	-	-	-	(17,215)	-	-	-	(17,215)	-	(17,215)
Total other comprehensive income/ (loss)	-	-	-	-		-	-	6,172,678	-	(6,268,447)	(1,560,220)	(1,655,989)	-	(1,655,989)
Total comprehensive income/ (loss)	-	-	-	-	-	-	-	6,172,678	-	(6,268,447)	34,541,610	34,445,841	195,762	34,641,603
Transactions with equity holders, recorded directly in equity:														
Non-cash diistribution to shareholders	-	(4,150,584)	-	-	-	-	-	-	-	-	-	(4,150,584)	-	(4,150,584)
Transfers during the year	-	-	6,112,829	4,284,694	-	-	-	-	-	-	(10,397,523)	-	-	-
Scheme shares	-	-	-	-	112,783	(460,580)	-	-	-	-	-	(347,797)	-	(347,797)
Deemed disposal of subsidiary	-	-	-	-	-	-	-	-	-	-	(968,300)	(968,300)	968,300	-
Transfer from disposed subsidiaries	-	-	-	-	-	-	-	-	(650,437)	-	650,437	-	(7,495,546)	(7,495,546)
Dividend paid to equity holders	-	-	-	-	-	-	-	-	-	-	(19,450,480)	(19,450,480)	-	(19,450,480)
Total contributions by and distributions to equity holders	-	(4,150,584)	6,112,829	4,284,694	112,783	(460,580)	-	-	(650,437)	-	(30,165,865)	(24,917,161)	(6,527,246)	(31,444,407)
Balance at 31 December 2013	11,441,460	161,036,211	13,074,748	30,365,409	112,783	(460,580)	3,489,080	6,237,939	-	(4,815,485)	22,232,375	242,713,941	1,768,110	244,482,050

Consolidated Statement of Changes in Equity
For the year ended 31 December 2012

In thousands of Naira
Group

	Attributable to owners of the Bank												
	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Treasury Shares	Capital Reserve	Fair value reserve	Contingency reserve	Foreign currency translation reserve	Retained earnings	Total	Non controlling interest	Total Equity
Balance at 1 January 2012	8,944,126	146,160,837	4,153,575	19,276,823	(5,048,872)	3,489,080	(1,872,471)	586,000	65,385	(6,744,577)	169,009,906	23,054,841	192,064,747
Total comprehensive income for the year:													
Profit for the year	-	-	-	-	-	-	-	-	-	39,520,179	39,520,179	(191,904)	39,328,275
Other comprehensive income, net of tax													
Actuarial gain/loss on remeasurement of retirement benefit	-	-	-	-	-	-	-	-	-	538,032	538,032	-	538,032
Foreign currency translation difference	-	-	-	-	-	-	-	-	1,387,577	-	1,387,577	-	1,387,577
Fair value changes on AFS financial instruments from associates	-	-	-	-	-	-	133,484	-	-	-	133,484	-	133,484
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	1,904,176	-	-	-	1,904,176	-	1,904,176
Total other comprehensive (loss)/income	-	-	-	-	-	-	2,037,660	-	1,387,577	538,032	3,963,269	-	3,963,269
Total comprehensive (loss)/income	-	-	-		-	-	2,037,660	-	1,387,577	40,058,211	43,483,448	(191,904)	43,291,544
Transactions with equity holders, recorded directly in equity:													
Transfers for the year	-	-	2,808,344	6,957,029	-	-	-	-	-	(9,765,373)	-	-	-
New issue of shares	622,334	20,900,958	-	-	-	-	-	-	-	-	21,523,292	(21,523,292)	-
Scheme shares to existing shareholders	1,875,000	(1,875,000)	-	-	-	-	-	-	-	-	-	-	-
Transfer to contingency reserve	-	-	-	-	-	-	-	64,437	-	(64,437)	-	-	-
Reclassification	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	5,679,732	5,679,732
Loss of control due to liquidation of subsidiaries	-	-	-	(153,137)	-	-	(99,928)	-	-	8,330,533	8,077,468	1,080,217	9,157,685
Disposal of own shares/consideration received	-	-	-	-	5,048,872	-	-	-	-	(1,369,187)	3,679,685	-	3,679,685
Dividend paid to equity holders	-	-	-	-	-	-	-	-	-	(12,588,539)	(12,588,539)	-	(12,588,539)
Total contributions by and distributions to equity holders	2,497,334	19,025,958	2,808,344	6,803,892	5,048,872	-	(99,928)	64,437	-	(15,457,003)	20,691,906	(14,763,343)	5,928,563
Balance at 31 December 2012	11,441,460	165,186,795	6,961,919	26,080,715	(0)	3,489,080	65,261	650,437	1,452,962	17,856,630	233,185,260	8,099,594	241,284,854

Access Bank Plc

Consolidated financial statement
For the year ended 31 December 2013

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	Merger Reserve	Retained earnings	Total Equity
Balance at 1 January 2013	**11,441,460**	**165,186,795**	**4,068,288**	**24,635,492**	**-**	**3,489,081**	**(132,303)**	**10,054,688**	**18,880,711**	**237,624,212**
Total comprehensive income for the year:										
Profit for the year	-	-	-	-	-	-	-	-	26,211,843	**26,211,843**
Other comprehensive income, net of tax										
Actuarial gain/loss on remeasurement of retirement benefit	-	-	-	-	-	-	-	-	(1,560,220)	**(1,560,220)**
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	6,394,443	-	-	**6,394,443**
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**6,394,443**	**-**	**(1,560,220)**	**4,834,224**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**6,394,443**	**-**	**24,651,623**	**31,046,066**
Transactions with equity holders, recorded directly in equity:										
Non-cash distribution to shareholders	-	(4,150,584)	-	-	-	-	-	-	-	**(4,150,584)**
Transfers for the year	-	-	7,109,374	3,931,776	-	-	-	-	(11,041,150)	**-**
Transfer of merger reserve to retained earnings	-	-	-	-	-	-	-	(10,054,688)	10,054,688	**-**
Dividend paid to equity holders	-	-	-	-	-	-	-	-	(19,450,480)	**(19,450,480)**
Scheme shares	-	-	-	-	112,783	-	-	-	-	**112,783**
Total contributions by and distributions to equity holders	**-**	**(4,150,584)**	**7,109,374**	**3,931,776**	**112,783**	**-**	**-**	**(10,054,688)**	**(20,436,942)**	**(23,488,281)**
Balance at 31 December 2013	**11,441,460**	**161,036,211**	**11,177,662**	**28,567,268**	**112,783**	**3,489,081**	**6,262,140**	**-**	**23,095,392**	**245,181,997**

Consolidated Statement of Changes in Equity
For the year ended 31 December 2012

In thousands of Naira
Bank

	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Capital Reserve	Fair value reserve	Merger Reserve	Retained earnings	Total Equity
Balance at 1 January 2012	**8,944,126**	**146,160,837**	**1,259,944**	**19,182,446**	**3,489,080**	**4,623,657**	**-**	**3,376,997**	**187,037,087**
Total comprehensive income for the year:									
Profit for the year	-	-	-	5,453,046	-	-	-	30,362,565	**35,815,611**
Other comprehensive income, net of tax									
Actuarial gain/loss on remeasurement of retirement benefit	-	-	-	-	-	-	-	538,032	**538,032**
Net changes in fair value of AFS financial instruments	-	-	-	-	-	(4,755,960)	-	-	**(4,755,960)**
Total other comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**(4,755,960)**	**-**	**538,032**	**(4,217,928)**
Total comprehensive (loss)/income	**-**	**-**	**-**	**5,453,046**	**-**	**(4,755,960)**	**-**	**30,900,597**	**31,597,683**
Transactions with equity holders, recorded directly in equity:									
Business combination	-	-	-	-	-	-	10,054,688	-	**10,054,688**
Transfers during the year	-	-	2,808,344	-	-	-	-	(2,808,344)	**-**
New issue of shares	622,334	20,900,958	-	-	-	-	-	-	**21,523,292**
Scheme shares to existing shareholders	1,875,000	(1,875,000)	-	-	-	-	-	-	**-**
Acquisition/disposal of own shares	-	-	-	-	-	-	-	-	**-**
Dividend paid to equity holders	-	-	-	-	-	-	-	(12,588,539)	**(12,588,539)**
Total contributions by and distributions to equity holders	**2,497,334**	**19,025,958**	**2,808,344**	**-**	**-**	**-**	**10,054,688**	**(15,396,883)**	**18,989,441**
Balance at 31 December 2012	**11,441,460**	**165,186,795**	**4,068,288**	**24,635,492**	**3,489,080**	**(132,303)**	**10,054,688**	**18,880,711**	**237,624,211**

Consolidated statement of cash flows
For the year ended 31 December 2013

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Cash flows from operating activities				
Profit for the year	43,796,352	41,023,618	31,365,395	36,259,530
Adjustments for:				
Depreciation of property and equipment	7,486,600	10,192,675	6,702,482	8,690,580
Amortization of intangible assets	1,227,944	1,335,149	1,077,726	987,718
Gain on disposal of property and equipment	(2,134,945)	(59,197)	(2,135,015)	(32,808)
Profit on disposal of trading properties	-	(18,843)	-	-
Profit on disposal of investment properties	(12,000)	-	(12,000)	-
Loss on disposal of investment securities	152,619	(256,215)	(565,506)	(256,215)
Fair value gain on investment properties	(4,850,286)	-	(4,850,286)	-
Impairment on financial assets	(6,163,545)	10,790,651	(6,685,033)	11,616,078
Additional gratuity provision	801,168	1,920,678	801,168	1,920,678
Contribution to defined contribution plans	428,233	574,428	427,403	366,603
Loss on disposal of subsidiaries	732,082	-	2,966,951	-
Write back of contigent provision	(3,548,250)	-	(3,548,250)	-
Equity share-based payment expense	112,783	-	112,783	-
Profit on disposal of equity investment	-	(1,190,000)	-	(1,190,000)
Property and equipment written off	460,877	550,571	-	236,668
Share of profit of equity accounted investee	(1,369,778)	(544,569)	-	-
Net interest income	(77,723,641)	(95,866,920)	(66,685,119)	(84,996,482)
Profit on disposal of associates	(23,734)	(450,000)	(68,624)	(450,008)
Loss on disposal of AMCON bonds investments	849,362	7,417,651	849,362	7,417,651
Dividend income	(3,161,572)	(1,684,579)	(3,257,632)	(1,643,081)
	(42,939,731)	(26,264,902)	(43,504,195)	(21,073,088)
Increase/(decrease) in operating assets:				
Change in non-pledged trading assets	24,509,283	(19,091,136)	401,203	1,685,723
Change in pledged assets	(2,459,995)	5,241,288	(2,397,967)	5,241,290
Change in restricted deposit with CBN	(64,119,022)	(32,708,461)	(64,111,310)	(74,442,033)
Change in loans and advances to banks and customers	(202,226,428)	(48,108,093)	(188,724,917)	(45,670,356)
Change in insurance receivables	(254,921)	(180,326)	-	-
Changes in trading properties	-	1,301,815	-	-
Change in other assets	44,026,433	(43,613,368)	31,826,811	(1,107,636)
Change in deposits from banks	(24,402,736)	(38,350,750)	44,982,836	(121,083,609)
Change in derivative financial instruments-assets				
Change in derivative financial instruments-liabilities	(73,734)	76,414	(72,675)	-
Change in deposits from customers	126,657,173	109,983,219	124,442,847	107,639,255
Change in claims payable	(118,226)	(331,774)	-	-
Change in liabilities on investment contracts	(65,591)	4,591	-	-
Change in liabilities on insurance contracts	1,578,125	648,234	-	-
Change in other liabilities	1,849,314	(75,706,621)	1,846,395	(68,059,302)
Changes in retirement benefit obligation	(4,012,855)	(574,428)	(4,012,855)	(366,603)
Interest paid on deposits and borrowings	(59,852,128)	(55,073,269)	(57,118,876)	(43,856,101)
Interest received on loans and advances	95,479,688	100,091,117	84,871,814	89,437,481
	(106,425,352)	(122,656,450)	(71,570,888)	(171,654,979)
Income tax paid	(10,850,841)	(7,652,116)	(8,936,331)	(4,849,638)
Net cash used in operating activities	(117,276,193)	(130,308,566)	(80,507,218)	(176,504,617)
Cash flows from investing activities				
Cash payments to acquire investment securities	(184,591,071)	(12,330,894)	(124,550,520)	(8,849,112)
Interest received on investment securities	55,041,060	46,819,601	41,918,885	33,535,108
Dividend received	3,161,572	1,684,579	3,257,632	1,643,081
Acquisition of property and equipment	(14,768,856)	(12,068,916)	(13,596,707)	(10,482,823)
Proceeds from the sale of property and equipment	4,746,630	1,006,357	3,464,445	246,996
Acquisition of intangible assets	(1,555,181)	(1,971,261)	(1,399,769)	(1,422,816)
Acquisition of investment properties	(585,261)	(1,799,293)	-	-
Proceeds from disposal of investment properties	120,000	2,297,956	120,000	54,690
Proceeds from matured investment securities	86,241,142	44,820,429	79,777,294	20,158,641
Proceeds from sale of subsidiary and asociates	6,762,269	-	6,762,269	-
Acquisition of subsidiaries	-	-	(6,931,299)	-
Cash acquired from subsidiary	-	-	-	81,984,000
Proceeds from sale of equity investments	-	1,200,000	-	1,200,000
Proceeds from sale of investment securities	193,608,111	88,050,442	171,354,325	67,891,801
Cash lost on loss of control of subsidiaries	(24,974,504)	(536,675)	-	-
Net cash generated from investing activities	123,205,910	**157,172,325**	**160,176,555**	**185,959,566**
Cash flows from financing activities				
Interest paid on interest bearing loans and borrowings	(4,586,103)	(4,095,028)	(4,586,103)	(394,451)
Proceeds from new interest bearing borrowings	26,756,853	14,677,378	25,739,309	69,363,269
Repayment of interest bearing borrowings	(9,309,994)	(12,224,357)	(9,421,714)	(12,473,833)
Purchase of own shares	(460,580)	-	-	-
Dividends paid to owners	(19,450,480)	(12,588,539)	(19,450,480)	(12,588,539)
Debt securities issued	-	54,685,891	-	-
Net cash provided (used in)/by financing activities	(7,050,304)	**40,455,345**	**(7,718,988)**	**43,906,446**
Net (decrease)/increase in cash and cash equivalents	(1,120,586)	67,319,104	71,950,348	53,361,395
Cash and cash equivalents at beginning of year	271,573,393	191,518,474	151,617,359	98,255,964
Cash and cash equivalents of assets held for sale	-	13,122,271	-	-
Effect of exchange rate fluctuations on cash held	(3,696,066)	(386,456)	-	-
Cash and cash equivalents at end of year	266,756,741	271,573,393	223,567,707	151,617,359
Net (decrease)/increase in cash and cash equivalents	(1,120,586)	67,319,104	71,950,348	53,361,395

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 year ended 31 December 2013 comprise the Bank and its subsidiaries (together referred to as "the Group" and separately referred to as "Group entities"). The Group is primarily involved in investment, corporate, commercial and retail banking and is listed on the Nigerian Stock Exchange.

These financial statements were authorised for issue by the Board of Directors on 28th January 2014

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) as issued by the International Accounting Standards Board (IASB). Additional information required by national regulations is included where approrpriate.

3.0 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. (see note 3.5)

3.1 Basis of preparation

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

(a) Functional and presentation currency

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

(b) Basis of measurement

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

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

(c) Use of estimates and judgements

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Information about significant areas of estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated and separate financial statements are described in note 4.

3.2 Changes in accounting policy and disclosures

(i) New and amended standards adopted by the group

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

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

Disclosures- Offsetting Financial Assets and Financial Liabilities (amendments to IFRS 7) introduces disclosures about the impact of right of offsets and related arrangements for financial instruments under a master netting or similar arrangements. The amendments are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The amendments are applied restrospectively, the Group has offsetting arrangements in place as at December 2013 disclosed in Note 5.1.5. The application of the amendments had no material impact on the disclosures or the amount recognised in the consolidated financial statements.

(b) New and revised standards - IFRS 10 - Consolidated Financial Statement, IFRS 11 - Joint arrangements, IAS 27 - Separate financial statement, IAS 28 - Investment in Associates and IFRS 12 - Disclosures of Interest in Other Entities

Early adoption of IFRS 10, 11 and 12 is permitted but is required to take place simultaneously. Only IFRS 12 can be early adopted without IFRS 10 and 11. None of these standards were early adopted by the Group.

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

(i) IFRS 10 Consolidated Financial Statements

IFRS 10 replaces all of the consolidation guidance of IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities. The new standard changes the definition of control such that it can only be present when there is (i) power, (ii) exposure to variability in returns and (iii) ability to use the power to affect returns. Consolidation will only be required when all the three criteria are met. IFRS 10 is effective for annual periods beginning on or after 1 January 2013. The amendments have been applied retrospectively, the Group does not have any entity which would result to a loss of controls or an existence of a control relationship based on the requirement of the new standard. The application of the amendments had no material impact on the disclosures or the amount recognised in the consolidated financial statements.

(ii) IFRS 11 Joint Arrangements

IFRS 11 overhauls the accounting for joint ventures and replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities - Non Monetary Contributions by Venturers. It uses the principles of control in IFRS 10 in defining joint control and whether joint control exists may change. Under IFRS 11, there are only two types of joint arrangements (i) Joint operations (ii) Joint ventures. The new standard does not allow proportional consolidation of joint ventures and the equity method must be applied. IFRS 11 is effective in annual periods beginning on or after 1 January 2013. The amendments have been applied retrospectively, the Group does not have any joint arrangement relationship. The application of the amendments had no material impact on the disclosures or the amount recognised in the consolidated financial statements.

(iii) IFRS 12 Disclosure of Interests in Other Entities

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

(iv) IAS 27 (revised 2011) – Separate financial statements

This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. The financial statement includes information relating to the stand alone parent and all relevant disclosures included.

(v) AS 28 (revised 2011) – Associates and joint ventures

This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. The revision hs no impact on the Bank.

(c) IFRS 13 Fair Value Measurement

IFRS 13 provides a single source of guidance on how fair value is measured and disclosed, and replaces the fair value measurement guidance that is currently dispersed throughout IFRS. Subject to limited exceptions, IFRS 13 is applied when fair value measurements or disclosures are required or permitted by other IFRSs, this is applicable to both financial and non financial instruments. The exceptions include leasing transactions within the scope of IAS 17 - Leases, IFRS 2 - Share based payments and some measurements with similarities to fair value but are not fair value e.g value in use for impairment assessment purpose or net realisable value for measuring inventories. Although many of the IFRS 13 disclosure requirements regarding financial assets and financial liabilities are already required, the adoption of IFRS 13 will require the Group to provide additional disclosures. These include fair value hierarchy disclosures for non-financial assets/liabilities and disclosures on fair value measurements that are categorised in Level 3.

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

(d) IAS 1 Presentation of Financial Statements

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

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

(e) IAS 19 Employee benefits

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

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

The amended IAS 19 is effective for periods beginning on or after 1 January 2013. The amendments have been applied restrospectively, therefore actuarial gains or losses previously recognised in income staement tshould be reclassed to other comprehensive income. The application of the amendments will impact the Group's previous treatment of recognising actuarial gains and losses in income statement.

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

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

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

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

IFRS	Effective Date	Subject of amendment
Amendments to IFRS 1, 'First time adoption of IFRS'	1 January 2013	The amendment clarifies that an entity may apply IFRS 1 more than once under certain circumstances and that an entity can choose to adopt IAS 23, 'Borrowing costs', either from its date of transition or from an earlier date. Lastly the amendments clarifies that a first-time adopter should provide the supporting notes for all statements presented.
Amendment to IAS 32, 'Financial instruments: Presentation'	1 January 2013	The amendment clarifies the treatment of income tax relating to distributions and transaction costs. The amendment clarifies that the treatment is in accordance with IAS 12. So, income tax related to distributions is recognised in the income statement, and income tax related to the costs of equity transactions is recognised in equity.
Amendment to IAS 1, 'Presentation of financial statements'	1 January 2013	The amendment clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet either: as required by IAS 8, 'Accounting policies, changes in accounting estimates and errors'; or voluntarily.
Amendment to IAS 16, 'Property, plant and equipment'	1 January 2013	The amendment clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment.
Amendment to IAS 34, 'Interim financial reporting'	1 January 2013	The amendment brings IAS 34 into line with the requirements of IFRS 8, 'Operating segments'. A measure of total assets and liabilities is required for an operating segment in interim financial statements if such information is regularly provided to the CODM and there has been a material change in those measures since the last annual financial statements.
IFRIC 20 - Stripping costs in the production phase of a surface mine	1 January 2013	In surface mining operations, entities may find it necessary to remove mine waste materials ('overburden') to gain access to mineral ore deposits. This waste removal activity is known as 'stripping'. The Interpretation clarifies there can be two benefits accruing to an entity from stripping activity: usable ore that can be used to produce inventory and improved access to further quantities of material that will be mined in future periods. The Interpretation considers when and how to account separately for these two benefits arising from the stripping activity, as well as how to measure these benefits both initially and subsequently.

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

As at 31 December 2013, a number of standards and interpretations, and amendments thereto, had been issued by the IASB which are not yet effective for these consolidated financial statements. None of these standards is expected to have a significant effect on the consolidated financial statement of the group, except the following set out below.

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

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

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

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

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

Amendments to IAS 36 - Impairment of assets (effective 1 January 2014)

These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. to require disclosure of the recoverable amount of an asset or CGU when an impairment loss has been recognised or reversed; and to require detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognised or reversed.

3.3 Basis of consolidation

(i) Subsidiaries

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

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

The investor shall reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed. The existence and effect of potential voting rights are considered when assessing whether the group controls another entity.
The group assesses existence of control where it does not have more than 50% of the voting power i.e when it holds less than a majority of the voting rights of an investee. An investor considers all relevant facts and circumstances in assessing whether or not it's voting rights are sufficient to give it power, including:

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

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

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

(ii) Business combinations

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

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

The Group measures goodwill at the acquisition date as the total of:

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

When this total is negative, a bargain purchase gain is recognised immediately in statement of comprehensive income,after a re-assessment to ensure correctness.

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

(iii) Acquisitions from entities under common control

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

(vi) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in 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.

(iv) Disposal of subsidaries

When the group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in 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.

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

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

(vi) Associates

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

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

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

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

Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.
Investments in associates are measured at cost less impairment in the separate financial statement.

(viii) Transactions eliminated on consolidation

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

3.4 Segment reporting

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

3.5 Foreign currency translation

(i) Functional and presentation currency

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

The Group in the normal course of business sets up Structured Entiries (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.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. 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.

(iii) Group companies

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

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

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

(c) all resulting exchange differences are recognised in other comprehensiveincome.

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

3.6 Operating income

(i) Interest income and expense

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

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instruments but not future credit losses.

The calculation of the effective interest rate includes contractual fees and points paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense presented in the statement of comprehensive income include:

- interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest rate basis.
- interest on available-for-sale investment securities calculated on an effective interest basis

(ii) Fees and commission

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

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

(iii) Net gains/losses on financial instuments classified Held for Trading

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

(iv) Foreign exchange income

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

(v) Dividends

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

3.7 Lease payments

Payments made under operating leases are recognised in 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 expense

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

(i) Current tax

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

(ii) Deferred tax

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

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

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

3.9 Financial assets and liabilities

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

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)	Sub classes
Financial assets	Financial assets at fair value through profit or loss	Non pledged trading assets	Equity securities
			Debt securities
	Loans and receivables	Cash and balances with banks	Cash on hand and balances with banks
			Unrestricted balances with central banks
			Restricted balances with central banks
			Money market placements and other cash equivalents
		Loans and advances to banks	Loans and advances to banks
		Loans and advances to customers	Loans to individuals
			Loans to corporate entities and other organisations
		Other assets	Receivables
	Held to maturity	Investment securities - debt securities	Listed
		Pledged assets	Listed
	Available for sale financial assets	Investment securities - debt securities	Listed
			Unlisted
		Investment securities - equity securities	Listed
			Unlisted

	Category (as defined by IAS 39)	**Class (as determined by the Group)**	**Sub classes**
Financial liabilities	Financial liabilities at fair value through profit or loss	Derivatives	
	Financial liabilities at amortised cost	Deposits from banks	
		Deposits from customers	Demand deposits
			Savings deposits
			Term deposits
		Interest bearing loans and borrowings	
		Retirement benefit obligations	Liability for defined benefit and defined contribution
		Other liabilities	

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

(a) Classification, recognition and measurement

- Financial assets

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

(i) Financial assets at fair value through profit or loss

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

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments. Financial assets held for trading consist of debt instruments, including money-market paper, as well as financial assets with embedded derivatives. They are recognised in the consolidated statement of financial position as '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 cash consideration to originate or purchase the loan including any transaction costs – and measured subsequently at amortised cost using the effective interest rate method. Loans and receivables are reported in the consolidated statement of financial position as loans and advances to banks or customers or as investment securities. Interest on loans is included in the consolidated income statement and is reported as ‘Interest income’. In the case of an impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognised in the consolidated income statement under "net impairment loss on financial assets"

(iii) Held-to-maturity

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

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

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

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

- Financial liabilities

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

(v) Financial liabilities at amortised cost

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

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

The Group classifies 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, financial liabilities carried at amortised cost include deposit from banks, deposit from customers and interest bearing loans and borrowings.

(vi) Financial liabilities at fair value

The Group may enter into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and foreign currency options. Further details of derivative financial instruments are disclosed in Note 24 to the financial statements.
Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.
Derivative assets and liabilities are only offset if the transactions are with the same counterparty, a legal right of offset exists and the parties intend to settle on a net basis.

(b) De-recognition

- Financial assets

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

(c) Renegotiated loans

Loans that are either subject to collective impairment assessment or individually significant IFRS7IG27 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.

- Financial liabilities

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

Classification of Financial Assets and Liabilities
(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 impairment.

(ii) Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

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

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

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

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

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate. Losses are recognised in 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.

(g) 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.

(h) Repossessed collateral

Repossessed collateral are equities, investment properties or other investments repossesed 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 seperately disclosed in the financial statement.

(i) Derivative financial instruments

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

The Group mitigates the credit risk of derivatives by holding collateral in the form of cash.

(j) Reclassification of financial assets

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

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

k) Pledged assets

Financial assets transferred to external parties that do not qualify for de-recognition are reclassified in the statement of financial position from financial assets held for trading or investment securities to assets pledged as collateral, if the transferee has received the right to sell or re-pledge them in the event of default from agreed terms.

Initial recognition of assets pledged as collateral is at fair value, whilst subsequent measurement is based on the classification of the financial asset. Assets pledged as collateral are either designated as held for trading, 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 Trading properties

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

The gains and losses arising from sale of traded properties are reported as part of “Other operating income”. Write-downs in the carrying amount of traded properties are also recognised in “Operating expenses".

3.11 Investment properties

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

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

3.12 Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

When significant parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

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

(ii) Subsequent costs

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

(iii) 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 years

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

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

(iv) De-recognition

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

3.13 Intangible assets

(i) Goodwill

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

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

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

(ii) Software

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

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

Amortisation is recognised in 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.

3.14 Leases

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

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

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

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

3.15 Impairment of non-financial assets

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

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

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

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

3.16 Discontinued operations

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

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

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

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

3.17 Provisions

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

(i) Restructuring

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

3.18 Financial guarantees

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are initially recognised at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable). Financial guarantees are included within other liabilities.

3.19 Employee benefits

(i) Defined contribution plans

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

(ii) Termination benefits

Termination benefits are 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.

(v) Long-term Incentive Plan

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

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

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in the income statement on a straight line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in the income statement. The Bank recognized all actuarial gains or losses and all expenses arising from defined benefit plan immediately in the income statement. However during the year, IAS 19 became effective and all actuarial gains or losses are recognised in other comprehensive income during the period under review.

(iii) Short-term employee benefits

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

(iv) Share-based payment remuneration scheme

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

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is re-measured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as personnel expense in the income statement. Liability under this scheme was settled in 2012.

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

This new plan will be accounted for as an equity-settled transaction, where the Bank will recognize a cost and a corresponding increase in equity. The cost is recognized as an expense unless it qualifies for recognition as an asset. Initial estimates of the number of equity settled instruments that are expected to vest are adjusted to current estimates and ultimately to the actual number of equity settled instruments that vest unless differences are due to market conditions.

3.20 Insurance contracts and investment contracts

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

(i) Insurance contracts

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

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

Insurance contracts are classified into three broad categories, depending on the duration of the risk and the type of risk insured, namely Individual Life, Group Life and General insurance.

Individual Life

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

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

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

Group Life

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

Outstanding claims provision

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

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

3.21 Share capital and reserves

(i) Share issue costs

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

(ii) Dividend on the Bank's ordinary shares

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

(iii) Treasury shares

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

(iv) Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4 Use of estimates and judgements

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

(i) Allowances for credit losses
(ii)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

Changes in accounting estimates

i) Review of useful life of certain classes of Furniture& Fittings and Computer Hardware.
Estimates of useful life and residual value, and the method of depreciation, are reveiwed as a minimum at the end of each reporting period. Any changes are accounted for prospectively as a change in estimate.

During the year, the estimated useful life of certain classes of assets i.e furniture & fittings and computer hardware were revised to better reflect the consumption pattern of the assets. The following table summarises the adjustments made to the statement of financial position on implementation of the change in accounting estimates.

The effects on the statement of financial position were as follows:

For the year ended 31 December 2013

In thousands of Naira	**Group Dec-13**	**Bank Dec-13**
Net carrying amount of Property plant & Equipment	66,128,473	62,088,413
Impact of change in accounting estimate	1,114,832	1,114,832
Adjusted net carrying amount of Property plant & Equipment	**67,243,305**	**63,203,245**

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

For the year ended 31 December 2013

In thousands of Naira	**Group Dec-13**	**Bank Dec-13**
Decrease in depreciation	(1,114,832)	(1,114,832)
Increase in profit for the year	1,114,832	1,114,832

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.

A collective component of the total allowance is established for:

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

Had there been no expected cashflows from all the significant impaired loans, there would have been an additional impairment of N11.862billion in the financial statements relating to this. In addition, if the PDs and LGDs were increased by 2%, there would have been an additional impairment charge of N233Mn and if the PDs and LGDs decreased by 2%, there would have been a write back of impairment of N228Mn.

Statement of prudential adjustments
Provisions under prudential guidelines are determined using the time based provisioning regime prescribed by the Revised Central Bank of Nigeria (CBN) Prudential Guidelines. This is at variance with the incurred loss model required by IFRS under IAS 39. As a result of the differences in the methodology/provision regime, there will be variances in the impairments allowances required under the two methodologies.

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

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

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

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

b) The non-distributable reserve should be classified under Tier 1 as part of the core capital.
The Bank has complied with the requirements of the guidelines as follows:

Statement of prudential adjustments *In thousands of Naira*	Note	**December 2013**	**December 2012**
Loans & advances:			
Specific impairment allowances on loans to customers			
- Loans to Individuals	25(b)	289,574	4,224,972
- Loans to Corporate	25(b)	6,522,938	15,618,666
Specific impairment allowances on loans to banks	24	-	96,755
Collective impairment allowances on loans to customers			
- Loans to Individuals	25(b)	383,897	208,818
- Loans to Corporates	25(b)	6,043,683	13,139,625
Collective impairment allowances on loans to banks	24	9,337	12,599
Total impairment allowances on loans		13,249,429	33,301,435
Total regulatory impairment based on prudential gudielines		24,427,091	37,369,723
Balance, beginning of the year		4,068,288	1,259,944
Additional transfers to regulatory risk reserve		7,109,374	2,808,344
Balance, end of the year		**11,177,662**	**4,068,288**

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

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

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

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

4.1.1 Recurring fair value measurements

In thousands of Naira	Note	Level 1	Level 2	Level 3	Total
Group					
December 2013					
Assets					
Non pledged trading assets	21	3,877,969	-	-	3,877,969
Pledged assets	22	63,409,851	-	-	63,409,851
Derivative financial instrument	23	-	102,123	-	102,123
Investment securities	27	159,280,820	39,231,799	-	198,512,619
Investment properties	30	-	23,974,789	-	23,974,789
		226,568,640	63,308,711	-	289,877,351
Liabilities					
Derivative financial instrument	23	-	32,955	-	32,955
		-	32,955	-	32,955

In thousands of Naira					
Group					
December 2012		Level 1	Level 2	Level 3	Total
Assets					
Non pledged trading assets	21	330,818	27,575,985	-	27,906,803
Pledged assets	22	-	6,560,147	-	6,560,147
Derivative financial instrument	23	-	30,949	-	30,949
Investment securities	27	32,501,959	24,238,652	-	56,740,611
Investment properties	30	-	14,360,567	-	14,360,567
		32,832,777	72,766,300	-	105,599,077
Liabilities					
Derivative financial instrument	23	-	35,515	-	35,515
		-	35,515	-	35,515

Bank	Note				
December 2013					
Recurring fair value measurements		**Level 1**	**Level 2**	**Level 3**	**Total**
Assets					
Non pledged trading assets	21	3,877,969	-	-	3,877,969
Pledged assets	22	63,347,823	-	-	63,347,823
Investment securities	27	137,963,638	39,231,799	-	177,195,437
Investment properties	30	-	23,974,789	-	23,974,789
Derivative financial instrument	23	-	72,675	-	72,675
		205,189,430	63,279,263	-	268,468,693

Bank					
December 2012					
Assets					
Non pledged trading assets	21	173,725	3,595,535	-	3,769,260
Pledged assets	22	-	6,560,147	-	6,560,147
Investment securities	27	32,501,959	21,071,487	-	53,573,446
Investment properties	30	-	14,072,673	-	14,072,673
		32,675,684	45,299,842	-	77,975,526

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

4.1.2 Financial instruments not measured at fair value

Group

December 2013		Level 1	Level 2	Level 3	Total
Assets					
Cash and balances with banks	20	-	438,997,781	-	438,997,781
Loans and advances to banks	24	-	24,579,875	-	24,579,875
Loans and advances to customers - Individual	25	-	-	13,975,466	13,975,466
Loans and advances to customers - Corporate	25	-	772,194,238	-	772,194,238
Held to maturity investment securities	27	156,076,617	66,509,933	-	222,586,550
Other assets	29	-	43,174,648	-	43,174,648
		156,076,617	1,345,456,475	13,975,466	1,515,508,558
Liabilities					
Deposits from financial institutions	36	-	72,147,955	-	72,147,955
Deposits from customers	37	-	1,331,418,659	-	1,331,418,659
Debt securities issued	42	-	55,828,248	-	55,828,248
Interest-bearing loans and borrowings	43	-	64,338,982	-	64,338,982
		-	1,523,733,844	-	1,523,733,844

Bank

December 2013		Level 1	Level 2	Level 3	Total
Assets					
cash and balances with banks	20	-	395,808,747	-	395,808,747
Loans and advances to banks	24	-	13,048,651	-	13,048,651
Loans and advances to customers - Individual	25	-	-	11,612,196	11,612,196
Loans and advances to customers - Corporate	25	-	723,688,545	-	723,688,545
Held to maturity investment securities	27	135,514,671	63,587,485	-	199,102,156
Other Assets	29	-	36,436,496	-	36,436,496
		135,514,671	1,232,569,924	11,612,196	1,379,696,791
Liabilities					
Deposits from financial institutions	36	-	61,295,352	-	61,295,352
Deposits from customers	37	-	1,217,176,793	-	1,217,176,793
Interest-bearing loans and borrowings	43	-	120,342,026	-	120,342,026
		-	1,398,814,171	-	1,398,814,171

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

(a) Financial instruments in level 1

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

(b) Financial instruments in level 2

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

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

(c) Financial instruments in level 3

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

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

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

4.2 ***Determination of fair value of financial instruments.***

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

(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 adjusted fair value comparison approach. Quoted *price per earning* or *price per book value* 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	Level	Valuation technique	Fair value at 31 December 2013 (N' 000)
MTN Nigeria	Level 2	Share price on last transaction	8,468,523
Nigeria Interbank Settlement System (NIBSS)	Level 2	Adjusted fair value comparison approach	403,226
Central Securities Clearing System Limited (CSCS)	Level 2	Adjusted fair value comparison approach	2,350,030
IBTC Pension Managers	Level 2	Adjusted fair value comparison approach	2,345,888
Unified Payment Services Limited	Level 2	Adjusted fair value comparison approach	788,387
Africa Finance Corporation	Level 2	Adjusted fair value comparison approach	24,206,487

(iii) ***Determination of fair value of investment property***
Management employed the services of estate surveyors and valuers expert to value its investment properties. The estimated open market value is deemed to be the fair value based on the assumptions that there will be willing buyers and sellers. Recent market prices of neighborhood properties were also considered in deriving the open market values. A variation of -/+5% will result in N0.242Bn fair value loss/gain respectively.

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

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

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

(vi) ***Defined benefit plan***

The present value of the long term incentive plan depends on a number of factors that are determined in an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of obligations. The assumptions used in determining the net cost (income) for pensions include the discount rate. The Group determines the appropriate discount rate at the end of the reporting period. In determining the appropriate discount rate, reference is made to the yield on Nigerian Government Bonds that have maturity dates approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions. See note 41 for the sensitivity analysis.

Fair value measurement

4.3 Financial assets and liabilities
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 December 2013**	*Note*	**Trading**	**Derivatives held for trading**	**Held-to-maturity**	**Loans and receivables at amortized cost**	**Available-for-sale**	**Financial Liabilities measured at amortized cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	20	-	-	-	439,459,541	-	-	439,459,541	439,459,541
Non pledged trading assets	21	3,877,969	-	-	-	-	-	3,877,969	3,877,969
Pledged assets	22	-	-	58,635,348	-	4,774,503	-	63,409,851	42,391,995
Derivative financial instruments	23	-	102,123	-	-	-	-	102,123	102,123
Loans and advances to banks	24	-	-	-	24,579,875	-	-	24,579,875	24,300,412
Loans and advances to customers	25	-	-	-	786,169,704	-	-	786,169,704	785,207,118
Investment securities	27	-	-	163,951,202	-	189,860,147	-	353,811,349	338,300,138
Other assets	29	-	-	-	43,174,648	-	-	43,174,648	43,174,648
		3,877,969	**102,123**	**222,586,550**	**1,293,383,768**	**194,634,650**	**-**	**1,714,585,060**	**1,676,813,944**
Deposits from financial institutions	36	-	-	-	-	-	72,147,955	72,147,955	72,147,955
Deposits from customers	37	-	-	-	-	-	1,331,418,659	1,331,418,659	1,331,418,659
Other liabilities	39	-	-	-	-	-	54,043,974	54,043,974	54,043,974
Derivative financial instruments	23	-	32,955	-	-	-	-	32,955	32,955
Debt securities issued	42	-	-		-	-	55,828,248	55,828,248	56,556,465
Interest bearing loans and borrowings	43	-	-	-	-	-	64,338,982	64,338,982	58,515,183
		-	**32,955**	**-**	**-**	**-**	**1,577,777,818**	**1,577,810,773**	**1,572,715,191**

In thousands of Naira **31 December 2012**	*Note*	**Trading**	**Derivatives held for trading**	**Held-to-maturity**	**Loans and receivables at amortised cost**	**Available-for-sale**	**Other amortized cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	20	-	-	-	405,292,241	-	-	405,292,241	405,292,241
Non pledged trading assets	21	27,906,803	-	-	-	-	-	27,906,803	27,906,803
Pledged assets	22	-	-	60,949,856	-	-	-	60,949,856	46,718,883
Derivative financial instruments	23	-	30,949	-	-	-	-	30,949	30,949
Loans and advances to banks	24	-	-	-	4,564,943	-	-	4,564,943	4,597,931
Loans and advances to customers	25	-	-	-	604,073,399	-	-	604,073,399	634,389,210
Investment securities	27	-	-	390,541,200	-	56,740,611	-	447,281,811	410,215,324
Insurance receivables	28	-	-	-	627,337	-	-	627,337	627,337
Other assets	29	-	-	-	59,391,258	-	-	59,391,258	59,391,258
		27,906,803	**30,949**	**451,491,056**	**1,073,949,178**	**56,740,611**	**-**	**1,610,118,597**	**1,589,169,936**
Deposits from financial institutions	36	-	-	-	-	-	96,893,015	96,893,015	108,972,262
Deposits from customers	37	-	-	-	-	-	1,201,481,996	1,201,481,996	1,188,514,320
Derivative financial instruments	23	-	35,515	-	-	-	-	35,515	35,515
Claims payable	38	-	-	-	-	-	118,226	118,226	118,226
Other liabilities	39	-	-	-	-	-	40,425,436	40,425,436	40,425,436
Liabilities on investment contracts	41	-	-	-	-	-	65,591	65,591	65,591
Debt securities issued	42	-	-	-	-	-	54,685,891	54,685,891	55,070,670
Interest bearing loans and borrowings	43	-	-	-	-	-	48,369,849	48,369,849	48,369,849
		-	**35,515**	**-**	**-**	**-**	**1,442,040,004**	**1,442,075,519**	**1,441,571,869**

Bank *In thousands of Naira* **31 December 2013**	*Note*	Trading	Derivatives held for trading	Held-to-maturity	Loans and receivables at amortised cost	Available-for-sale	Financial Liabilities measured at amortized cost	Total carrying amount	Fair value
Cash and balances with banks	20	-	-	-	395,808,747	-	-	395,808,747	395,808,747
Non pledged trading assets	21	3,877,969	-	-	-	-	-	3,877,969	3,877,969
Pledged assets	22	-	-	58,635,348	-	4,712,475	-	63,347,823	42,329,967
Derivative financial instruments	23	-	72,675	-	-	-	-	72,675	72,675
Loans and advances to banks	24	-	-	-	13,048,651	-	-	13,048,651	12,769,188
Loans and advances to customers	25	-	-	-	735,300,741	-	-	735,300,741	734,338,155
Investment securities	27	-	-	140,466,808	-	168,604,993	-	309,071,801	293,830,590
Other assets	29	-	-	-	36,436,496	-	-	36,436,496	36,436,496
		3,877,969	**72,675**	**199,102,156**	**1,180,594,635**	**173,317,468**	**-**	**1,556,964,903**	**1,519,463,787**
Deposits from financial institutions	36	-	-	-	-	-	61,295,352	61,295,352	59,689,165
Deposits from customers	37	-	-	-	-	-	1,217,176,793	1,217,176,793	1,217,176,793
Other liabilities	39	-	-	-	-	-	49,940,868	49,940,868	49,940,868
Interest bearing loans and borrowings	43	-	-	-	-	-	120,342,026	120,342,026	114,518,226
		-	**-**	**-**	**-**	**-**	**1,448,755,039**	**1,448,755,039**	**1,441,325,052**

In thousands of Naira **31 December 2012**	*Note*	Trading	Derivatives held for trading	Held-to-maturity	Loans and receivables at amortised cost	Available-for-sale	Other amortized cost	Total carrying amount	Fair value
Cash and balances with banks	20	-	-	-	284,062,159	-	-	284,062,159	284,062,159
Non pledged trading assets	21	3,769,260	-	-	-	-	-	3,769,260	3,769,260
Pledged assets	22	-	-	60,949,856	-	-	-	60,949,856	46,718,883
Loans and advances to banks	24	-	-	-	3,054,520	-	-	3,054,520	3,054,520
Loans and advances to customers	25	-	-	-	554,592,199	-	-	554,592,199	557,144,866
Investment securities	27	-	-	366,772,849	-	53,573,446		420,346,295	382,608,406
Other assets	29	-	-	-	51,412,850	-	-	51,412,850	51,412,850
		3,769,260	**-**	**427,722,705**	**893,121,728**	**53,573,446**	**-**	**1,378,187,139**	**1,328,770,944**
Deposits from financial institutions	36	-	-	-	-	-	16,312,516	16,312,516	16,190,124
Deposits from customers	37	-	-	-	-	-	1,093,979,219	1,093,979,219	1,083,040,794
Other liabilities	39	-	-	-	-	-	24,302,067	24,302,067	24,302,067
Interest bearing loans and borrowings	43	-	-	-	-	-	103,872,441	103,872,441	106,665,852
		-	**-**	**-**	**-**	**-**	**1,238,466,243**	**1,238,466,243**	**1,230,198,837**

4.3 Fair value of financial assets and liabilities

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 (less than 3months) 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 assets in other liabilities is a reasonable approximation of fair value.

(vii) Interest bearing loans and borrowings

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

5. Financial risk management

5.1 Credit risk management

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

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

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

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

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

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

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

Principal Credit Policies

The following are the principal credit policies of the Bank:

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

- **Credit Risk Mitigant Management Policy:** The objective is to aid in effective credit portfolio management through mitigation of credit risks by using credit risk mitigation techniques.

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

- **Country and Cross Border Risk Management Policy:** The objective of this policy is to establish a consistent framework for the identification, measurement and management of country risk across Access Bank.

- **Internal Capital Adequacy Assessment Process (ICAAP) Policy:** The objectives of the policy are identification of material risks, measurement of material risks, monitoring & control of material risks and reporting of material risks.

- **Enterprise-wide Risk Management Policy:** The core objective is to provide reasonable degree of assurance to the Board of Directors that the risks threatening the Bank's achievement of its vision are identified, measured, monitored and controlled through an effective integrated risk management system covering credit, market, operational, interest rate, liquidity and other material risks.

Responsibilities of Business Units and Independent Credit Risk Management

In Access Bank, Business units and independent credit risk management have a joint responsibility for the overall accuracy of risk ratings assigned to obligors and facilities. Business Relationship Managers will be responsible for deriving the ORR and FRR using approved methodologies as set out in this policy, however independent credit risk management may also perform this function.

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

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

Credit Process

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

If a preliminary analysis of a loan request by the account manager indicates that it merits further scrutiny, it is then analyzed in greater detail by the account manager, with further detailed review by Credit Risk Management. The concurrence of Credit Risk Management must be obtained for any credit extension. If the loan application passes the detailed analysis it is then submitted to the appropriate approval authority for the size of facilities

The standard credit evaluation process is based both on quantitative figures from the Financial Statements and on an array of qualitative factors. Factual information on the borrower is collected as well as pertinent macroeconomic data, such as an outlook for the relevant sector, etc. These subjective factors are assessed by the analyst and all individuals involved in the credit approval process, relying not only on quantitative factors but also on extensive knowledge of the company in question and its management.

Credit Risk Measurement

Risk Rating Methodology

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

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

The Risk rating policy incorporates credit risk rating models which estimate risk of obligor default and facility risks (covering both recovery as well as Exposure risk). These models are currently based on expert judgment for Retail and Non-Retail Exposures. Our long-term goal is to adopt the Internal Rating Based ("IRB") approach. The data required to facilitate the IRB approach are being gathered.

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

Credit Risk Rating Models in Access Bank Plc

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

<u>For Retail Exposures:</u>

Obligor Risk Rating (ORR) Models have been developed for:

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

Facility Risk Rating (FRR) Models have been developed for:

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

<u>For Non – Retail Exposures:</u>

Obligor Risk Rating (ORR) Models have been developed for:

1. Sovereign (Approach to rating Sovereign Exposures using External ratings)
2. Bank and NBFIs
3. Corporate
    - Manufacturing Sector
    - Trading Sector
    - Services Sector

- Real Estate Sector

4. Small and Medium Enterprises (SME) Without Financials

Facility Risk Rating (FRR) Models have been developed for

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

Risk Rating Process

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

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

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

Risk Rating Scale and external rating equivalent

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

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

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

Credit Risk Control & Mitigation policy

Authority Limits on Credit

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

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

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

Authority	Approval Limit
Group Managing Director	N 200,000,000
Group Deputy Managing Director	N 150,000,000
Group Executive Director	N 75,000,000
Managing Directors of bank subsidiaries	N 25,000,000

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

Access Bank Risk Rating	S&P Long term equivalent	Board Credit Committee Approval Limit	Management Credit Committee Approval Limit
1	AAA	N25Bn	N10Bn
2^+	AA	N25Bn	N7.5bn
2	A	N15Bn	N2Bn
2^-	BBB	N5Bn	N1Bn
3^+	BB+	N1Bn	N0.5Bn
3	BB	N1Bn	N0.5Bn
3^-	BB^-	N0.5Bn	N0.1Bn
4	B	N0.5Bn	N0.1Bn
5	B^-	N0.5Bn	N0.1Bn

Collateral Policies

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

In Access Bank, strategies for risk reduction at the transaction level differ from that at the portfolio level. At transaction level, the most common technique used by the bank is the collateralization of the exposures, by first priority claims or obtaining a third party guarantee. Other techniques include buying a credit derivative to offset credit risk at transaction level. At portfolio level, asset securitisation, credit derivatives etc. are used to mitigate risks in the portfolio.

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

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

The range of collaterals acceptable to the Bank includes:

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

Master Netting Arrangements

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

Credit Related Commitments

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

Provisioning policy

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

5.1 Credit risk management

5.1.1 Maximum exposure to credit risk before collateral held or other credit enhancements

Credit risk exposures relating to financial assets are as follows:

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Cash and balances with banks				
- Current balances with banks outside Nigeria	98,875,036	77,921,837	77,501,261	64,004,955
- Unrestricted balances with central banks	31,143,134	25,238,351	24,775,442	19,461,280
- Restricted balances with central banks	172,406,297	109,107,275	171,944,537	107,833,227
- Money market placements and other cash equivalents	121,368,581	160,870,921	89,433,649	66,311,886
Non pledged trading assets	3,773,051	27,575,985	3,773,051	3,595,535
Pledged assets	63,409,851	60,949,856	63,347,823	60,949,856
Derivative financial instruments	102,123	30,949	72,675	-
Loans and advances to banks	24,579,875	4,564,943	13,048,651	3,054,520
Loans and advances to customers	786,169,704	604,073,399	735,300,741	554,592,199
Investment securities				
- Available for sale	150,628,348	24,344,361	129,373,194	21,251,929
- Held to maturity	163,951,202	390,541,200	140,466,808	366,772,849
Insurance receivables	-	627,337	-	-
Other assets	43,174,648	59,391,258	36,436,496	51,412,850
Total	**1,659,581,850**	**1,545,237,672**	**1,485,474,328**	**1,319,241,086**
Off balance sheet exposuress				
Transaction related bonds and guarantees	158,715,258	151,107,937	142,850,060	147,222,001
Guaranteed facilities	54,741,356	31,623,305	46,956,538	25,763,514
Clean line facilities for letters of credit and other commitments	228,957,302	198,789,950	162,171,919	134,284,730
Total	**442,413,916**	**381,521,192**	**351,978,517**	**307,270,245**

Balances included in Other Assets above are those subject to credit risks. The table above shows a worst-case scenario of credit risk exposure to the Group as at 31 December 2013 and 31 December 2012, 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 gross amounts reported in the statements of financial position.

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

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

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Agriculture	11,574,463	11,417,905	11,435,182	10,453,336
Capital market	178,303	282,125	177,518	258,292
Construction	28,466,420	21,565,101	23,338,255	19,743,311
Education	668,715	588,292	668,715	538,594
Financand insurance	12,803,857	9,596,584	12,343,465	8,785,877
General	17,789,296	18,679,163	14,554,456	17,101,173
General commerce	111,804,399	96,522,617	93,962,250	88,368,519
Government	64,508,486	14,650,485	63,676,766	13,412,832
Information And communication	80,013,457	84,761,316	76,960,274	77,600,797
Manufacturing	158,092,710	136,349,163	151,316,070	124,830,573
Oil And gas	229,518,146	189,196,852	221,441,492	173,213,763
Real estate activities	52,018,628	38,882,509	51,464,340	35,597,768
Transportation and storage	15,551,605	12,699,321	14,435,214	11,626,500
Power and energy	13,546,822	1,093,417	10,465,298	1,001,047
Professional, scientific and technical activities	883,097	542,411	883,097	496,588
Others	3,246,019	5,207,861	1,418,441	4,767,909
Gross loans to customers	**800,664,423**	**642,035,122**	**748,540,833**	**587,796,879**

5.1.3 Credit quality

(a) Credit quality by class

Group
31 December 2013

In thousands of Naira	**Note**	**Loans and advances to Individuals** December 2013	December 2012	**Loans and advances Corporates** December 2013	December 2012	**Loans and advances to banks** December 2013	December 2012	**Off balance sheet** December 2013	December 2012
Carrying amount	24, 25, 48	13,975,466	18,601,362	772,194,241	585,472,036	24,579,875	4,564,944	451,837,327	381,893,653
Neither past due nor impaired									
Grade 1 - 3:		11,909,292	17,949,046	709,160,121	481,006,887	24,589,212	4,570,574	450,933,653	377,530,537
Grade 4 -5:		53,449	486,394	38,425,213	102,553,537	-	7,269	451,837	2,191,282
Gross amount		11,962,741	18,435,440	747,585,334	583,560,424	24,589,212	4,577,843	451,385,490	379,721,819
Impairment		(241,932)	(163,470)	(5,172,948)	(12,179,605)	(9,337)	(12,599)	-	-
Carrying amount		11,720,810	18,271,970	742,412,386	571,380,819	24,579,875	4,565,244	451,385,490	379,721,819
Past due but not impaired:									
Grade 6:		208,849	152,122	1,458,602	38,727	-	-	-	22,699
Grade 7:		683,056	89,600	8,121,261	3,898,265	-	-	-	-
Grade 8:		1,188,339	29,439	6,865,745	7,677,471	-	-	451,837	2,149,135
Gross amount		2,080,244	271,161	16,445,608	11,614,463	-	-	451,837	2,171,834
Impairment		(241,866)	(45,348)	(884,544)	(1,340,292)	-	-	-	-
Carrying amount		1,838,378	225,813	15,561,064	10,274,170	-	-	451,837	2,171,834
Past due and impaired:									
Grade 6: Impaired		518,269	724,499	6,084,199	4,720,671	-	-	-	-
Grade 7: Impaired		260,240	989,575	6,972,693	3,248,522	-	-	-	-
Grade 8: Impaired		777,281	2,614,477	7,976,411	15,855,891	-	-	-	-
Gross amount		1,555,790	4,328,551	21,033,303	23,825,084	-	-	-	-
Allowance for impairment		(1,139,512)	(4,224,972)	(6,812,512)	(20,008,037)	-	-	-	-
Carrying amount		416,278	103,579	14,220,791	3,817,047	-	-	-	-

Bank
31 December 2013

In thousands of Naira	**Note**	**Loans and advances to Individuals** December 2013	December 2012	**Loans and advances Corporates** December 2013	December 2012	**Loans and advances to banks** December 2013	December 2012	**Off balance sheet** December 2013	December 2012
Carrying amount	24, 25, 48	11,612,196	17,030,766	723,549,794	537,561,433	13,048,651	3,054,520	361,401,929	310,847,061
Neither past due nor impaired									
Grade 1 - 3:		9,965,719	16,432,735	663,607,507	433,347,641	13,057,988	3,059,850	360,512,201	306,483,945
Grade 4 -5:		49,966	445,304	38,428,695	108,630,932	-	7,269	382,798	2,191,282
Gross amount		10,015,685	16,878,039	702,036,202	541,978,573	13,057,988	3,067,119	360,894,999	308,675,227
Impairment		(241,867)	(162,830)	(5,165,648)	(11,712,452)	(9,337)	(12,599)	-	-
Carrying amount		9,773,819	16,715,209	696,870,554	530,266,122	13,048,651	3,054,520	360,894,999	308,675,227
Past due but not Impaired:									
Grade 6:		208,849	152,122	1,458,602	426,338	-	-	-	22,699
Grade 7:		683,056	82,031	8,121,261	705,066	-	-	-	-
Grade 8:		1,188,339	26,952	6,865,745	3,783,493	-	-	506,930	2,149,135
Gross amount		2,080,244	261,105	16,445,608	4,914,897	-	-	506,930	2,171,834
Impairment		(241,867)	(45,230)	(878,035)	(1,440,530)		-		-
Carrying amount		1,838,378	215,875	15,567,573	3,474,367	-	-	506,930	2,171,834
Past due and Impaired:									
Grade 6: Impaired		-	723,499	6,084,199	5,426,522	-	-	-	-
Grade 7: Impaired		-	988,075	6,972,693	2,568,073	-	-	-	-
Grade 8: Impaired		-	2,612,478	4,867,287	11,445,616	-	-	-	-
Gross amount		-	4,324,052	17,924,179	19,440,211	-	-	-	-
Allowance for impairment			(4,224,371)	(6,812,512)	(15,619,267)	-	-	-	-
Carrying amount		-	99,681	11,111,667	3,820,944	-	-	-	-

5.1.3

(b) Aging analysis of credit quality

December 2013	**Group** Loans to individuals	Loans to Corporates	**Bank** Loans to individuals	Loans to Corporates
Past due & not impaired				
Past due up to 30days	370,869	2,716,774	346,707	2,740,935
Past due up 30 - 60 days	1,112,605	8,150,321	1,040,122	8,222,804
Past due up 60 - 90 days	741,737	5,433,547	693,415	5,481,869
Total	2,225,211	16,300,642	2,080,244	16,445,608
Past due & impaired				
Past due up to 91 - 180days	518,269	6,084,199	-	6,084,199
Past due up 180 - 360 days	260,240	6,972,693	-	6,972,693
Above 360days	777,281	7,976,411	-	4,867,287
Total	1,555,790	21,033,303	-	17,924,179

December 2012	Loans to individuals	Loans to Corporates	Loans to individuals	Loans to Corporates
Past due & not impaired				
Past due up to 30days	45,194	1,935,744	43,518	819,150
Past due up 30 - 60 days	135,581	5,807,232	130,553	2,457,448
Past due up 60 - 90 days	90,387	3,871,488	87,035	1,638,299
Total	271,162	11,614,464	261,105	4,914,897
Past due & impaired				
Past due up to 91 - 180days	724,499	4,720,671	723,499	5,426,522
Past due up 180 - 360 days	989,575	3,248,522	988,075	2,568,073
Above 360days	2,614,478	15,855,890	2,612,477	11,445,616
Total	4,328,552	23,825,083	4,324,052	19,440,211

(c) Debt securities

Grade 1-3: Low-fair risk

Group	**December 2013** Treasury bills	Bonds	Total	**December 2012** Treasury bills	Bonds	Total
Available-for-sale assets	141,119,232	9,509,116	150,628,348	3,414,102	20,930,259	24,344,361
Held to maturity assets	17,503,150	146,448,052	163,951,202	15,971,283	374,569,917	390,541,201
Non pledged trading assets	2,370,725	1,402,326	3,773,051	26,182,745	1,393,240	27,575,985
Pledged assets	4,774,503	58,635,348	63,409,851	6,560,147	54,389,709	60,949,856
Carrying amount	165,767,610	215,994,842	381,762,452	52,128,277	451,283,125	503,411,402

Bank	**December 2013** Treasury bills	Bonds	Total	**December 2012** Treasury bills	Bonds	Total
Available-for-sale assets	119,864,078	9,509,116	129,373,194	321,670	20,930,259	21,251,929
Held to maturity assets	-	140,466,808	140,466,808	-	366,772,849	366,772,849
Non pledged trading assets	2,370,725	1,402,326	3,773,051	2,884,040	711,495	3,595,535
Pledged assets	4,712,475	58,635,348	63,347,823	6,560,147	54,389,709	60,949,856
Carrying amount	126,947,278	210,013,598	336,960,876	9,765,857	442,804,312	452,570,169

The credit risk associated with Cash and balances with banks, insurance receivables and other assets (all neither past due nor impaired) are considered to be low at 31 December 2013.

5.1.3 Credit quality

(d) Credit quality by risk rating class
Group
31 December 2013
In thousands of Naira

External Rating Equivalent	Grade	Risk Rating	Loans and advances to Individuals December 2013	Loans and advances to Individuals December 2012	Loans and advances Corporates December 2013	Loans and advances Corporates December 2012	Loans and advances to banks December 2013	Loans and advances to banks December 2012
AAA	Investment	1	-	-	84,185,983	57,125,985	24,234,430	4,504,628
AA	Investment	2+	-	-	69,316,762	47,036,195	-	-
A	Investment	2	-	-	131,742,876	89,396,611	134,691	25,036
BBB	Investment	2-	-	-	118,456,596	80,380,955	-	-
BB+	Standard	3+	417,940	629,897	57,950,888	39,323,667	-	-
BB	Standard	3	10,374,717	15,636,216	196,322,475	133,010,286	220,091	40,610
BB-	Standard	3-	1,116,636	1,682,935	51,185,944	34,733,187	-	-
B	Non-Investment	4	1,911	17,395	36,173,817	96,544,758	-	-
B-	Non-Investment	5	51,537	468,999	2,251,396	6,008,779	-	7,269
CCC	Non-Investment	6	727,118	876,621	7,542,801	4,759,398	-	-
C	Non-Investment	7	943,296	1,079,175	15,093,954	7,146,787	-	-
D	Non-Investment	8	1,965,620	2,643,915	14,842,156	23,533,362	-	96,755
Gross amount			15,598,775	23,035,153	785,065,648	618,999,970	24,589,212	4,674,298
Collective Impairment			(483,798)	(208,818)	(6,066,811)	(13,519,897)	(9,337)	(12,599)
Specific Impairment			(1,139,512)	(4,224,972)	(6,804,598)	(20,008,037)	-	(96,755)
Carrying amount			13,975,465	18,601,363	772,194,239	585,472,036	24,579,875	4,564,944

Bank
31 December 2013
In thousands of Naira

External Rating Equivalent	Grade	Risk Rating	Loans and advances to Individuals December 2013	Loans and advances to Individuals December 2012	Loans and advances Corporates December 2013	Loans and advances Corporates December 2012	Loans and advances to banks December 2013	Loans and advances to banks December 2012
AAA	Investment	1	-	-	82,878,804	54,121,350	12,703,206	2,976,714
AA	Investment	2+	-	-	60,596,394	39,570,535	-	-
A	Investment	2	-	-	126,176,782	82,395,708	134,691	31,562
BBB	Investment	2-	-	-	112,884,334	73,715,501	-	-
BB+	Standard	3+	81,066	133,672	50,055,376	32,687,061	-	-
BB	Standard	3	8,900,767	14,676,710	182,980,135	119,463,911	220,091	51,574
BB-	Standard	3-	983,886	1,622,355	48,074,597	31,393,577	-	-
B	Non-Investment	4	465	4,141	36,175,264	102,260,892	-	7,269
B-	Non-Investment	5	49,502	441,163	2,253,431	6,370,040	-	-
CCC	Non-Investment	6	208,849	875,621	7,542,800	5,852,860	-	-
C	Non-Investment	7	683,056	1,070,106	15,093,954	3,273,139	-	-
D	Non-Investment	8	1,188,339	2,639,429	11,733,032	15,229,108	-	96,755
Gross amount			12,095,930	21,463,197	736,444,903	566,333,682	13,057,988	3,163,874
Collective Impairment			(483,733)	(208,060)	(5,943,847)	(13,152,982)	(9,337)	(12,599)
Specific Impairment			-	(4,224,371)	(6,812,512)	(15,619,267)	-	(96,755)
Carrying amount			11,612,197	17,030,766	723,688,544	537,561,433	13,048,651	3,054,520

Credit risk management

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

Group	**Loans and advances to customers**		**Loans and advances to banks**	
In thousands of Naira	**December 2013**	**December 2012**	**December 2013**	**December 2012**
Against neither past due and not impaired				
Property	43,727,894	5,580,278	-	-
Equities	146,262	19,722	-	-
Cash	32,285,607	418,392	-	2,480,500
Pledged goods/receivables	141,479	-	-	-
Others	29,115,697	7,100,246	-	-
Total	**105,416,939**	**13,118,638**	**-**	**2,480,500**
Against past due but not impaired:				
Property	163,748,026	198,088,526	-	-
Equities	9,473,950	9,882,508	-	-
Cash	77,487,715	48,575,181	-	-
Pledged goods/receivables	1,867,788	-	-	-
Others	124,473,451	42,429,663	-	-
Total	**377,050,930**	**298,975,878**	**-**	**-**
Against past due and impaired				
Property	5,968,558	11,400,775	-	-
Equities	1,607	55,848	-	-
Cash	-	50,000	-	-
Pledged goods/receivables	-	-	-	-
Others	2,318,558	-	-	-
	8,288,723	**11,506,623**	**-**	**-**
Total	**490,756,592**	**323,601,139**	**-**	**2,480,500**

Bank	**Loans and advances to customers**		**Loans and advances to banks**	
In thousands of Naira	**December 2013**	**December 2012**	**December 2013**	**December 2012**
Against neither past due and not impaired				
Property	38,637,027	1,030,118	-	-
Equities	146,262	19,722	-	-
Cash	32,040,402	71	-	-
Others	26,339,739	-	-	-
Total	**97,163,430**	**1,049,911**	**-**	**-**
Against past due but not impaired:				
Property	141,946,693	184,333,303	-	-
Equities	9,443,556	9,669,177	-	-
Cash	76,886,940	48,273,195	-	-
Others	109,965,680	-	-	-
Total	**338,242,869**	**242,275,675**	**-**	**-**
Against past due and impaired				
Property	5,269,119	11,400,775	-	-
Equities	1,607	55,848	-	-
Cash		50,000	-	-
Others	2,318,558	-	-	-
Total	**7,589,284**	**11,506,623**	**-**	**-**
Total	**442,995,583**	**254,832,209**	**-**	**-**

There are no collaterals held against other financial assets.

Collateral held and other credit enhancements, and their financial effect
The general creditworthiness of a customer tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional security and the Group generally requests that corporate borrowers provide it. The Group may take collateral in the form of a first charge over real estate, floating charges over all corporate assets and other liens and guarantees. Because of the Group's focus on customers' creditworthiness, the Group does not routinely update the valuation of collateral held against all loans to customers. Valuation of collateral is updated when the credit risk of a loan deteriorates significantly and the loan is monitored more closely. For impaired loans, the Group obtains appraisals of collateral because the current value of the collateral is an input to the impairment measurement.

5.1.4 Repossessed collateral
The group obtained assets by taking possession of collateral held as security. The nature and carrying amounts of such assets at the reporting date are as follows:

	Bank	
	Carrying value	
Nature of assets	**December 2013**	**December 2012**
Investment property	5,159,830	-
	5,159,830	-

5.1.5 Offsetting financial assets and financial liabilities

In thousands of Naira

The following financial assets are subject to offsetting

As at 31 December 2013	**Gross amounts of recognised financial assets**	**Gross amounts of recognised financial liabilities offset in the statement of financial position**	**Net amounts of financial assets presented in the statement of financial position**
Financial assets			
Loans and advances to banks	13,442,674	394,023	13,048,651
Total	**13,442,674**	**394,023**	**13,048,651**

The following financial liabilities are subject to offsetting

As at 31 December 2013	**Gross amounts of recognised financial liabilities**	**Gross amounts of recognised financial assets offset in the statement of financial position**	**Net amounts of financial assets presented in the statement of financial position**
Financial liabilities			
Interest bearing borrowing	56,222,271	394,023	55,828,248
Total	**56,222,271**	**394,023**	**55,828,248**

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

The gross amounts of financial assets and financial liabilities disclosed in the above tables have been measured in the statement of financial position on the following bases:
(1) Loans and advances to customers – amortised cost; and
(2) Interest bearing borrowings – amortised cost.

Credit risk management

5.1.6 (a) Credit concentration

The Group monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of net credit risk at the reporting date is shown below:

By Sector

Group
2013
In thousands of Naira

	Corporate	Commercial	Bank	Retail	Government	Others	Total
Cash and balances with banks	-	-	220,243,617	-	203,549,431	-	423,793,048
Non pledged trading assets	-	-	-	-	3,773,051	-	3,773,051
Pledged assets	-	-	-	-	63,409,851	-	63,409,851
Derivative financial instruments	102,123	-	-	-	-	-	102,123
Loans and advances to banks	-	-	24,579,875	-	-	-	24,579,875
Loans and advances to customers	446,380,931	237,041,552	-	36,569,714	66,065,577	111,930	786,169,704
Investment securities							
- Available for sale	6,690,780	-	-	-	143,937,568	-	150,628,348
- Held to maturity	15,202,379	-	-	-	148,748,823	-	163,951,202
Other assets	-	-	15,976,057	-	5,780,566	21,418,025	43,174,648
Total	**468,376,213**	**237,041,552**	**260,799,549**	**36,569,714**	**635,264,867**	**21,529,955**	**1,659,581,850**
Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	28,348,984	129,756,173	-	57,655	165,014	387,432	158,715,258
Guaranteed facilities	14,655,032	37,658,194	15,000	145,341	2,145,707	122,082	54,741,356
Clean line facilities for letters of credit and other commitments	172,136,387	55,973,847	743,954	103,114	-	-	228,957,302
Total	**215,140,403**	**223,388,214**	**758,954**	**306,110**	**2,310,721**	**509,514**	**442,413,916**

2012
In thousands of Naira

	Corporate	Commercial	Bank	Retail	Government	Others	Total
Cash and balances with banks	-	-	238,792,759	-	134,345,626	-	373,138,385
Non pledged trading assets	-	-	-	-	27,575,985	-	27,575,985
Pledged assets	-	-	-	-	60,949,856	-	60,949,856
Derivative financial instruments	30,949	-	-	-	-	-	30,949
Loans and advances to banks	-	-	4,564,943	-	-	-	4,564,943
Loans and advances to customers	451,939,534	108,591,572	498,799	38,187,950	4,855,544	-	604,073,399
Investment securities							
- Available for sale	8,906,991	-	-	-	15,437,370		24,344,361
- Held to maturity	26,631,267	-	-	-	363,909,933	-	390,541,200
Insurance receivables	-	-	-	-	-	627,337	627,337
Other assets	-	-	-	-	-	59,391,258	59,391,258
Total	**487,508,741**	**108,591,572**	**243,856,501**	**38,187,950**	**607,074,314**	**60,018,595**	**1,545,237,673**
Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	59,487,702	87,877,199	-	10,000	-	-	147,374,901
Guaranteed facilities	18,081,607	9,266,453	655,000	40,000	3,544,791	564,134	32,151,985
Clean line facilities for letters of credit and other commitments	152,156,373	44,135,017	-	-	2,498,560	-	198,789,950
Total	**229,725,682**	**141,278,669**	**655,000**	**50,000**	**6,043,351**	**564,134**	**378,316,836**

5.1.6(a)i Concentration by location for loans and advances is measured based on the location of the Group entity holding the asset, which has a high correlation with the location of the borrower. Concentration by location for investment securities is measured based on the location of the issuer of the security.

By geography

2013 *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Others**	**Total**
Cash and balances with banks	199,600,213	49,785,767	49,165,466	125,241,602	423,793,048
Non pledged trading assets	3,773,051	-	-	-	3,773,051
Pledged assets	63,347,823	62,028	-	-	63,409,851
Derivative financial instruments	102,123	-	-	-	102,123
Loans and advances to banks	345,445	479,970	23,754,460	-	24,579,875
Loans and advances to customers	735,300,741	43,458,953	7,410,010	-	786,169,704
Investment securities					
- Available for sale	132,588,893	15,662,029	2,377,427	-	150,628,349
- Held to maturity	140,466,808	6,721,313	16,763,082	-	163,951,203
Other assets	22,163,640	5,034,951	9,905,167	6,070,890	43,174,648
Total	**1,297,688,737**	**121,205,011**	**109,375,612**	**131,312,492**	**1,659,581,852**
Credit risk exposures relating to othr credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	142,850,060	14,115,422	1,749,776	-	158,715,258
Guaranteed facilities	46,956,539	7,784,817	-	-	54,741,356
Clean line facilities for letters of credit and other commitments	162,171,919	18,988,528	47,796,855	-	228,957,302
Total	**351,978,518**	**40,888,767**	**49,546,631**	**-**	**442,413,916**

2012 *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Others**	**Total**
Cash and balances with banks	208,813,724	73,152,107	49,873,051	41,299,501	373,138,383
Non pledged trading assets	3,926,354	23,649,631	-	-	27,575,985
Pledged assets	60,949,856	-	-	-	60,949,856
Derivative financial instruments	-	-	30,949	-	30,949
Loans and advances to banks	3,054,520	-	1,510,423	-	4,564,943
Loans and advances to customers	554,592,199	36,836,171	12,645,029	-	604,073,399
Investment securities					
- Available for sale	20,013,427	1,959,262	2,371,672	-	24,344,361
- Held to maturity	371,132,787	13,317,257	6,091,156	-	390,541,200
Insurance receivables	624,283	3,054	-	-	627,337
Other assets	54,467,946	1,848,353	3,074,959	-	59,391,258
Total	**1,277,575,095**	**150,765,836**	**75,597,239**	**41,299,501**	**1,545,237,671**
Credit risk exposures relating to othr credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	147,222,001	-	152,900	-	147,374,901
Guaranteed facilities	25,763,514	1,679,121	4,709,351	-	32,151,986
Clean line facilities for letters of credit and other commitments	134,284,730	19,262,825	45,242,395	-	198,789,950
Total	**307,270,245**	**20,941,946**	**50,104,646**	**-**	**378,316,837**

Credit risk management

5.1.6 (b) By Sector

Bank
2013
In thousands of Naira

	Corporate	Commercial	Bank	Retail	Government	Others	Total
Cash and balances with banks	-	-	166,934,910	-	196,719,979	-	363,654,889
Non pledged trading assets	-	-	-	-	3,773,051	-	3,773,051
Pledged assets	-	-	-	-	63,347,823	-	63,347,823
Derivative financial instruments	72,675	-	-	-	-	-	72,675
Loans and advances to banks	-	-	13,048,651	-	-	-	13,048,651
Loans and advances to customers	426,282,835	226,807,259	-	18,533,881	63,676,766		735,300,741
Investment securities							
- Available for sale	6,690,780	-	-	-	122,682,414	-	129,373,194
- Held to maturity	12,279,932	-	-	-	128,186,876	-	140,466,808
Other assets	-	-	15,976,057	-	5,780,566	14,679,873	36,436,496
Total	**445,326,222**	**226,807,259**	**195,959,618**	**18,533,881**	**584,167,475**	**14,679,873**	**1,485,474,328**

	Corporate	Commercial	Bank	Retail	Government	Others	Total
Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	12,483,787	129,756,172	-	57,655	165,014	387,432	142,850,060
Guaranteed facilities	6,870,216	37,658,194	15,000	145,341	2,145,707	122,081	46,956,539
Clean line facilities for letters of credit and other commitments	105,351,003	55,973,848	743,954	103,114	-	-	162,171,919
Total	**124,705,006**	**223,388,214**	**758,954**	**306,110**	**2,310,721**	**509,513**	**351,978,518**

2012
In thousands of Naira

	Corporate	Commercial	Bank	Retail	Government	Others	Total
Cash and balances with banks	-	-	130,316,841	-	127,294,507	-	257,611,348
Non pledged trading assets	-	-	-	-	3,595,535	-	3,595,535
Pledged assets	-	-	-	-	60,949,856	-	60,949,856
Loans and advances to banks	-	-	3,054,520	-	-	-	3,054,520
Loans and advances to customers	402,458,335	108,591,572	498,798	38,187,950	4,855,544	-	554,592,199
Investment securities							
- Available for sale	8,906,991	-	-	-	12,344,938	-	21,251,929
- Held to maturity	20,497,131	-	-	-	346,275,718	-	366,772,849
Other assets	-	-	14,812,264	-	26,581,778	10,018,808	51,412,850
Total	**431,862,457**	**108,591,572**	**148,682,423**	**38,187,950**	**581,897,876**	**10,018,808**	**1,319,241,086**

	Corporate	Commercial	Bank	Retail	Government	Others	Total
Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	59,334,812	87,877,189	-	10,000	-	-	147,222,001
Guaranteed facilities	11,693,136	9,266,453	655,000	40,000	3,544,791	564,134	25,763,514
Clean line facilities for letters of credit and other commitments	87,651,153	44,135,017		-	2,498,560	-	134,284,730
Total	**158,679,101**	**141,278,659**	**655,000**	**50,000**	**6,043,351**	**564,134**	**307,270,245**

5.1.6 (b)i By geography

Bank	**Nigeria**	**Rest of Africa**	**Europe**	**Others**	**Total**
2013					
In thousands of Naira					
Cash and balances with banks	199,138,453	367,249	38,907,585	125,241,602	363,654,889
Non pledged trading assets	3,877,969	-	-	-	3,877,969
Pledged assets	63,347,823	-	-	-	63,347,823
Derivative financial instruments	72,675	-	-	-	72,675
Loans and advances to banks	345,445	479,970	12,223,236	-	13,048,651
Loans and advances to customers	735,300,741	-	-	-	735,300,741
Investment securities					
- Available for sale	129,239,133	-	134,061	-	129,373,194
- Held to maturity	140,466,808	-	-	-	140,466,808
Other assets	20,460,439	-	9,905,167	6,070,890	36,436,496
Total	**1,292,249,486**	**847,219**	**61,170,049**	**131,312,492**	**1,485,579,246**
Credit risk exposures relating to othr credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	142,850,060	-	-	-	142,850,060
Guaranteed facilities	46,956,539	-	-	-	46,956,539
Clean line facilities for letters of credit and other commitments	162,171,919	-	-	-	162,171,919
Total	**351,978,518**	**-**	**-**	**-**	**351,978,518**
2012					
In thousands of Naira					
Cash and balances with banks	208,813,724	95,804	45,007,516	3,694,303	257,611,347
Non pledged trading assets	3,595,535	-	-	-	3,595,535
Pledged assets	60,949,856	-	-	-	60,949,856
Loans and advances to banks	3,054,520	-	-	-	3,054,520
Loans and advances to customers	554,592,199	-	-	-	554,592,199
Investment securities					
- Available for sale	12,566,325	8,685,604	-	-	21,251,929
- Held to maturity	366,772,849	-	-	-	366,772,849
Other assets	51,412,850	-	-	-	51,412,850
Total	**1,261,757,858**	**8,781,408**	**45,007,516**	**3,694,303**	**1,319,241,085**
Credit risk exposures relating to othr credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	147,222,001	-	-	-	147,222,001
Guaranteed facilities	25,763,514	-	-	-	25,763,514
Clean line facilities for letters of credit and other commitments	134,284,730	-	-	-	134,284,730
Total	**307,270,245**	**-**	**-**	**-**	**307,270,245**

5.2 Market Risk Management

Definition

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

Market risk policy, management and control

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

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

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

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

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

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

In line with the CBN circular on new capital adequacy framework, Access Bank has adopted the standardised duration approach for market risk and has obtained the board approval for the policy on Internal Capital Adequacy Assessment Process (ICAAP). This policy defines and sets processes to review and improve the techniques used for identification, measurement and assessment of all material risks and resultant capital requirements.

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

Non-trading portfolio

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

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

Interest rate risk

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

Re-pricing and Liquidity Gap Analysis

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

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

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

Earnings-at-Risk (EAR) Approach

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

Interest-rate risk is monitored centrally with a Gap report. A limits framework is in place to ensure that retained risk remains within approved appetite. Interest rate risk also arises in each of the Africa subsidiary treasuries in the course of balance sheet management and facilitating customer activity. The risk is managed by local treasury functions, subject to modest risk limits and other controls.

Sensitivity Analysis and Stress Testing

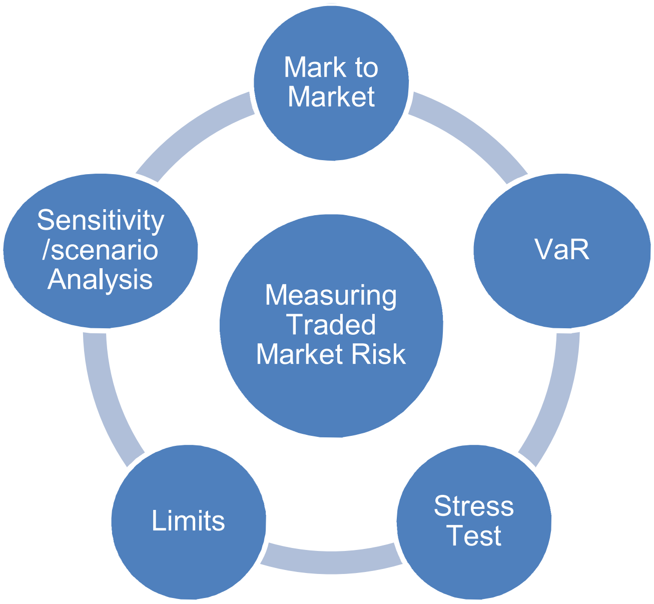
Sensitivity analysis and stress testing are risk measurement techniques that help us ensure that the risks the Bank takes remain within our risk appetite and that our level of capital remains adequate. Sensitivity analysis involves varying a single factor (e.g. a model input or specific assumption) to assess the impact on various risk measures.

Stress testing generally involves consideration of the simultaneous movements in a number of risk factors. It is used to measure the level of potential unexpected losses for Credit, Market (both trading and non-trading), Operational and Liquidity Risks.

Under potential adverse conditions, stress testing plays an important role in supporting overall capital management and adequacy assessment processes. Our enterprise-wide stress testing program utilizes stress scenarios featuring a range of severities based on unlikely but possible adverse market and economic events. These common stress scenarios are evaluated across the organization, and results are integrated to develop an enterprise-wide view of the impacts on our financial results and capital requirements. This program uses macro-economic projections and applies them as stress impacts on the organisation viz-a-viz the various risk types.

Trading portfolio

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



Limits

Specific limits and triggers (regulatory and in-house) have been set across the various market risk areas to prevent undue exposure and the market risk management group ensure that these limits and triggers are adhered to by the bank. The following limits currently exist;

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

- The Regulatory OPL;
- The Bank's tolerance and appetite for FX risk;
- The size and depth of the FX market in Nigeria;
- The degree of volatility of traded currencies; and
- The Bank's desired positioning in the relevant FX market with requirements for international business support.

Interbank placement and takings Limit**:** In line with Banks drive to be a top liquidity provider in the financial market, stringent controls have been set to ensure that any takings from interbank are preceded by proper authority, to reduce the risks that come with huge interbank borrowing.

Management Action Trigger (MAT): This establishes decision points to confirm the Board of Directors' tolerance for accepting trading risk losses on a cumulative basis. MAT therefore, takes into account actual cumulative profit/loss as well as potential losses and the loss tolerance is defined as a percentage of Gross Earnings.

Stop Loss Limit: This limit sets a maximum tolerable unrealized profit/loss to date which will trigger the closing of a position in order to avoid any further loss based on existing exposures. Positions are liquidated uniformly when stop loss limits are breached.

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

Value-at-Risk Limit: The normal VaR of the portfolio will be the Naira loss that will be exceeded 1% of the time over a one day horizon. The time period may be changed depending on the volume of position held and current market realities. At a maximum of 99% confidence level, and a holding period of 1 day, the bank maintains a VaR limit of 0.25% of Gross earnings.

These risk limits are set and reviewed at least annually to control Access Bank's trading activities in line with the defined risk appetite of the Group. Criteria for setting risk limits include relevant market analysis, market liquidity and business strategy. Trading risk limits are set at an aggregate, risk category and lower levels and are expressed in terms of DVaR. This is further supported by a comprehensive set of non-DVaR limits, including foreign exchange position limits, stop loss limits and Management Action Triggers. Appropriate performance triggers are also used as part of the risk management process.

Mark-to-Market (MTM)

The marking-to-market technique establishes historical profit/loss by revaluing money market exposures to prevailing market prices. When no market prices are available for a specific contract period, mark-to-model is used to derive the relevant market prices; it is the Bank's policy to revalue all exposures categorized under the securities trading portfolio on a daily basis. As a general guide, marking to market is performed independently of the trading unit i.e. prices/rates are obtained from external sources.

Value at Risk (VaR)

Risk of losses arising from future potential adverse movements in market rates, prices and volatilities are measured using a VaR methodology. VaR, in general, is a quantitative measure of market risk that applies recent historic market conditions to estimate the potential future loss in market value that will not be exceeded in a set time period at a set statistical confidence level.

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

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

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

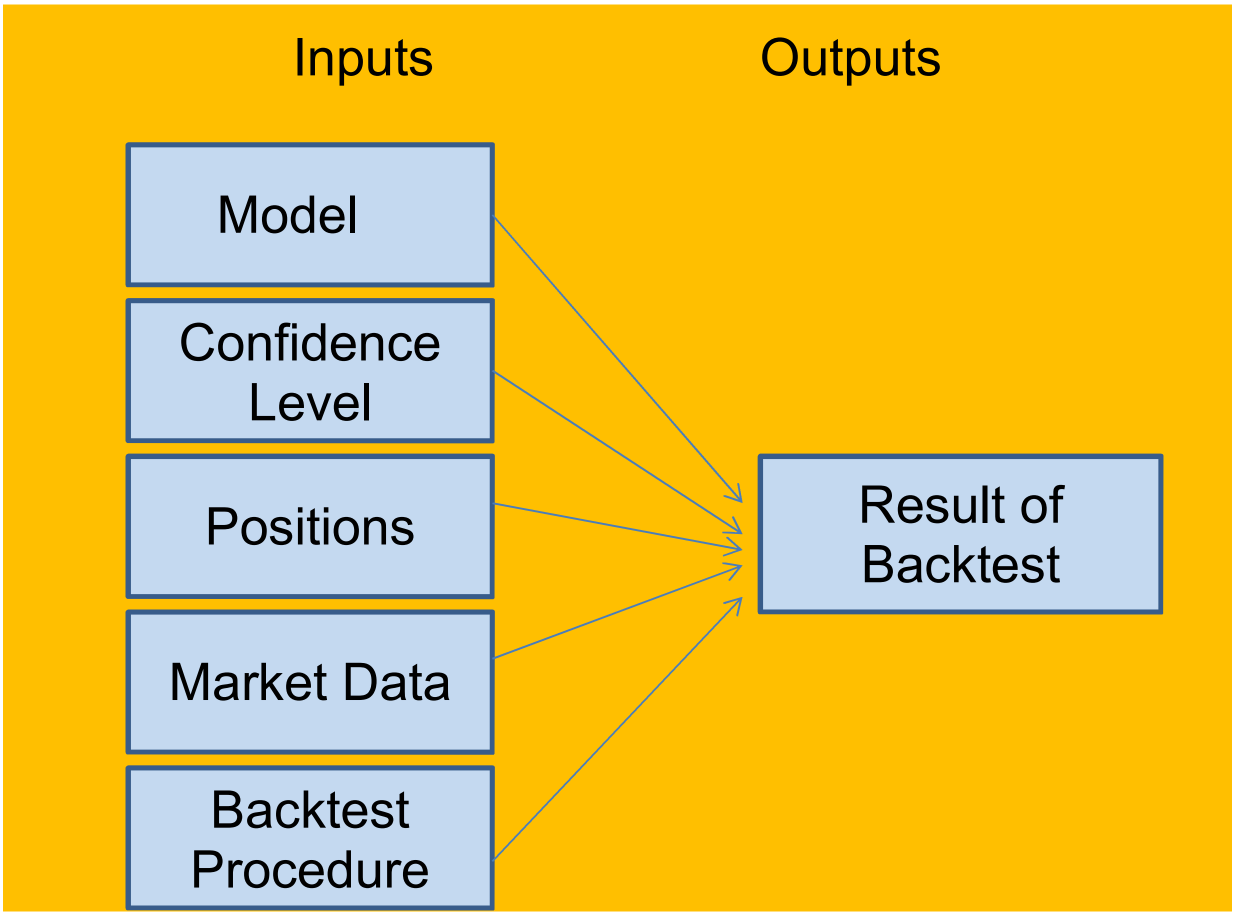
- Historical simulation assumes that the past is a good representation of the future. This may not always be the case.
- The assumed time horizon will not fully capture the market risk of positions that cannot be closed out or hedged within this time horizon.
- VaR does not indicate the potential loss beyond the selected percentile.
- Intra-day risk is not captured.

- Prudent valuation practices are used in the VaR calculation when there is difficulty obtaining rate/price information.

To complement VaR, stress testing and other sensitivity measures are used.

Backtesting

The VaR model is an important market risk measurement and control tool and consequently the performance of the model is regularly assessed for continued suitability. The main approach employed is a technique known as backtesting, which counts the number of days when daily trading losses exceed the corresponding DVaR estimate.



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

Stress testing

A consistent stress testing methodology is applied to trading and non-trading books. The stress testing methodology assumes that scope for management action would be limited during a stress event, reflecting the decrease in market liquidity that often occurs.

Losses beyond the confidence interval are not captured by a VaR calculation, which therefore gives no indication of the size of unexpected losses in these situations. Market Risk complements the VaR measurement by regular stress testing of market risk exposures to highlight the potential risk that may arise from extreme market events that are rare but plausible.

Stress testing is an integral part of the market risk management framework and considers both historical market events and forward-looking scenarios. Stress testing provides an indication of the potential size of losses that could arise in extreme conditions. It helps to identify risk concentrations across business lines and assist senior management in capital planning decisions.

The Bank performs two main types of stress/scenario testing. Firstly, risk factor stress testing, where extended historical stress moves are applied to each of the main risk categories, which include interest rate, equity, foreign exchange, commodity and credit spread risk. Secondly, the trading book is subjected to multi-factor scenarios that simulate past periods of significant market disturbance and hypothetical extreme yet plausible events.

Stress scenarios are regularly updated to reflect changes in risk profile and economic events. Regular stress test scenarios are applied to interest rates, credit spreads, exchange rates, commodity prices and equity prices. Ad hoc scenarios are also prepared reflecting specific market conditions and for particular concentrations of risk that arise within the businesses.

Market risk management

5.2.1 A summary of the Group's interest rate gap position on financial insturments is as follows:

Group
In thousands of Naira

31 December 2013	Note	Less than 3 months	4 - 6 months	7 - 12 months	1 - 5 years	More than 5 years	Non-Interest bearing	Total
		Re-pricing period						
Non-derivative assets								
Cash and balances with banks	20	303,141,161	848,929	577,130	-	-	134,892,321	439,459,541
Non pledged trading assets	21	1,181,048	348,327	849,159	212,806	1,181,710	104,919	3,877,969
Pledged assets	22	4,712,475	-	-	-	58,365,348	332,028	63,409,851
Loans and advances to banks	24	5,959,111	9,545,550	7,644,831	1,430,383	-	-	24,579,875
Loans and advances to customers	25	324,347,405	88,560,378	61,332,439	84,577,627	217,960,416	9,455,087	786,233,352
Investment securities	27	75,301,132	65,024,360	84,786,448	40,332,993	49,134,617	39,231,798	353,811,348
Other assets	29	-	-	-	-	-	43,174,648	43,174,648
		714,642,332	**164,327,544**	**155,190,007**	**126,553,809**	**326,642,091**	**227,190,801**	**1,714,546,584**
Non-derivative liabilities								
Deposits from financial institutions	36	56,942,176	11,082,063	4,123,716	-	-	-	72,147,955
Deposits from customers	37	830,181,563	133,236,381	345,376,295	2,239,232	-	20,385,188	1,331,418,659
Debt securities issued	42	-	-	-	55,828,248	-	-	55,828,248
Other liabilties	39	-	-	-	-	-	54,043,974	54,043,974
Interest bearing loans & borrowings	43	2,292,943	1,349,297	4,143,416	41,328,553	15,224,773	-	64,338,982
		889,416,682	**145,667,741**	**353,643,427**	**99,396,033**	**15,224,773**	**74,429,162**	**1,577,777,818**
Total interest re-pricing gap		(174,774,350)	18,659,803	(198,453,420)	27,157,776	311,417,318	152,761,639	136,768,766

31 December 2012	Note	Less than 3 months	4 - 6 months	7 - 12 months	1 - 5 years	More than 5 years	Non-Interest bearing	Total
		Re-pricing period						
Non-derivative assets								
Cash and balances with banks	20	264,277,425	26,954,044	4,143,727	-	-	109,917,045	405,292,241
Non- pledged trading assets	21	8,631,893	2,545,809	6,206,220	1,555,332	8,636,730	330,819	27,906,803
Pledged assets	22	6,526,539	-	-	-	54,423,317	-	60,949,856
Loans and advances to banks	24	2,195,641	588,582	1,092,643	278,997	409,080	-	4,564,943
Loans and advances to customers	25	210,307,160	104,433,918	64,696,555	121,757,041	102,878,725	-	604,073,399
Investment securities	27	23,001,397	8,681,346	19,911,683	286,891,916	76,399,219	32,396,250	447,281,811
Other assets	29	-	-	-	-	-	59,391,258	59,391,258
		514,940,055	**143,203,699**	**96,050,828**	**410,483,286**	**242,747,071**	**202,035,372**	**1,609,460,311**
Non-derivative liabilities								-
Deposits from financial institutions	36	80,170,333	5,628,900	3,906,323	2,641,477	4,545,982	-	96,893,015
Deposits from customers	37	1,099,176,827	36,423,289	20,746,656	1,838,104	-	43,297,120	1,201,481,996
Debt securities issued	42	-	-	-	54,685,891	-	-	54,685,891
Liabilities on investment contracts	40	65,591	-	-	-	-	-	65,591
Other liabilties	39	-	-	-	-	-	40,425,436	40,425,436
Interest bearing loans & borrowings	43	2,369,748	40,800	81,600	408,000	40,540,885	4,928,816	48,369,849
		1,181,782,499	**42,092,989**	**24,734,579**	**59,573,472**	**45,086,867**	**88,651,372**	**1,441,921,778**
Total interest re-pricing gap		(666,842,444)	101,110,710	71,316,249	350,909,814	197,660,204	113,384,000	167,538,533

Market risk management

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

Re-pricing period

Bank

In thousands of Naira	*Note*	Less than 3 months	4 - 6 months	7 - 12 months	1 - 5 years	More than 5 years	Non-Interest bearing	Total
31 December 2013								
Non-derivative assets								
Cash and balances with banks	20	261,378,186	-	-	-	-	134,430,561	395,808,747
Non- pledged trading assets	21	1,181,048	348,327	849,159	212,806	1,181,710	104,918	3,877,969
Pledged assets	22	4,712,475	-	-	-	58,635,348	-	63,347,823
Loans and advances to banks	24	-	8,223,486	4,345,195	479,970	-	-	13,048,651
Loans and advances to customers	25	304,429,936	80,309,880	56,359,919	76,240,590	217,960,416	-	735,300,741
Investment securities	27	64,346,634	49,038,636	78,232,862	34,280,677	43,941,194	39,231,798	309,071,801
Other assets	29	-	-	-	-	-	36,436,496	36,436,496
		636,048,280	**137,920,330**	**139,787,134**	**111,214,044**	**321,718,668**	**210,203,773**	**1,556,892,228**
Non-derivative liabilities								
Deposits from financial institutions	36	56,942,176	4,208,541	144,634	-	-	-	61,295,351
Deposits from customers	37	785,591,169	95,673,189	335,912,435	-	-	-	1,217,176,793
Other liabilities	40	-	-	-	-	-	49,940,868	49,940,868
Interest bearing loans & borrowings	44	2,292,943	1,349,297	4,143,416	97,331,598	15,224,773	-	120,342,026
		844,826,288	**101,231,027**	**340,200,485**	**97,331,598**	**15,224,773**	**49,940,868**	**1,448,755,038**
Total interest re-pricing gap		(208,778,008)	36,689,303	(200,413,351)	13,882,446	306,493,895	160,262,905	108,137,190

Re-pricing period

In thousands of Naira	*Note*	Less than 3 months	4 - 6 months	7 - 12 months	1 - 5 years	More than 5 years	Non-Interest bearing	Total
31 December 2012								
Non-derivative assets								
Cash and balances with banks	20	148,677,264	21,467,850	4,000,000	-	-	109,917,045	284,062,159
Non- pledged trading assets	21	1,125,482	331,939	809,207	202,794	1,126,113	173,725	3,769,260
Pledged assets	22	6,526,539	-	-	-	54,423,317	-	60,949,856
Loans and advances to banks	24	2,349,246	-	98,374	197,819	409,081	-	3,054,520
Loans and advances to customers	25	190,705,529	85,236,301	61,242,050	116,235,179	101,173,140	-	554,592,199
Investment securities	27	14,525,937	6,225,976	15,442,055	283,238,249	68,592,560	32,321,518	420,346,295
Other assets	29	-	-	-	-	-	51,412,850	51,412,850
		363,909,997	**113,262,066**	**81,591,686**	**399,874,041**	**225,724,211**	**193,825,138**	**1,378,187,139**
Non-derivative liabilities								
Deposits from financial institutions	36	9,037,199	106,511	637	2,622,187	4,545,982	-	16,312,516
Deposits from customers	37	1,028,421,343	36,595,982	28,694,236	267,659	-	-	1,093,979,220
Interest bearing loans & borrowings	44	8,277,538	-	-	55,502,693	40,092,210	-	103,872,441
Other liabilities	39	-	-	-	-	-	24,302,067	24,302,067
		1,045,736,080	**36,702,493**	**28,694,873**	**58,392,539**	**44,638,192**	**24,302,067**	**1,238,466,244**
Total interest re-pricing gap		(681,826,083)	76,559,573	52,896,813	341,481,502	181,086,019	169,523,071	139,720,894

Market risk management

The Group trades on bonds, treasury bills and foreign exchange. 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 and at a group level to estimate the market ris+B10k 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 Treasury 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, indices, 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 based 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:

Group VAR by risk type		**December 2013**		
In thousands of Naira	**Average**	**High**	**Low**	**Actual**
Foreign exchange risk	(8,765,308)	13,669,142	(19,943,285)	(19,733,507)
Interest rate risk	(57,972,316)	262,820,854	(460,274,271)	(52,190,081)
Total	**(66,737,624)**	**276,489,996**	**(480,217,556)**	**(71,923,588)**

Group		**December 2012**		
	Average	**High**	**Low**	**Actual**
Foreign exchange risk	28,866,282	97,340,199	708,243	(9,864,988)
Interest rate risk	255,099,684	724,819,622	6,757,004	(109,508,015)
Total	**283,965,966**	**822,159,821**	**7,465,247**	**(119,373,003)**

Bank VAR by risk type		**December 2013**		
In thousands of Naira	**Average**	**High**	**Low**	**Actual**
Foreign exchange risk	(8,765,308)	13,669,142	(19,943,285)	(19,733,507)
Interest rate risk	(49,744,235)	225,518,368	(394,946,980)	(44,782,679)
Total	**(58,509,543)**	**239,187,510**	**(414,890,265)**	**(64,516,186)**

Bank		**December 2012**		
	Average	**High**	**Low**	**Actual**
Foreign exchange risk	28,866,282	97,340,199	708,243	(9,864,988)
Interest rate risk	94,538,303	268,613,492	2,504,102	(40,582,966)
Total	**123,404,585**	**365,953,691**	**3,212,345**	**(50,447,954)**

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 December 2013	**Fixed**	**Floating**	**Non-interest bearing**	**Total**
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	220,243,617	-	219,215,924	439,459,541
Non pledged trading assets	3,877,969	-	-	3,877,969
Pledged assets	63,409,851	-	-	63,409,851
Derivative financial instruments	-	-	102,123	102,123
Loans and advances to banks	24,579,875	-	-	24,579,875
Loans and advances to customers	-	786,169,704	-	786,169,704
Investment securities:				
– Available-for-sale	150,289,909	-	39,570,237	189,860,146
– Held-to-maturity	163,951,202	-	-	163,951,202
TOTAL	**626,352,423**	**786,169,704**	**258,888,284**	**1,671,410,411**

LIABILITIES				
Deposits from financial institutions	72,147,955	-	-	72,147,955
Deposits from customers	501,645,662	829,772,997	-	1,331,418,659
Derivative financial instruments	-	-	32,955	32,955
Interest-bearing loans and borrowings	-	64,338,982	-	64,338,982
TOTAL	**573,793,617**	**894,111,979**	**32,955**	**1,467,938,551**

31 December 2012	**Fixed**	**Floating**	**Non-interest bearing**	**Total**
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	160,870,921	-	244,421,320	405,292,241
Non pledged trading assets	27,906,803	-	-	27,906,803
Pledged assets	60,949,856	-	-	60,949,856
Derivative financial instruments	-	-	30,949	30,949
Loans and advances to banks	4,564,944	-	-	4,564,944
Loans and advances to customers	-	604,073,399	-	604,073,399
Investment securities:				
– Available-for-sale	24,344,361	-	32,396,250	56,740,611
– Held-to-maturity	390,541,200	-	-	390,541,200
TOTAL	**669,178,086**	**604,073,399**	**276,848,519**	**1,550,100,003**
LIABILITIES				
Deposits from financial institutions	96,893,015	-	-	96,893,015
Deposits from customers	455,189,956	746,292,040	-	1,201,481,996
Derivative financial instruments	-	-	35,515	35,515
Interest-bearing loans and borrowings	-	48,369,849	-	48,369,849
TOTAL	**552,082,971**	**794,661,889**	**35,515**	**1,346,780,375**

Bank

31 December 2013	**Fixed**	**Floating**	**Non-interest bearing**	**Total**
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	166,934,910	-	228,873,837	395,808,747
Non pledged trading assets	3,773,051	-	104,918	3,877,969
Pledged assets	63,347,823	-	-	63,347,823
Derivative financial instruments	-	-	72,675	72,675
Loans and advances to banks	13,048,651	-		13,048,651
Loans and advances to customers	-	735,300,741	-	735,300,741
Investment securities:				
– Available-for-sale	129,373,195	-	39,231,798	168,604,993
– Held-to-maturity	140,466,809	-	-	140,466,809
TOTAL	**516,944,439**	**735,300,741**	**268,283,228**	**1,520,528,408**
LIABILITIES				
Deposits from financial institutions	8,191,490	53,103,862	-	61,295,352
Deposits from customers	455,231,840	761,944,953	-	1,217,176,793
Derivative financial instruments	-	-		-
Interest-bearing loans and borrowings	57,020,588	63,321,438	-	120,342,026
TOTAL	**520,443,918**	**878,370,253**	**-**	**1,398,814,171**

31 December 2012	**Fixed**	**Floating**	**Non-interest bearing**	**Total**
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	66,311,886	-	217,750,273	284,062,159
Non pledged trading assets	3,595,535	-	173,725	3,769,260
Pledged assets	60,949,856	-	-	60,949,856
Loans and advances to banks	3,054,520	-	-	3,054,520
Loans and advances to customers	-	554,592,199	-	554,592,199
Investment securities:		-		
– Available-for-sale	21,251,929	-	32,321,517	53,573,446
– Held-to-maturity	366,772,849	-	-	366,772,849
TOTAL	**521,936,575**	**554,592,199**	**250,245,515**	**1,326,774,289**
LIABILITIES				
Deposits from financial institutions	16,312,516	-	-	16,312,516
Deposits from customers	422,272,257	671,706,963	-	1,093,979,220
Interest-bearing loans and borrowings	55,502,694	48,369,747	-	103,872,441
TOTAL	**494,087,467**	**720,076,710**	**-**	**1,214,164,177**

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 and long-term borrowings, deposits from banks and customers. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Other financial liabilities issued at fixed rates expose the group to fair value interest rate risk.

The management of interest rate risk against interest rate gap limits is supplemented with monitoring the sensitivity of the Group's financial assets and liabilities to various scenarios.

Interest rate movement have both cash flow and fair value effect depending on whether interest rate is fixed or floating. The impact resulting from adverse or favourable movement flows from either retained earnings or OCI and ultimately ends in equity in the following manner:

(i) Retained earnings arising from increase or decrease in net interest income and the fair value changes reported in profit or loss.

(ii) Fair value reserves arising from increases or decreases in fair value of available-for-sale financial instruments reported directly in other comprehensive income.

Group
Interest sensitivity analysis - 31 December 2013
Impact on net interest income of +/-100 basis points changes in rates over a one year period (N'000)

	Cashflow interest rate risk		**Fair Value interest rate risk**	
Time Band	**100 basis points decline in rates**	**100 basis points increase in rates**	**100 basis points decline in rates**	**100 basis points increase in rates**
Less than 3 months	625,559	(625,559)	(188,464)	188,464
6 months	210,389	(210,389)	(303,688)	303,688
12 months	2,169,244	(2,169,244)	(184,710)	184,710
	3,005,192	**(3,005,192)**	**(676,862)**	**676,862**

Interest sensitivity analysis - 31 December 2012
Impact of 100 basis points changes in rates over a one year period (N'000)

	Cashflow interest rate risk		**Fair Value interest rate risk**	
Time Band	**100 basis points decline in rates**	**100 basis points increase in rates**	**100 basis points decline in rates**	**100 basis points increase in rates**
Less than 3 months	1,737,392	(1,737,392)	(7,028,576)	70,286
6 months	(465,008)	465,008	(40,545)	40,545
12 months	(669,784)	669,784	(43,378)	43,378
	602,600	**(602,600)**	**(7,112,499)**	**154,209**

Bank
Interest sensitivity analysis - 31 December 2013
Impact on net interest income of +/-100 basis points changes in rates over a one year period (N'000)

	Cashflow interest rate risk		**Fair Value interest rate risk**	
Time Band	**100 basis points decline in rates**	**100 basis points increase in rates**	**100 basis points decline in rates**	**100 basis points increase in rates**
	684,706	(684,706)	162,761	(162,761)
Less than 3 months	45,582	(45,582)	114,514	(114,514)
6 months	2,174,566	(2,174,566)	42,608	(42,608)
12 months				
	2,904,854	**(2,904,854)**	**319,883**	**(319,883)**

Interest sensitivity analysis - 31 December 2012
Impact of 100 basis points changes in rates over a one year period (N'000)

	Cashflow interest rate risk		**Fair Value interest rate risk**	
Time Band	**100 basis points decline in rates**	**100 basis points increase in rates**	**100 basis points decline in rates**	**100 basis points increase in rates**
Less than 3 months	1,754,965	(1,754,965)	50,399	(50,399)
6 months	(384,850)	384,850	14,539	(14,539)
12 months	(649,748)	649,748	8,410	(8,410)
	720,367	**(720,367)**	**73,348**	**(73,348)**

The table above sets out the impact on net interest income of a 100 basis points parallel fall or rise in all yields. A parallel increase in yields by 100 basis points would lead to an increase in net interest income while a parallel falls in yields by 100 basis points would lead to a decline in net interest income. The interest rate sensitivities are based on simplified scenarios and assumptions, including that all positions will be retained and rolled over upon maturity. The figures represent the effect of movements in net interest income based on the 100 basis point shift in interest rate and subject to the current interest rate exposures. However, the effect has not taken into account the possible risk management measures undertaken by the Bank to mitigate interest rate risk. In practice, ALCO seeks proactively to change the interest rate risk profile to minimize losses and optimise net revenues. The projections also assume that interest rates on various maturities will move within similar ranges, and therefore do not reflect any potential effect on net interest income in the event that some interest rates may change and others remain unchanged.

Price sensitivity analysis on bonds and treasury bills

The table below shows the impact of likely movement in yields on the value of bonds and treasury bills. This relates to the positions held for trade and available for sales. Since an increase in yields would lead to decline in market values of bonds and treasury bills, the analysis was carried out to show the likely impact of 50 and 100 basis points increase in market yields. The impact of held for trading investments is on the income statement while the impact of available for sale instruments is on the statement of other comprehensive income.

Group

31 December 2013	**Carying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive			
Held for trading	3,773,051	(61,105)	(90,602)
Impact on Other Comprehensive Income			
Available for sale investments	19,075,871	299,509	272,995
TOTAL	**22,848,922**	**238,404**	**182,393**

31 December 2012	**Carying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive			
Held for trading	27,575,985	33,731	(252,690)
Impact on Other Comprehensive Income			
Available for sale investments	15,437,370	986,282	976,143

Bank

31 December 2013	**Carying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive Income			
Held for trading Bonds	1,129,324	(70,374)	(95,343)
Held for trading T.bills	2,356,425	9,270	4,741
Held for trading	3,773,051	(61,105)	(90,602)
Impact on Other Comprehensive Income			
Available for sale investments	16,257,535	255,259	232,662
TOTAL	**20,030,586**	**194,154**	**142,059**

31 December 2012	**Carying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive			
Held for trading Bonds	1,668,756	15,364	(24,633)
Held for trading T.bills	2,875,173	(9,806)	(17,005)
Held for trading	4,543,928	5,558	(41,638)
Impact on Other Comprehensive Income			
Available for sale investments	6,463,124	412,924	408,679
TOTAL	**11,007,052**	**418,482**	**367,042**

Market risk management

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

Financial instruments by currency

Group *In thousands of Naira* **31 December 2013**	***Note***	**Total**	**Naira**	**US $**	**GBP**	**Euro**	**Others**
Cash and balances with banks	20	439,459,541	260,494,916	124,326,370	20,207,125	17,077,120	17,354,010
Non-pledged trading assets	21	3,877,969	3,877,969	-	-	-	-
Pledged assets	22	63,409,851	63,347,823	-	-	-	62,028
Derivative financial instruments	23	102,123	-	80,829	12,889	8,405	-
Loans and advances to banks	24	24,579,875	345,445	23,291,359	19,991	923,080	-
Loans and advances to customers	25	786,169,704	456,666,385	289,536,072	3,041,954	3,305,957	33,619,336
Investment securities	27	353,811,348	301,559,580	29,012,648	-	1,374,147	21,864,973
Other assets	29	43,174,649	20,460,438	11,142,427	630,530	2,756,847	8,184,406
		1,714,585,059	**1,106,752,556**	**477,389,705**	**23,912,489**	**25,445,556**	**81,084,753**
Deposits from financial institutions	36	72,147,955	7,161,530	54,577,844	1,296,884	8,424,934	686,763
Deposits from customers	37	1,331,418,659	933,913,152	317,797,743	9,582,405	14,034,476	56,090,883
Derivative financial instruments	23	32,956	-	8,754	16,835	7,366	-
Other liabilities	39	54,043,974	31,235,288	13,187,678	333,421	6,836,079	2,451,508
Debt securities issued	42	55,828,248	-	55,828,248	-	-	-
Interest bearing loans & borrowings	43	64,338,982	38,247,211	26,091,771	-	-	-
		1,577,810,773	**1,010,557,181**	**467,492,038**	**11,229,545**	**29,302,855**	**59,229,154**
Off balance sheet exposuress							
Transaction related bonds and guarantees	48	158,715,258	108,458,868	36,417,906	-	432,422	13,406,062
Guaranteed facilities	48	54,741,356	21,442,945	14,689,365	-	18,609,046	
Clean line facilities for letters of credit and other commitments	48	228,957,302	-	216,689,716	218,918	10,024,148	2,024,520
		442,413,916	**129,901,813**	**267,796,987**	**218,918**	**29,065,616**	**15,430,582**

Group *In thousands of Naira* **31 December 2012**	***Note***	**Total**	**Naira**	**US $**	**GBP**	**Euro**	**Others**
Cash and balances with banks	20	405,292,241	222,886,312	143,085,678	19,319,736	12,368,726	7,631,790
Non-pledged trading assets	21	27,906,803	3,926,353	-	-	-	23,980,449
Pledged assets	22	60,949,856	60,949,856	-	-	-	-
Derivative financial instruments	23	30,949	-	1,522	22,070	7,357	-
Loans and advances to banks	24	4,564,943	704,756	3,326,694	344,500	188,993	-
Loans and advances to customers	25	604,073,399	451,093,811	139,956,934	2,798,233	531,304	9,693,117
Investment securities	27	447,281,811	417,472,818	15,313,659	546,431	2,827,031	11,121,872
Insurance receivables	28	627,337	296,317	108,276	-	-	222,745
Other assets	29	59,391,258	49,565,333	4,434,651	281,742	3,523,815	1,585,717
		1,610,118,597	**1,206,895,556**	**306,227,414**	**23,312,712**	**19,447,226**	**54,235,690**
Deposits from financial institutions	36	96,893,015	9,583,668	79,114,684	4,609,128	2,501,197	1,084,338
Deposits from customers	37	1,201,481,996	957,610,171	195,127,090	10,568,567	9,304,049	28,872,119
Derivative financial instruments	23	35,515	-	-	20,041	15,474	-
Claims payable	38	118,226	118,226	-	-	-	-
Other liabilities	39	40,425,435	1,220,747	25,875,094	392,047	12,937,547	-
Liabilities on investment contracts	40	65,591	65,591	-	-	-	-
Debt securities issued	42	54,685,891	-	54,685,891	-	-	-
Interest bearing loans & borrowings	43	48,369,849	13,313,648	35,049,741	405	6,055	-
		1,442,075,518	**981,912,051**	**389,852,500**	**15,590,188**	**24,764,322**	**29,956,457**
Off balance sheet exposuress							
Transaction related bonds and guarantees	48	147,374,900	92,892,923	52,951,846	32,322	1,356,828	140,982
Guaranteed facilities	48	32,151,985	17,624,791	11,143,055	-	1,705,019	1,679,120
Clean line facilities for letters of credit and other commitments	48	198,789,950	-	192,536,967	1,151,658	4,858,195	243,130
		378,316,836	**110,517,714**	**256,631,868**	**1,183,980**	**7,920,042**	**2,063,232**

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

Financial instruments by currency

Bank *In thousands of Naira* **31 December 2013**	***Note***	**Total**	**Naira**	**US $**	**GBP**	**Euro**	**Others**
Cash and balances with banks	20	395,808,747	259,896,634	122,464,877	5,868,743	7,167,728	410,765
Non-pledged trading assets	21	3,877,969	3,877,969	-	-	-	-
Pledged assets	22	63,347,823	63,347,823	-	-	-	-
Derivative financial instruments	23	72,675	-	72,675	-	-	-
Loans and advances to banks	24	13,048,651	345,445	12,703,206	-	-	-
Loans and advances to customers	25	735,300,741	456,665,385	275,174,006	111,002	3,305,957	44,391
Investment securities	27	309,071,802	301,559,580	7,512,222	-	-	-
Other assets	29	36,436,495	20,460,438	10,979,145	20,951	2,578,707	2,397,254
		1,556,964,903	**1,106,153,274**	**428,906,131**	**6,000,696**	**13,052,392**	**2,852,410**
Deposits from financial institutions	36	61,295,352	7,161,530	52,766,940	355,836	962,600	48,446
Deposits from customers	37	1,217,176,793	933,913,285	269,649,901	6,666,809	6,946,406	392
Other liabilities	39	49,940,868	28,863,854	12,186,448	308,107	6,317,073	2,265,386
Interest bearing loans & borrowings	43	120,342,026	38,247,211	82,094,815	-	-	-
		1,448,755,039	**1,008,185,880**	**416,698,104**	**7,330,752**	**14,226,079**	**2,314,224**
Off balance sheet exposuress							
Transaction related bonds and guarantees	48	142,850,060	108,458,868	34,068,343	-	322,849	-
Guaranteed facilities	48	46,956,539	21,442,945	6,904,547	-	18,609,047	-
Clean line facilities for letters of credit and other commitments	48	162,171,919	-	154,854,385	64,778	5,609,545	1,643,211
		351,978,518	**129,901,813**	**195,827,275**	**64,778**	**24,541,441**	**1,643,211**

Bank *In thousands of Naira* **31 December 2012**	***Note***	**Total**	**Naira**	**US $**	**GBP**	**Euro**	**Others**
Cash and balances with banks	20	284,062,159	157,104,351	111,228,905	7,126,505	8,353,044	249,354
Non-pledged trading assets	21	3,769,260	3,769,260	-	-	-	-
Pledged assets	22	60,949,856	60,949,856	-	-	-	-
Loans and advances to banks	24	3,054,520	704,756	2,349,764	-	-	-
Loans and advances to customers	25	554,592,199	416,190,727	135,379,149	731,461	469,427	1,821,435
Investment securities	27	420,346,295	410,634,801	9,711,494	-	-	-
Other assets	29	51,412,850	42,603,312	3,611,911	88,095	3,523,815	1,585,717
		1,378,187,139	**1,091,957,063**	**262,281,223**	**7,946,061**	**12,346,286**	**3,656,506**
Deposits from financial institutions	36	16,312,516	9,412,414	6,154,403	333,573	412,126	-
Deposits from customers	37	1,093,979,221	909,883,158	169,381,246	8,250,995	6,463,622	199
Other liabilities	39	24,302,066	733,862	15,555,016	235,682	7,777,507	-
Interest bearing loans & borrowings	43	103,872,441	39,318,974	64,553,467	-	-	-
		1,238,466,245	**959,348,408**	**255,644,132**	**8,820,250**	**14,653,255**	**199**
Off balance sheet exposuress							
Transaction related bonds and guarantees	48	147,222,001	92,892,923	52,951,846	32,322	1,344,910	-
Guaranteed facilities	48	25,763,514	17,624,791	6,506,764	-	1,631,958	-
Clean line facilities for letters of credit and other commitments	48	134,284,731	-	128,986,940	317,553	4,737,106	243,131
		307,270,245	**110,517,714**	**188,445,550**	**349,875**	**7,713,975**	**243,131**

5.3 Liquidity risk

Liquidity risk arises when the Bank is unable to meet expected or unexpected current or future cash flows and collateral needs without affecting its daily operations or its financial condition. The Bank is managed to preserve a high degree of liquidity so that it can meet the requirements of its customers at all times including periods of financial stress.

The Bank has developed a liquidity management framework based on a statistical model underpinned by conservative assumptions with regard to cash inflows and the liquidity of liabilities. In addition, liquidity stress tests assuming extreme withdrawal scenarios are performed. These stress tests specify additional liquidity requirements to be met by holdings of liquid assets.

The Bank's liquidity has consistently been materially above the minimum liquidity ratio and the requirements of its stress tests. Global funding and liquidity risk management activities are centralized within Corporate Treasury. We believe that a centralized approach to funding and liquidity risk management enhances our ability to monitor liquidity requirements, maximizes access to funding sources, minimizes borrowing costs and facilitates timely responses to liquidity events. We analyze and monitor our liquidity risk, maintain excess liquidity and access diverse funding sources including our stable deposit base.

The Board approves the Bank's liquidity policy and contingency funding plan, including establishing liquidity risk tolerance levels. The Group ALCO, in conjunction with the Board and its committees, monitors our liquidity position and reviews the impact of strategic decisions on our liquidity. Liquidity positions are measured by calculating the Bank's net liquidity gap and by comparing selected ratios with targets as specified in the liquidity risk management manual.

Quantifications

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

a) Funding and Liquidity plan;
b) Gap Analysis; and
c) Ratio Analysis.

The Funding and Liquidity plan defines the Bank's sources and channels of utilization of funds. The funding liquidity risk limit is quantified by calculating liquidity ratios and measuring/monitoring the cumulative gap between our assets and liabilities. The Liquidity Gap Analysis quantifies the daily and cumulative gap in a business as usual environment. The gap for any given tenor bucket represents the borrowings from, or placements to, the market required to replace maturing liabilities or assets. The Bank monitors the cumulative gap as a + or – 20% of the total risk assets and the gap as a + or – 20% of total deposit liabilities.

Limit management and monitoring

Active management of liquidity through the framework of limits and control presented above is possible only with proper monitoring capabilities. The monitoring process focuses on funding portfolios, the forward balance sheet and general indicators; where relevant information and data are compared against limits that have been established. The Bank's Group Treasury is responsible for maintaining sufficient liquidity by maintaining sufficient high ratio of liquid assets and available funding for near-term liabilities. The secured liquidity measure is calculated and monitored by risk management. Increased withdrawals of short-term funds are monitored through measurements of the deposit base in the Bank. Liquidity risk is reported to the Board of Directors on a quarterly basis.

Contingency funding plan

Access Bank has contingency funding plan which incorporate early warning indicators to monitor market conditions. The Bank monitors its liquidity position and funding strategies on an ongoing basis, but recognizes that unexpected events, economic or market conditions, earnings problems or situations beyond its control could cause either a short or long-term liquidity crisis. It reviews its contingency funding plan in the light of evolving market conditions and stress test results.

To monitor liquidity and funding, the Group Treasury prepares a liquidity worksheet that project sources and uses of funds. The worksheet incorporates the impact of moderate risk and crisis situations. The worksheet is an integral component of the contingency funding plan. Although it is unlikely that a funding crisis of any significant degree could materialise, we consider it important to evaluate this risk and formulate contingency plans should one occur.

The contingency funding plan covers: the available sources of contingent funding to supplement cash flow shortages; the lead times to obtain such funding; the roles and responsibilities of those involved in the contingency plans; and the communication and escalation requirements when early warning indicators signal deteriorating market conditions. Both short term and long-term funding crises are addressed in the contingency funding plan.

Liquidity risk management

The following table shows the undiscounted cash flows on the Group's financial assets and liabilities and on the basis of their earliest possible contractual maturity. The Gross nominal inflow / (outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment.

5.3.1 Residual contractual maturities of financial assets and liabilities

In thousands of Naira	*Note*	Carrying amount	Gross nominal inflow/(outflow)	Less than 3 months	6 months	12 months	5 years	More than 5 years
Group								
31 December 2013								
Cash and balances with banks	20	439,459,541	439,459,542	264,639,659	1,097,783	1,315,801	-	172,406,298
Non-pledged trading assets	21	3,877,969	5,114,214	1,416,576	416,473	1,039,850	921,589	1,319,726
Pledged assets	22	63,409,851	100,095,999	6,032,902	1,211,788	2,423,577	12,762,012	77,665,720
Derivative financial instruments	23	102,123	11,471,603	11,471,603	-	-	-	-
Loans and advances to banks	24	24,579,875	26,753,256	8,437,494	9,571,785	7,429,123	775,308	539,546
Loans and advances to customers	25	786,169,704	788,847,822	331,598,823	87,849,143	63,066,928	85,329,870	221,003,058
Investment securities	27	353,811,348	370,106,042	81,546,997	67,456,866	94,035,298	66,655,718	60,411,163
Other assets	29	43,174,648	43,174,648	37,394,082	-	5,780,566	-	-
		1,714,585,059	**1,785,023,126**	**742,538,136**	**167,603,838**	**175,091,143**	**166,444,497**	**533,345,511**
Deposits from financial institutions	36	72,147,955	72,257,134	55,496,033	12,608,327	4,152,775	-	-
Deposits from customers	37	1,331,418,659	1,333,474,753	848,190,371	133,482,680	348,933,912	2,416,093	451,697
Derivative financial instruments	23	32,955	2,000,495	2,000,495	-	-	-	-
Other liabilities	39	54,043,974	54,043,974	49,775,515	4,268,459	-	-	-
Debt securities issued	42	55,828,248	55,828,248	-	-	-	-	55,828,248
Interest bearing loans & borrowings	43	64,338,982	80,283,462	4,560,709	2,077,505	8,150,902	41,740,259	23,754,088
		1,577,810,773	**1,597,888,067**	**960,023,123**	**152,436,971**	**361,237,589**	**44,156,352**	**80,034,033**
Gap (asset - liabilities)		136,774,286	187,135,059	(217,484,986)	15,166,866	(186,146,446)	122,288,145	453,311,476
Cumulative liquidity gap				(217,484,986)	(202,318,120)	(388,464,566)	(266,176,421)	187,135,057
Off-balance sheet								
Transaction related bonds and guarantees	48	158,715,258	158,715,258	36,391,163	21,880,870	13,727,023	24,498,529	62,217,673
Guaranteed facilities	48	54,741,356	54,741,357	27,078,764	6,572,665	10,309,368	4,610,667	6,169,892
Clean line facilities for letters of credit and other commitments	48	228,957,302	228,957,302	152,715,496	47,959,692	27,919,468	362,646	-
		442,413,916	**442,413,917**	**216,185,423**	**76,413,227**	**51,955,859**	**29,471,842**	**68,387,565**
31 December 2012								
In thousands of Naira								
Cash and balances with banks	20	405,292,241	405,292,241	269,065,331	24,248,836	4,144,847	-	107,833,227
Non-pledged trading assets	21	27,906,803	29,922,220	16,294,030	7,969,908	1,305,755	4,352,527	-
Pledged assets	22	60,949,856	131,847,049	6,671,114	2,403,657	2,443,496	19,401,892	100,926,890
Derivative financial instruments	23	30,949	1,520,553	1,520,553	-	-	-	-
Loans and advances to banks	24	4,564,943	66,476,669	5,416,514	958,506	573,418	58,813,714	714,517
Loans and advances to customers	25	604,073,399	673,439,738	209,750,681	95,953,623	93,261,863	135,447,307	139,026,264
Investment securities	27	447,281,811	551,460,057	31,785,712	5,088,282	227,646,901	156,521,497	130,417,665
Insurance receivables	28	627,337	1,065,571	1,065,571	-	-	-	-
Other assets	29	59,391,258	59,391,257	31,928,182	13,264,087	14,198,989	-	-
		1,610,118,597	**1,920,415,355**	**573,497,688**	**149,886,899**	**343,575,269**	**374,536,937**	**478,918,563**
Deposits from financial institutions	36	96,893,015	117,524,181	106,323,886	106,511	3,925,613	2,622,187	4,545,983
Deposits from customers	37	1,201,481,996	1,207,459,308	1,105,376,078	56,923,657	42,148,887	3,010,686	-
Claims payable	38	118,226	118,226	118,226	-	-	-	-
Derivative financial instruments	23	35,515	1,484,393	1,484,393	-	-	-	-
Other liabilities	39	40,425,436	40,425,436	14,553,157	25,468,025	404,254	-	-
Liabilities on investment contracts	40	65,591	65,591	65,591	-	-	-	-
Debt securities issued	42	54,685,891	74,714,752	2,005,875	-	2,005,875	70,703,002	-
Interest bearing loans & borrowings	43	48,369,849	93,580,943	20,400	40,800	81,600	55,093,891	38,344,252
		1,442,075,519	**1,535,372,830**	**1,229,947,606**	**82,538,993**	**48,566,229**	**131,429,766**	**42,890,235**
Gap (asset - liabilities)		168,043,078	385,042,525	(656,449,918)	67,347,906	295,009,039	243,107,171	436,028,328
Cumulative liquidity gap				(656,449,918)	(589,102,012)	(294,092,972)	(50,985,801)	385,042,527
Off -balance sheet								
Transaction related bonds and guarantees	48	147,374,901	147,374,901	99,085,243	7,654,455	15,962,424	24,672,779	-
Guaranteed facilities	48	32,151,986	32,151,986	10,075,270	8,330,358	4,267,652	9,178,706	300,000
Clean line facilities for letters of credit and other commitments	48	198,789,950	198,789,950	95,244,804	67,854,696	23,526,011	12,164,438	-
		378,316,836	**378,316,836**	**204,405,317**	**83,839,509**	**43,756,087**	**46,015,924**	**300,000**

In thousands of Naira	*Note*	Carrying amount	Gross nominal inflow/outflow	Less than 3 months	6 months	12 months	5 years	More than 5 years
Bank								
31 December 2013								
Cash and balances with banks	20	395,808,747	395,808,747	223,864,210	-	-	-	171,944,537
Non-pledged trading assets	21	3,877,969	5,055,502	1,357,864	416,473	1,039,850	921,589	1,319,726
Pledged assets	22	63,347,823	100,095,999	6,032,902	1,211,788	2,423,577	12,762,012	77,665,720
Derivative financial instruments	23	72,675	9,423,411	9,423,411	-	-	-	-
Loans and advances to banks	24	13,048,651	13,442,286	50,160	8,237,533	4,031,688	1,122,906	-
Loans and advances to customers	25	735,300,741	741,032,506	310,161,701	80,309,880	56,359,919	76,240,590	217,960,416
Investment securities	27	309,071,802	324,318,271	66,311,490	50,780,561	86,825,357	60,661,154	59,739,710
Other assets	29	36,436,496	36,436,496	30,655,930	-	5,780,566	-	-
		1,556,964,904	**1,625,613,220**	**647,857,668**	**140,956,235**	**156,460,957**	**151,708,251**	**528,630,109**
Deposits from financial institutions	36	61,295,352	61,376,623	57,097,580	4,127,708	151,335	-	-
Deposits from customers	37	1,217,176,793	1,218,851,031	786,275,557	95,890,264	336,056,653	176,860	451,697
Other liabilities	39	49,940,868	49,940,868	45,996,477	3,944,391	-	-	-
Interest bearing loans & borrowings	43	120,342,026	135,088,313	4,528,997	2,000,692	8,118,102	97,213,926	23,226,596
		1,448,755,039	**1,465,256,835**	**893,898,611**	**105,963,055**	**344,326,090**	**97,390,786**	**23,678,293**
Gap (asset - liabilities)		108,209,865	160,356,384	(246,040,943)	34,993,180	(187,865,133)	54,317,465	504,951,816
Cumulative liquidity gap				(246,040,943)	(211,047,763)	(398,912,896)	(344,595,432)	160,356,383
Off balance-sheet								
Transaction related bonds and guarantees	48	142,850,060	142,850,060	35,654,495	19,902,373	9,308,603	17,184,986	60,799,603
Guaranteed facilities	48	46,956,539	46,956,539	23,313,012	5,179,053	7,683,916	4,610,667	6,169,891
Clean line facilities for letters of credit and other commitments	48	162,171,919	162,171,919	114,338,950	23,663,555	23,806,768	362,646	-
		351,978,518	**351,978,518**	**173,306,457**	**48,744,981**	**40,799,287**	**22,158,299**	**66,969,494**
31 December 2012								
In thousands of Naira								
Cash and balances with banks	20	284,062,159	284,062,159	150,718,047	21,509,765	4,001,120	-	107,833,227
Non-pledged trading assets	21	3,769,260	5,097,490	5,097,490	-	-	-	-
Pledged assets	22	60,949,856	131,847,050	6,671,114	2,403,657	2,443,496	19,401,892	100,926,891
Loans and advances to banks	24	3,054,520	3,163,874	2,349,246	-	100,111	-	714,517
Loans and advances to customers	25	554,592,199	590,119,610	191,365,896	88,284,244	53,959,405	121,198,015	135,312,050
Investment securities	27	420,346,295	523,180,979	16,198,997	3,500,204	225,215,720	148,089,361	130,176,696
Other assets	29	51,412,850	51,412,850	31,928,182	8,977,935	10,506,733	-	-
		1,378,187,139	**1,588,884,011**	**404,328,972**	**124,675,805**	**296,226,585**	**288,689,268**	**474,963,381**
Deposits from financial institutions	36	16,312,516	16,312,515	9,037,200	106,511	637	2,622,187	4,545,981
Deposits from customers	37	1,093,979,220	1,093,979,209	1,028,421,343	36,595,982	28,694,236	267,648	-
Other liabilities	39	24,302,067	24,302,067	243,021	24,059,047	-	-	-
Interest bearing loans & borrowings	43	103,872,441	118,538,517	2,005,875	-	2,005,875	78,980,539	35,546,228
		1,238,466,244	**1,253,132,309**	**1,039,707,439**	**60,761,539**	**30,700,748**	**81,870,374**	**40,092,209**
Gap (asset - liabilities)		139,720,895	335,751,702	(635,378,467)	63,914,267	265,525,837	206,818,894	434,871,172
Cumulative liquidity gap				(635,378,467)	(571,464,201)	(305,938,364)	(99,119,469)	335,751,702
Off balance-sheet engagements								
Transaction related bonds and guarantees	48	147,222,001	147,222,001	99,085,243	7,501,556	15,962,424	24,672,779	-
Guaranteed facilities	48	25,763,514	25,763,514	5,977,038	6,115,715	4,192,055	9,178,706	300,000
Clean line facilities for letters of credit and other commitments	48	134,284,730	134,284,731	59,533,410	41,690,216	20,896,665	12,164,439	-
		307,270,245	**307,270,246**	**164,595,691**	**55,307,487**	**41,051,144**	**46,015,924**	**300,000**

The amounts in the table above have been compiled as follows

Type of financial instrument	**Basis on which amounts are compiled**
Non-derivative financial liabilities and financial assets	Undiscounted cash flows, which include estimated interest payments.
Issued financial guarantee contracts, and unrecognised loan commitments	Earliest possible contractual maturity. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

The Group's expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. For example, demand deposits from customers are expected to remain stable or increase and unrecognised loan commitments are not all expected to be drawn down immediately. As part of the management of liquidity risk arising from financial liabilities, the Group holds liquid assets comprising Cash and balances with banks, and debt securities issued by federal government, which can be readily sold to meet liquidity requirements. In addition, the Group maintains agreed lines of credit with other banks and holds unencumbered assets eligible for use as collateral.

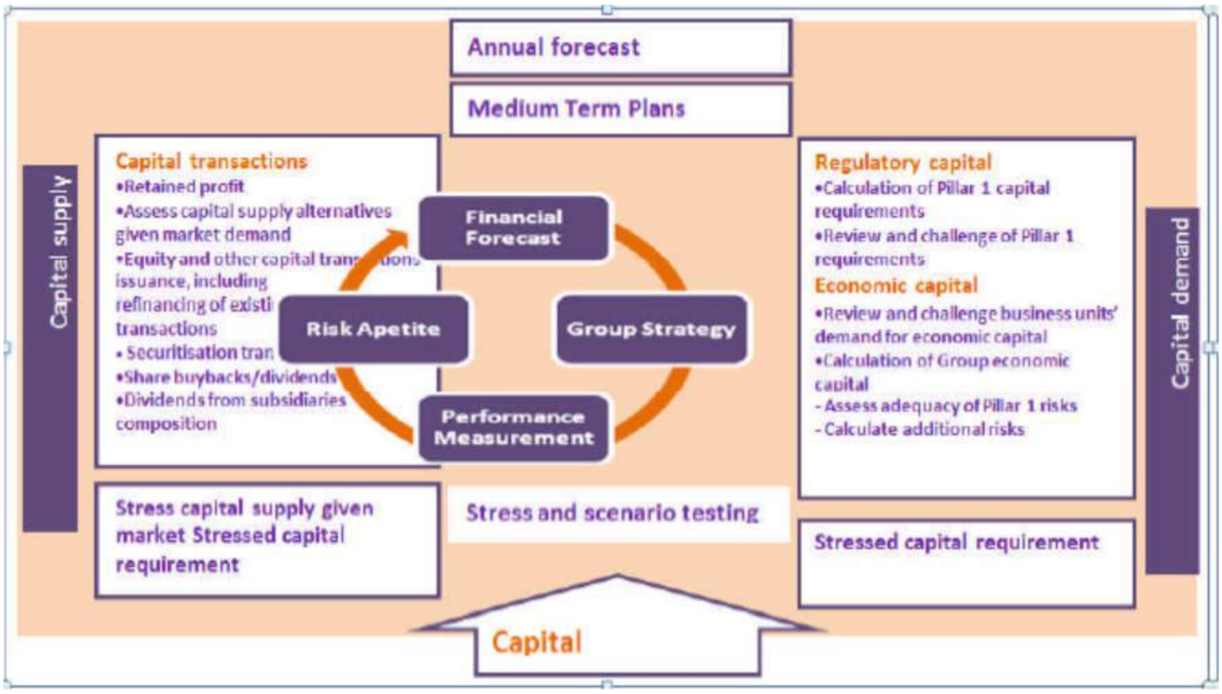
5.3.2

Group	December 2013 Within 12 months	December 2013 After 12 months	December 2013 Total	December 2012 Within 12 months	December 2012 After 12 months	December 2012 Total
In thousands of Naira						
Cash and balances with banks	267,053,244	172,406,297	**439,459,541**	297,459,015	107,833,226	**405,292,241**
Non pledged trading assets	1,636,654	2,241,315	**3,877,969**	23,554,276	4,352,527	**27,906,803**
Pledged assets	9,668,267	53,741,584	**63,409,851**	11,518,267	49,431,589	**60,949,856**
Derivative financial instruments	102,123	-	**102,123**	30,949	-	**30,949**
Loans and advances to banks	20,921,683	3,658,192	**24,579,875**	1,948,438	2,616,505	**4,564,943**
Loans and advances to customers	479,836,776	306,332,928	**786,169,704**	329,599,828	274,473,571	**604,073,399**
Trading properties	-	-	**-**	2,693,227	-	**2,693,227**
Investment securities	226,792,988	127,018,360	**353,811,348**	264,520,895	182,760,916	**447,281,811**
Insurance receivables	-	-	**-**	627,337	-	**627,337**
Other assets	52,019,723	-	**52,019,723**	67,935,352	-	**67,935,352**
	1,058,031,458	**665,398,676**	**1,723,430,134**	**999,887,584**	**621,468,334**	**1,621,355,918**
Deposits from financial institutions	72,147,955	-	**72,147,955**	89,724,846	7,168,169	**96,893,015**
Deposits from customers	1,328,550,869	2,867,790	**1,331,418,659**	1,198,471,310	3,010,686	**1,201,481,996**
Derivative financial instruments	32,955	-	**32,955**	35,515	-	**35,515**
Debt securities issued	-	55,828,248	**55,828,248**	4,011,750	50,674,141	**54,685,891**
Claims payable	-	-	**-**	118,226	-	**118,226**
Current tax liabilities	6,899,558	-	**6,899,558**	8,937,964	-	**8,937,964**
Other liabilities	56,847,216	-	**56,847,216**	58,418,260	-	**58,418,260**
Liabilities on investment contracts	-	-	**-**	65,591	-	**65,591**
Liabilities on insurance contracts	-	-	**-**	3,351,234	-	**3,351,234**
Interest-bearing loans and borrowings	14,789,115	49,549,867	**64,338,982**	142,800	48,227,049	**48,369,849**
	1,479,267,668	**108,245,905**	**1,587,513,573**	**1,363,277,496**	**109,080,045**	**1,472,357,541**

Bank	December 2013 Within 12 months	December 2013 After 12 months	December 2013 Total	December 2012 Within 12 months	December 2012 After 12 months	December 2012 Total
In thousands of Naira						
Cash and balances with banks	223,864,210	171,944,537	**395,808,747**	176,228,932	107,833,227	**284,062,159**
Non pledged trading assets	1,636,654	2,241,315	**3,877,969**	3,769,260	-	**3,769,260**
Pledged assets	9,668,267	53,679,556	**63,347,823**	11,518,267	49,431,589	**60,949,856**
Derivative financial instruments	72,675	-	**72,675**	-	-	**-**
Loans and advances to banks	11,925,744	1,122,907	**13,048,651**	2,340,003	714,517	**3,054,520**
Loans and advances to customers	441,099,735	294,201,006	**735,300,741**	298,082,134	256,510,065	**554,592,199**
Investment securities	188,670,938	120,400,864	**309,071,802**	244,914,922	175,431,373	**420,346,295**
Other assets	44,326,360	-	**44,326,360**	61,431,658	-	**61,431,658**
	921,264,583	**643,590,186**	**1,564,854,769**	**798,285,175**	**589,920,770**	**1,388,205,945**
Deposits from financial institutions	61,295,352	-	**61,295,352**	9,144,348	7,168,168	**16,312,515**
Deposits from customers	1,216,548,236	628,557	**1,217,176,793**	1,093,711,571	267,649	**1,093,979,220**
Current tax liabilities	6,075,590	-	**6,075,590**	7,686,568	-	**7,686,568**
Other liabilities	52,092,559	-	**52,092,559**	50,246,164	-	**50,246,164**
Interest-bearing loans and borrowings	14,647,791	105,694,235	**120,342,026**	4,011,750	99,860,691	**103,872,441**
	1,350,659,528	**106,322,792**	**1,456,982,320**	**1,164,800,401**	**107,296,508**	**1,272,096,909**

5.4 Capital management strategy:

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



Importance of capital management

Capital is managed as a Board level priority in the Group which reflects the importance of capital planning. The Board is responsible for assessing and approving the Group's capital management policy, capital target levels and capital strategy.

A capital management framework provides effective capital planning, capital issuance, Basel II alignment, EC utilisation and economic profit (EP) performance measurement criteria. The following diagram illustrates the process the Group follows to ensure end-to-end integration of the Group's strategy, risk management and financial processes into the capital management process. The purpose is to ensure that capital consumption in the business divisions has an impact on performance measurement, which in turn translates into management performance assessment and product pricing requirements and achievement of the overall strategy within risk appetite.

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

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: share capital, share premium, retained earnings and other reserves, and
- Tier 2 capital: unrealised gains arising on the fair valuation of equity instruments held as available-for-sale and foreign currency translation reserves with adjustments for deferred tax assets, intangibles and investments in subsidiaries

In thousands of Naira	Note	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Tier 1 capital					
Ordinary share capital	46	11,441,460	11,441,460	11,441,460	11,441,460
Share premium	46	161,036,211	165,186,795	161,036,211	165,186,795
Retained earnings	46	22,232,375	17,856,630	23,095,392	18,880,711
Other reserves	46	48,003,894	38,700,374	49,608,934	42,115,245
		242,713,940	**233,185,259**	**245,181,997**	**237,624,211**
Add/(Less):					
Fair value reserve for available-for-sale securities	46	(6,172,678)	(2,037,660)	(6,394,443)	4,755,960
Foreign currency translational reserves	46	6,268,447	(1,452,962)	-	-
Investments in subsidiaries	31	-	-	(38,029,992)	(43,209,688)
Deferred tax assets	35	(10,687,635)	(8,113,973)	(9,847,853)	(7,007,387)
Intangible assets	34	(3,659,071)	(3,404,945)	(2,661,553)	(2,339,510)
Total Tier 1		**228,463,003**	**218,175,720**	**188,248,156**	**189,823,586**
Tier 2 capital					
Fair value reserve for available-for-sale securities	46	6,172,678	2,037,660	6,394,443	(4,755,960)
Foreign Currency Translational reserves	46	(6,268,447)	1,452,962	-	-
Non-Controlling Interests	46	1,768,110	8,099,594	-	-
Total		**1,672,341**	**11,590,216**	**6,394,443**	**(4,755,960)**
Total regulatory capital		**230,135,344**	**229,765,936**	**194,642,599**	**185,067,626**
Risk-weighted assets		**1,209,463,253**	**1,043,455,144**	**1,096,697,585**	**897,606,906**
Capital ratios					
Total regulatory capital expressed as a percentage of total risk-weighted assets		19%	22%	18%	21%
Total tier 1 capital expressed as a percentage of risk-weighted assets		19%	21%	17%	21%

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.

The Group reportable segments above were previously described as follows;

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

- **Commercial banking** - The commercial banking division has presence in all major cities in the country. It provides commercial banking products and services to the non-institutional clients, medium and small corporate segments of the Nigerian market.

- **Financial markets** - The financial markets division provides innovative finance solutions to meet the short, medium and long-term financing needs for the Bank's clients as well as relationship banking services to the Bank's financial institutions customers. The group is also responsible for formulation and implementation of financial market products for the Bank's customers.

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

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

In both the old and new segment arrangement, an additional column has been presented referred to as Unallocated Segments. This relates to all other transactions than are outside the normal corse of business and can not be directly related to a specific segment financial information. Total revenue in the segments represents; Interest Income, Fees and Commission Income, Net gains on Financial Instruments held for trading, Foreign Exchange income, Other Operating Income and Fair Value Gains on Investment Propoerty.

Unallocated Segments represents all other transactions than are outside the normal corse 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;

Material total assets and liabilities

In thousands of Naira	**Group December 2013**
Other assets	223,617,889
Investments in equity accounted investee	3,384,628
Investment in subsidiary	-
Investment properties	23,974,789
Derivative financial instruments	102,123
Deferred tax (net)	4,475,878
Restricted deposits with central banks (see note (a) below)	(171,944,536)
Total assets	**83,610,771**
Derivative financial instruments	32,955
Other liabilities	57,103,484
Interest-bearing loans and borrowings	64,338,982
Total liabilities	**121,475,421**

Material revenue and expenses

	Group December 2013
Revenue derived from external customers	
Fair Value on Investment property	4,770,116
Interest expense	
Interest expense on Eurobond	(4,021,979)

7 Operating segments (Continued)
Information about operating segments

31 December 2013 *In thousands of Naira*	**Institutional Banking**	**Commercial Banking**	**Financial Markets**	**Retail Banking**	**Unallocated segments**	**Total continuing operations**	**Discontinued operations**	**Total N'000**
Revenue:								
Derived from external customers	37,499,052	102,675,806	19,923,170	42,023,074	4,770,116	206,891,218	5,730,405	212,621,623
Derived from other business segments	(1,635,281)	666,324	314,719	654,238	-	-	-	-
Total Revenue	35,863,771	103,342,130	20,237,889	42,677,312	4,770,116	206,891,218	5,730,405	212,621,623
Interest expenses	(25,695,987)	(31,467,257)	(4,467,945)	(6,606,198)	-	(68,237,387)	(229,392)	(68,466,779)
(Loss)/profit on ordinary activities before taxation	13,452,343	29,810,662	6,254,498	(5,269,230)	748,137	44,996,410	(1,200,059)	43,796,351
Income tax expense	-	-	-	-	-	(7,498,759)	-	(7,498,759)
Pre-tax loss on re-measurement of assets of disposal group								
Profit after tax						37,497,651	(1,200,059)	36,297,592
Other segment information:								
Depreciation and amortisation	(4,539,677)	(3,692,161)	(321,449)	(161,257)	-	(8,714,544)	(75,929)	(8,790,473)
Assets and liabilities:								
Tangible segment assets	912,595,788	742,222,636	64,619,872	32,416,930	83,610,771	1,835,465,997	55,750,624	1,891,216,621
Unallocated segment assets	-	-	-	-	-	-	-	-
Total assets	912,595,788	742,222,636	64,619,872	32,416,930	83,610,771	1,835,465,997	55,750,624	1,891,216,621
Segment liabilities	236,370,982	804,717,317	99,961,617	328,458,613	121,475,421	1,590,983,950	37,293,229	1,628,277,179
Unallocated segment liabilities	-	-	-	-	-	-	-	-
Total liabilities	236,370,982	804,717,317	99,961,617	328,458,613	121,475,421	1,590,983,950	37,293,229	1,628,277,179
Net assets	676,224,806	(62,494,681)	(35,341,745)	(296,041,683)	(37,864,650)	244,482,047	18,457,395	262,939,442

7 Operating segments (Continued)

Information about operating segments

31 December 2013

In thousands of Naira	Corporate & Investment Banking	Commercial Banking	Business Banking	Personal Banking	Unallocated segments	Total continuing operations	Discontinued operations	Total N'000
Revenue:								
Derived from external customers	57,716,244	85,880,717	16,793,960	41,730,180	4,770,116	206,891,217	6,710,092	213,601,309
Derived from other business segments	(1,635,281)	666,324	314,719	654,237	-	-	-	-
Total Revenue	56,080,963	86,547,041	17,108,679	42,384,417	4,770,116	206,891,217	6,710,092	213,601,309
Interest expenses	(29,343,182)	(24,742,433)	(4,506,681)	(5,623,112)	(4,021,979)	(68,237,387)	(229,392)	(68,466,778)
Profit/(Loss) on ordinary activities before taxation	19,591,968	25,831,334	(5,027,266)	3,852,238	748,137	44,996,411	(1,152,907)	43,843,505
Income tax expense						(7,498,759)	(47,152)	(7,545,911)
Pre-tax loss on re-measurement of assets of disposal group						-	(1,200,059)	(1,200,059)
Profit after tax						37,497,652	(2,400,118)	35,097,535
Other segment information:								
Depreciation and amortisation	(4,791,720)	(3,420,153)	(227,707)	(253,632)	(21,332)	(8,714,543)	(75,929)	(8,790,472)
Assets and liabilities:								
Tangible segment assets	969,785,573	720,137,802	37,927,258	24,004,593	83,610,771	1,835,465,997	55,750,624	1,891,216,621
Unallocated segment assets	-	-	-					-
Total assets	969,785,573	720,137,802	37,927,258	24,004,593	83,610,771	1,835,465,997	55,750,624	1,891,216,621
Segment liabilities	337,567,545	693,660,138	148,902,642	289,378,204	121,475,421	1,590,983,950	37,293,229	1,628,277,179
Unallocated segment liabilities	-	-						-
Total liabilities	337,567,545	693,660,138	148,902,642	289,378,204	121,475,421	1,590,983,950	37,293,229	1,628,277,179
								-
Net assets	632,218,028	26,477,664	(110,975,384)	(265,373,611)	(37,864,650)	244,482,047	18,457,395	262,939,441

31 December 2012

In thousands of Naira	Institutional Banking	Commercial Banking	Financial Markets	Retail Banking	Unallocated segments	Total continuing operations	Discontinued operations	Total N'000
Revenue:								
Derived from external customers	49,711,201	108,046,990	19,720,387	25,624,493	4,000,836	207,103,907	2,372,370	209,476,277
Derived from other business segments	(315,702)	1,009,737	518,265	(462,801)	(749,498)	-	-	-
Total Revenue	49,395,499	109,056,727	20,238,652	25,161,692	3,251,337	207,103,906	2,372,370	209,476,277
Interest expenses	(23,466,104)	(25,399,240)	(11,236,131)	(4,957,890)	(92)	(65,059,458)	(471,002)	(65,530,460)
	25,929,395	83,657,487	9,002,521	20,203,802	3,251,244	142,044,448	1,901,368	143,945,817
(Loss)/profit on ordinary activities before taxation	11,550,027	26,588,576	5,298,748	2,903,767	193,861	46,534,980	(4,803,531)	41,731,449
Income tax expense						(1,695,343)	(126,900)	(1,822,243)
Profit after tax						-	(306,096)	(306,096)
Other segment information:						44,839,637	(5,236,527)	39,603,110
Depreciation and amortisation								
	(1,255,019)	(5,404,589)	(620,019)	(3,582,264)	(159,619)	(11,021,511)	(305,442)	(11,326,953)
Assets and liabilities:								
Tangible segment assets	950,609,283	504,360,907	199,555,624	30,889,519	60,056,414	1,745,471,747	30,827,257	1,776,299,004
Unallocated segment assets	-	-	-	-	-	-	-	-
Total assets	950,609,283	504,360,907	199,555,624	30,889,519	60,056,414	1,745,471,747	30,827,257	1,776,299,004
Segment liabilities	253,936,327	712,275,855	250,417,896	268,040,419	19,516,397	1,504,186,894	25,793,512	1,529,980,406
Unallocated segment liabilities	-	-	-	-	-	-	-	-
Total liabilities	253,936,327	712,275,855	250,417,896	268,040,419	19,516,397	1,504,186,894	25,793,512	1,529,980,406
Net assets	696,672,956	(207,914,948)	(50,862,272)	(237,150,899)	40,540,017	241,284,853	5,033,745	246,318,598

7 Geographical segments

The Group operates in three geographic regions, being:

- Nigeria
- Rest of Africa
- Europe

December 2013 *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Total continuing operations**	**Discontinued operations**	**Total**
Derived from external customers	180,230,975	20,555,979	6,104,264	206,891,218	6,710,092	213,601,310
Derived from other segments	-	-	-	-	-	-
Total Revenue	180,230,975	20,555,979	6,104,264	206,891,218	6,710,092	213,601,310
Interest expense	(61,171,695)	(4,009,098)	(3,056,594)	(68,237,387)	(229,392)	(68,466,779)
Fee and commission expenses	-	(105,638)		(105,638)	(22,055)	(127,693)
Operating Income	119,059,280	16,441,243	3,047,670	138,548,193	6,458,645	145,006,838
Profit/(loss) before income tax	38,927,734	5,482,645	586,031	44,996,410	(1,200,059)	43,796,352
Assets and liabilities:						
Total assets	1,629,452,830	74,749,016	130,918,649	1,835,120,495	55,750,624	1,835,120,495
Total liabilities	1,394,356,479	84,997,770	111,629,701	1,590,983,950	37,293,229	1,590,983,950
Net assets	233,881,940	(10,284,640)	19,190,999	242,788,299	1,348,246	244,136,545

December 2012 *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Total continuing operations**	**Discontinued operations**	**Total**
Derived from external customers	180,725,850	22,360,559	4,017,499	207,103,908	2,181,942	209,285,850
Derived from other segments	-	-	-	-	-	-
Total Revenue	180,725,850	22,360,559	4,017,499	207,103,908	2,181,942	209,285,850
Interest expense	(58,802,160)	(4,409,570)	(1,847,728)	(65,059,458)	(471,002)	(65,530,460)
Fee and commission expenses	(562,003)	-	(43,832)	(605,835)	(3,793)	(609,628)
Operating Income	121,361,687	17,950,989	2,125,939	141,438,615	1,707,147	143,145,762
Profit/(loss) before income tax	43,251,768	3,574,026	(290,814)	46,534,980	(4,803,531)	41,731,449
Assets and liabilities:						
Total assets	1,548,124,621	87,870,470	109,476,657	1,745,471,748	30,827,257	1,776,299,005
Total liabilities	1,290,314,323	106,238,596	107,633,974	1,504,186,893	25,793,512	1,529,980,405
Net assets	257,810,298	(18,368,126)	1,842,683	241,284,855	5,033,745	246,318,600

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 year ended 2012 and for the year ended 31 December 2013. Information on revenue from external customers for each product and service had not been disclosed as the information is not readily available to the chief operating decision maker and the cost to develop is considered excessive.

8 Interest income

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Interest income				
Cash and balances with banks	1,685,844	2,729,307	572,631	1,626,694
Loans and advances to banks and customers	97,533,141	104,039,920	85,243,336	93,293,923
Investment securities				
- Available for Sale	3,174,691	2,290,861	3,069,725	1,406,710
- Held for trading	4,809,728	1,406,710	819,940	49,659,614
- Held to maturity	38,757,624	54,826,930	38,005,333	2,290,861
	145,961,028	**165,293,728**	**127,710,965**	**148,277,802**
Interest expense				
Deposit from financial institutions	2,020,605	12,488,557	2,695,673	13,233,673
Deposit from customers	56,979,897	46,668,960	53,177,930	42,078,513
Securities dealing	417,343	1,795,284	414,151	1,777,588
Interest bearing loans and borrowings	4,808,966	2,317,821	4,738,092	2,335,104
Other borrowed funds	4,010,576	1,788,836	-	-
	68,237,387	**65,059,458**	**61,025,846**	**59,424,878**
Net interest income	**77,723,641**	**100,234,270**	**66,685,119**	**88,852,924**

Interest income for the Bank in the year ended 31 December 2013 includes N7.8Bn (31 December 2012: N19Bn) accrued on impaired financial assets

9a Writeback/(impairment) charge on financial assets

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Write back/ (additional) collective impairment charges on loans and advances to banks(note 24)	3,263	(7,821)	3,263	(7,821)
Write back/ (additional) collective impairment charges on loans and advances to customers (note 25)	7,670,932	(9,268,429)	6,433,655	(9,100,199)
Writeback/(additional) specific impairment charges on loans and advances to banks (see note 24)	96,755	(35,727)	96,755	(35,727)
(Additional)/writeback specific impairment charges on loans and advances to customers (see note 25)	(2,914,577)	1,403,250	(332,628)	3,128,844
Reversals/ (additional) impairment allowance on other assets (see note 29)	1,151,265	(1,937,587)	1,151,265	(1,815,575)
Reversal/(additional) impairment charge on available for sale equities (see note 27)	155,906	(175,664)	155,906	(175,664)
	6,163,544	**(10,021,978)**	**7,508,216**	**(8,006,142)**

The significant write back noted from 2012 to 2013 arose from improved credit rating of the Bank's loans portfolio and resultant improvement in probabilities of default

9b Writeback/(impairment) charge on non financial assets

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
(Additional) impairment allowance on investment in subsidiaries (see note 32)	-	-	(823,182)	(3,609,936)
Impairment charge on insurance receivables (see note 28)	-	(768,672)	-	-
	-	**(768,672)**	**(823,182)**	**(3,609,936)**

10 Fee and commission income

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Credit related fees and commissions	10,044,049	4,041,915	8,197,544	2,282,520
Commission on turnover and handling commission	6,251,985	6,499,558	5,803,756	6,499,558
Other fees and commissions	15,357,136	14,336,370	12,393,898	10,484,419
	31,653,170	**24,877,843**	**26,395,198**	**19,266,497**

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

11 Net gains on financial instruments classified as held for trading

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Fixed income securities	1,806,115	256,305	1,687,712	256,215
Equity Securities	-	(141,150)	-	(197,068)
Derivative held for trading	69,168	(4,566)	72,676	-
	1,875,283	**110,589**	**1,760,388**	**59,147**

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.

12 Foreign exchange income

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Foreign exchange net trading income	6,709,105	6,924,982	5,221,837	4,882,636
Unrealised foreign exchange gains on revaluation	828,440	509,282	513,975	514,351
	7,537,545	7,434,264	5,735,812	5,396,987

13 Other operating income

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Dividends on available for sale equity securities	3,161,572	1,684,579	3,257,612	1,643,081
Gain on disposal of property and equipment	2,134,945	59,197	2,135,015	32,808
Rental income	313,257	1,119,619	308,609	420,488
Gain on disposal of equity investment	23,955	1,704,186	68,846	1,640,018
Bad debt recovered	2,711,471	2,919,420	2,659,515	2,919,420
Other income	6,668,707	1,900,483	5,348,730	1,069,602
	15,013,907	9,387,484	13,778,327	7,725,417

14 Personnel expenses

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Wages and salaries	29,567,517	26,289,517	24,596,464	21,029,788
Increase in liability for long term incentive plan (see note 41 (a) (i))	801,169	1,920,678	801,169	1,920,678
Contributions to defined contribution plans	600,485	574,428	427,402	366,603
Termination benefits	-	3,725,937	-	3,725,937
Other staff costs (see note (a) below)	-	-	-	1,369,186
Restricted Share Performance Plan (b)	112,783	-	112,783	-
	31,081,954	32,510,560	25,937,818	28,412,192

(a) The amount represents retirement benefits paid for by the Bank that were previously unaccrued for. These were as a result of the large lay-offs following the acqusition of Intercontinental Bank

(b) The Bank established a new plan called the Restricted Share Performance Plan (RSPP) during the period. Under the RSPP, shares of the Bank are awarded to employees based on their performance at no cost to them. 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 five (5) 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 so purchased. Upon vesting, the SPE transfers the shares to the employee whose interest has vested. The SPE is consolidated in the Group's financial statements.

(i) The bank had one share based payment scheme which introduced during the period referred to as Restricted Share Performance Plan (RSPP). The fair value of RSPP shares purchased was obtained from Nigeria Stock Exchange quotation of June 2013 priced at Naira 11.29 per share. A further statutory fee was paid at an average of 21

The scheme is still in progress since vesting period for the shares is expected to mature in 31 December 2015. No modification has been made to the original plan of the scheme hence no shares have been granted to employees as at 31 December 2013

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

Description of shares		**Number of Shares**	**Weighted Share Price per Share - Naira**
(i)	Outstanding at the beginning of the period;	nil	nil
(iii)	Shares purchased during the period	40,063,365	11.5
(ii)	Unallocated shares	1,866,822	11.5
(iv)	Forfeited during the period;	nil	nil
(v)	Exercised during the period;	nil	nil
(vi)	Shares allocated to staff at end of period;	38,196,543	11.5
		Naira	**Price per Share - Naira**
Share based expense recognised during the period		112,782,658	11.5

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

	Group 2013 Number	Group 2012 Number	Bank 2013 Number	Bank 2012 Number
Managerial	537	409	488	266
Other staff	2,873	3,792	1,973	2,630
	3,410	4,201	2,461	2,896

iii. Employees, other than directors, earning more than N900,000 per annum, whose duties were wholly or mainly discharged in Nigeria, received remuneration (excluding pension contributions and certain benefits) in the following ranges:

	Group 2013 Number	Group 2012 Number	Bank 2013 Number	Bank 2012 Number
Below N900,000	131	32	-	-
N900,001 - N1,990,000	152	55	8	7
N1,990,001 - N2,990,000	169	803	-	680
N2,990,001 - N3,910,000	950	382	691	45
N3,910,001 - N4,740,000	27	18	-	-
N4,740,001 - N5,740,000	633	1,343	556	1,280
N5,740,001 - N6,760,000	501	674	446	-
N6,760,001 - N7,489,000	296	317	272	312
N7,489,001 - N8,760,000	8	1	-	-
N8,760,001 - N9,190,000	2	1	-	-
N9,190,001 - N11,360,000	295	307	278	306
N11,360,001 - N14,950,000	122	121	105	121
N14,950,001 - N17,950,000	46	68	43	68
N17,950,001 - N21,940,000	5	2	-	-
N21,940,001 - N26,250,000	28	30	25	30
N26,250,001 - N30,260,000	25	19	21	19
N30,261,001 - N45,329,000	18	19	16	19
Above N45,329,000	2	9	-	9
	3,410	4,201	2,461	2,896

15 Other operating expenses

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Other premises and equipment costs	6,024,009	4,187,644	5,675,181	4,006,438
Professional fees	2,961,878	1,078,410	1,664,072	644,125
Insurance	858,014	911,257	704,128	741,030
Business travel expenses	2,242,825	1,196,985	2,198,144	930,655
Asset Management Corporation of Nigeria (AMCON) surcharge (see note (a) below)	11,695,255	2,837,900	11,695,255	2,837,900
Loss on disposal of investments	1,025,936	7,733,771	1,025,936	7,417,651
Deposit insurance premium	5,800,622	4,591,225	5,800,622	4,591,225
Auditor's renumeration	308,208	339,528	255,607	250,000
General administrative expenses	29,016,235	17,052,742	27,547,823	12,531,012
	59,932,982	39,929,462	56,566,768	33,950,036

(a) This represents the Group's contribution to AMCON's sinking fund for the year ended 31 December 2013. Effective 1 January 2011, the banks in Nigeria are required to contribute 0.3% of total assets as at the preceding year end to AMCON's sinking fund in line with existing guidelines. This was increased to 0.5% in 2013. Also included in AMCON surcharge is an amount of N4Bn being the surcharge from Intercontinental Bank Plc (ICB) acquired in 2011.

The contribution to AMCON is a levy on all financial institutions in Nigeria. 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 December 2013	Group December 2012	Bank December 2013	Bank December 2012
Current tax expense				
Corporate income tax	6,508,257	7,605,830	4,515,932	5,813,999
Education tax	-	242,323	-	242,323
Prior year's under provision	2,819,776	96,985	2,809,419	96,985
	9,328,033	7,945,138	7,325,351	6,153,307
Deferred tax expense				
Origination of temporary differences	(1,829,274)	(6,249,795)	(2,171,799)	(5,709,388)
Total income tax expense	7,498,759	1,695,343	5,153,552	443,919

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

	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Balance beginning of year	8,937,964	9,747,004	7,686,568	2,084,890
Tax paid	(10,850,841)	(8,846,557)	(8,936,329)	(551,629)
Income tax charge	6,508,257	7,848,153	4,515,932	6,056,322
On disposal of subsidiary	(369,117)	92,379	-	-
Underprovision of prior period tax	2,819,776	96,985	2,809,419	96,985
Translation adjustments	(124,344)	-	-	-
Income tax receivable	(22,137)	-	-	-
Balance end of year	6,899,558	8,937,964	6,075,590	7,686,568

Income tax liability is to be settled within one year

In thousands of Naira	Group December 2013	Group December 2013	Group December 2012	Group December 2012
Profit before income tax		36,627,391		44,880,148
Income tax using the domestic tax rate	30%	10,988,217	30%	13,464,044
Effect of tax rates in foreign jurisdictions	0%	(27,429)	-2%	(1,011,797)
Capital allowance utilised for the year	1%	439,108	0%	-
Non-deductible expenses	8%	2,867,824	12%	5,255,620
Tax exempt income	-33%	(12,221,668)	-42%	(18,971,065)
Tax losses (utilised)/unutilised	-1%	(212,945)	0%	-
Education tax levy	0%	-	1%	242,323
Balancing charge	0%	97,357	0%	107,695
Over provided in prior years	3%	1,245,310	-4%	(1,898,922)
Impact of dividend as tax base	12%	4,322,985	10%	4,507,444
Total income tax expense in comprehensive income	20%	7,498,759	5%	1,695,343

In thousands of Naira	Bank December 2013	Bank December 2013	Bank December 2012	Bank December 2012
Profit before income tax		31,365,395		37,028,147
Income tax using the domestic tax rate	30%	9,409,619	30%	11,108,444
Effect of tax rates in foreign jurisdictions	0%	-	0%	-
Information technology tax	1%	299,650	0%	-
Non-deductible expenses	7%	2,314,851	15%	5,348,000
Tax exempt income	-39%	(12,336,609)	-51%	(18,971,065)
Education tax levy	0%	-	1%	242,323
Balancing charge	0%	-	0%	107,695
Capital gain tax	0%	97,357	0	-
Over provided in prior years	4%	1,249,759	-5%	(1,898,922)
Impact of dividend as tax base	13%	4,118,925	12%	4,507,444
Total income tax expense in comprehensive income	16%	5,153,552	2%	443,919

17a Discontinued operations

In the December 2012 financial statements, the Group accounted for the Bank's subsidiaries; FinBank Burundi, Intercontinental Bank (UK), Intercontinental Homes and Savings Plc and Access Bank Cote d'Ivoire; as discontinued operations as they were classified as held for sale. During the year, Intercontinental Homes and Savings Plc and Intercontinental Bank (UK), Access Bank Cote d'Ivoire and Access Investment and Securities Ltd were sold. Management is still committed to a plan to sell Access Bank Burundi within 12 months from the reporting period. (Analysis of the result of discontinued operations and the result recognised in the re-measurement of assets or disposal groups is as below:

The Central Bank of Nigeria (CBN) directed all banks to divest from non-core banking subsidiaries. In line with this, Shareholders of Access Bank Plc, at a court ordered extra- ordinary general meeting (EGM) endorsed the proposal by its Board of Directors to unbundle the Bank's shares in WAPIC Insurance Plc to the shareholders. WAPIC Insurance Plc thus ceased to be a subsidiary of Access Bank Plc in September 2013 and has been accounted for as a discontinued operation.

In accordance with the scheme, the 4,883,039,474 ordinary shares of 50 kobo each of WAPIC Insurance Plc held by Access Bank Plc were transferred to the eligible shareholders of Access Bank pro rata in the proportion of their shareholding in Access Bank Plc, based on the application of the Allocation Ratio as specified in the Scheme document; that pursuant to the provision of section 106 of the Companies and Allied Matters Act and in consideration for the transfer by Access Bank Plc to its shareholders of its entire shares in WAPIC Insurance Plc, the Bank's equity was reduced by the sum of N4,150,585 in September 2013. This transaction was recognised and measured in accordance with "IFRIC 17 – Distribution of Non-cash Assets to Owners.)

In thousands of Naira	Group December 2013	Bank December 2013
Distribution of shares of WAPIC to Access Bank Shareholders		
Fair value of the non-cash asset	4,150,584	4,150,584
Less:		
Share of net assets of the entity's shares being distributed/ carrying amount of the assets distributed	(8,665,168)	(6,613,214)
	(4,514,584)	(2,462,630)

17b Discontinued operations

For the year ended 31 December 2013 *In thousands of Naira* **Results of discontinued operations up to date:**	**Omni Finance Bank Cote D' Ivoire** **December 2013**	**Access Bank Burundi** **December 2013**	**Intercontinental Homes & Savings Limited** **January 2013**	**Intercontinental Bank UK** **March 2013**	**WAPIC** **September 2013**	**Total**
Interest income	118,689	333,767	18,224	15,217	-	485,897
Interest expense	(115,269)	(97,380)	(11,922)	(4,821)	-	(229,392)
Net impairment loss on financial assets	-	(1,192)	(37,955)	-	-	(39,147)
Net interest income	3,420	235,195	(31,653)	10,396	-	217,358
Insurance premium income	-	-	-	-	3,741,257	3,741,257
Insurance premium ceded to Reinsurers	-	-	-	-	(1,487,483)	(1,487,483)
	-	-	-	-	2,253,774	2,253,774
Fee and commission income	117,334	85,542	1,193	6,654	133,280	344,003
Fee and commission expense	-	(21,642)	(153)	(260)	-	(22,055)
Net fee and commission income	117,334	63,900	1,040	6,394	133,280	321,948
Net trading and investment income	-	20,383	-	296	1,138,568	1,159,247
Other operating income	178,620	70,177	74,903	-	655,988	979,688
Total operating income	**299,374**	**389,655**	**44,290**	**17,086**	**4,181,610**	**4,932,016**
Personnel expenses	(226,621)	(189,336)	(25,477)	(46,722)	(714,057)	(1,202,213)
Net claims expense and underiting expenses	-	-	-	-	(2,232,097)	(2,232,097)
Depreciation and amortization	-	(70,505)	(4,045)	(1,379)	-	(75,929)
Other operating expenses	(508,714)	(183,704)	(13,358)	(33,467)	(1,103,358)	(1,842,601)
Total expenses	(735,335)	(443,545)	(42,880)	(81,568)	(4,049,511)	(5,352,840)
(Loss)/ gain before tax	**(435,960)**	**(53,890)**	**1,410**	**(64,482)**	**132,099**	**(420,824)**
Income tax expense	-	-	-	-	(47,152)	(47,152)
(Loss)/ gain after tax	**(435,960)**	**(53,890)**	**1,410**	**(64,482)**	**84,947**	**(467,976)**
(Loss)/ profit after tax attributable to:						
Owners of the bank	(226,699)	(28,023)	733	(64,482)	44,172	(274,299)
Non-controlling interests	(209,261)	(25,867)	677	-	40,774	(193,677)
Loss after tax for the period	(435,960)	(53,890)	1,410	(64,482)	84,947	(467,976)
Basic (loss)/ earnings per share (kobo)	(7.97)	(0.98)	0.03	(2.08)	1.55	
Cash flows from/(used in)						
Net cash used in operating activities	549,385	(166,571)	135,566	1,011,090	2,003,551	3,533,021
Net cash from investing activities	(1,046)	(5,477)	231,939	1,088,569	(248,691)	1,065,294
Net cash from financing activities	-	76,803	11,922	-	2,990,815	3,079,540
Effect on cashflows	**548,339**	**(95,245)**	**379,427**	**2,099,659**	**4,745,675**	**7,677,855**

17c Discontinued operations (continued)
For the year ended 31 December 2012

In thousands of Naira	Omni Finance Bank Cote D' Ivoire	Access Bank Burundi	Intercontinental Homes & Savings Limited	Intercontinental Bank UK	WAPIC	Total
Results of discontinued operations						
Interest income	157,937	374,077	315,206	192,707	-	1,039,927
Interest expense	(187,781)	(92,171)	(149,069)	(41,981)	-	(471,002)
Net impairment loss on financial assets	(210,295)	(21,507)	(5,932)	(4,805)	(612,853)	(855,392)
Net interest income	(240,139)	260,399	160,205	145,921	(612,853)	(286,467)
Fee and commission income	106,419	143,346	18,530	55,131	-	323,426
Fee and commission expense	-	-	-	(3,793)	-	(3,793)
Net fee and commission income	106,419	143,346	18,530	51,338	-	319,633
Net trading income	45,712	37,937	5,397	-	-	89,046
Other operating income	75,278	92,694	554,744	6,828	190,429	919,973
Total operating income	**(12,730)**	**534,376**	**738,876**	**204,087**	**(422,424)**	**1,042,185**
Underwriting profit	-	-	-	-	1,014,536	1,014,536
Personnel expenses	(272,447)	(204,292)	(366,345)	(334,669)	(572,027)	(1,749,780)
Operating lease expenses	(32,411)	(74,178)	(53,957)	-	-	(160,546)
Depreciation and amortization	(195,566)	(51,066)	(58,810)	-	(154,570)	(460,012)
Other operating expenses	(2,883,728)	(554,149)	(338,373)	(161,057)	(552,607)	(4,489,914)
Total expenses	(3,384,152)	(883,685)	(817,485)	(495,726)	(264,668)	(5,845,716)
Loss before tax from discontinued operations	**(3,396,882)**	**(349,309)**	**(78,609)**	**(291,639)**	**(687,092)**	**(4,803,530)**
Income tax expense	-	(5,530)	(28,991)	-	(92,379)	(126,900)
Pre-tax loss recognised on the remeasurement of assets of disposal group	-	-	(306,096)	-	-	(306,096)
Loss after tax	(3,396,882)	(354,839)	(413,696)	(291,639)	(779,471)	**(5,236,526)**
Net loss of control of subsidiaries to the Group						**(274,835)**
						(5,511,361)
Loss after tax attributable to:						
Owners of the Bank	(1,766,379)	(184,516)	(215,122)	(291,639)	(405,325)	(2,862,981)
Non-controlling interests	(1,630,503)	(170,323)	(198,574)	-	(374,146)	(2,373,546)
Loss after tax for the year	(3,396,882)	(354,839)	(413,696)	(291,639)	(779,471)	(5,236,527)
Cash flows (used in)/from						
Net cash used in operating activities	(5,785,785)	(134,725)	(191,854)	1,650,435	746,007	(3,715,922)
Net cash from investing activities	-	(21,472)	91,821	(506)	(573,152)	(503,310)
Net cash from financing activities	(21,472)	(82,496)	-	228,357	-	124,389
Effect on cashflows	(5,807,257)	(238,693)	(100,033)	1,878,286	172,855	(4,094,843)

17d The aggregate book values of the net assets for four subsidiaries disposed at the respective dates of disposal were as follows:

In thousands of Naira	WAPIC September 2013	Intercontinental Homes & Savings Limited January 2013	Intercontinental Bank UK March 2013	Access Investments and Securities September 2013	Omni Finance Bank Cote D' Ivoire December 2013	Total
Cash and balances with banks	8,814,192	374,534	11,027,379	69,794	4,688,605	24,974,504
Loans and advances to banks	-	-	4,060,575	-	-	4,060,575
Loans and advances to customers	-	1,551,045	781,982	-	1,404,556	3,737,583
Trading properties		3,377,221	-	-	-	3,377,221
Investment securities	5,463,103	105,502	1,585,976	-	48,980	7,203,561
Reinsurance assets	882,258	-	-	-	-	882,258
Other assets	2,346,289	342,853	183,909	181,343	233,137	3,287,531
Investment properties	3,566,382	431,944	-	-	-	3,998,326
Property and equipment	1,067,202	693,922	48,019	31,304	1,245,798	3,086,245
Intangible assets	65,612	31,617	19,484	-	-	116,713
Deferred acquisition cost	270,658	-	-	-	-	270,658
Deferred tax assets	32,731	722,718	-	-	-	755,449
Total assets	**22,508,427**	**7,631,356**	**17,707,324**	**282,441**	**7,621,076**	**55,750,624**
Deposits from banks	-	-	(8,009,531)	-	-	(8,009,531)
Deposits from customers	-	(1,062,594)	(6,421,984)	-	(10,573,163)	(18,057,741)
Derivative financial instruments	-	-	(145,590)	-	-	(145,590)
Current tax liabilities	(292,631)	(31,285)		(84,050)	-	(407,966)
Other liabilities	(3,139,702)	(902,368)	(192,200)	-	(342,232)	(4,576,502)
Insurance contracts	(4,929,359)	-	-	-	-	(4,929,359)
Interest-bearing loans and borrowings	-	(995,884)	-	-	-	(995,884)
Deferred tax liability	(170,656)	-	-	-	-	(170,656)
Total liabilities	**(8,532,348)**	**(2,992,131)**	**(14,769,305)**	**(84,050)**	**(10,915,395)**	**(37,293,229)**
Net assets of disposal group	**13,976,079**	**4,639,225**	**2,938,019**	**198,391**	**(3,294,319)**	**18,457,395**
Proceeds on disposal	-	2,100,000	3,872,960	101,023	160,666	6,234,649
Fair value of the non-cash asset	4,150,584	-	-	-	-	4,150,584
Group's share of other components of net assets exluding translation reserve	(8,665,168)	(2,412,397)	(3,509,765)	(198,391)	2,688,582	(12,097,139)
Gain on disposal	(4,514,584)	(312,397)	363,195	(97,368)	2,849,248	(1,711,906)
Profit from discontinued operations						
Foreign exchange gain/(loss) arising from disposal of translated foreign subsidiaries	-	-	571,746	-	408,078	979,824
Post tax loss of discontinued operations						(467,976)
						(1,200,059)
Bank						
Proceeds on disposal		2,100,000	3,872,960	101,023	160,666	6,234,649
Cost of investments		3,387,938	7,301,401	819,278	5,438,520	16,947,137
Allowances for impairment		(1,001,475)	(3,307,929)	(620,908)	(5,277,854)	(10,208,165)
Loss on disposal		**(286,463)**	**(120,512)**	**(97,347)**	**-**	**(504,323)**

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

Access Bank Burundi is presented as disposal group held for sale following the commitment of the Group's management to a plan to sell the operations of the subsidiary. Efforts to sell the disposal groups have since commenced and and the sale is highly probable of occuring in 2014. As at 31 December 2013, the disposal groups comprised assets and liabilities as follows:

For the year ended 31 December 2013

In thousands of Naira	Access Bank Burundi	Total
Cash and balances with banks	900,046	900,046
Loans and advances to customers	576,434	576,434
Investment securities	703,723	703,723
Property and equipment	266,853	266,853
Other assets	66,590	66,590
Intangible assets	334,095	334,095
Total assets	**2,847,741**	**2,847,741**
Deposits from banks	972,741	972,741
Deposits from customers	405,327	405,327
Other liabilities	121,427	121,427
Total liabilities	**1,499,495**	**1,499,495**
Net assets of disposal group	**1,348,246**	**1,348,246**

Financial risk management disclosures for non-current assets and non-current liabilities held for sale
In 2013, there is only one non-current asset and liability held for sale and this is Burundi.

In accordance with IFRS 5, the assets and liabilities held for sale were carried at the lower of their fair value less costs to sell and carrying amount. The financial assets within Access Bank Burundi are cash and balance balances, Loans and advances to customers and investment securities.

Loans and advances to banks and customers are past due nor impaired facilities. These facilities are spread across sectors in the following percentages of: 57% in the corporate sector, 27% in the retail sector and 16% in the commercial sector. Collateral held against this exposure includes: properties, cash and other enhancements. Most of the assets and liabilities mature within six months and as such fair value approximated carrying amount. Investment in securities are trading instruments which are highly liquid and actively traded with maturity of 1year. Cash and balances with banks consist of balances held with foreign banks and urestricted balances with central bank.

For the year ended 31 December 2012

In thousands of Naira	Access Bank Burundi	Intercontinental Homes & Savings Limited	Intercontinental Bank UK	Omni Finance Bank Cote D'Ivoire	Total
Cash and balances with banks	457,124	426,452	11,296,202	942,493	13,122,271
Non pledged trading assets	368,575	-	-	-	368,575
Derivative financial instruments	-	-	21,309	-	21,309
Loans and advances to banks	-	-	2,306,730	-	2,306,730
Loans and advances to customers	1,984,588	1,560,303	784,131	1,293,427	5,622,449
Trading properties	-	2,870,974	-	-	2,870,974
Investment securities	-	135,035	1,592,361	57,963	1,785,359
Other assets	130,557	313,433	191,530	238,920	874,440
Investment properties	-	403,707	-	-	403,707
Property and equipment	199,328	652,315	55,049	1,326,433	2,233,125
Intangible assets	427,109	29,859	20,041	18,591	495,600
Deferred tax assets	-	722,718	-	-	722,718
Total assets	**3,567,281**	**7,114,796**	**16,267,353**	**3,877,827**	**30,827,257**
Deposits from banks	-	-	12,698,049	3,077,493	15,775,542
Deposits from customers	2,513,741	1,257,171	-	3,485,893	7,256,805
Derivative financial instruments	-	31,286	19,026	-	50,312
Current tax liabilities	185,170	914,585	-	-	1,099,755
Other liabilities	-	-	199,648	411,976	611,624
Interest-bearing loans and borrowings	-	999,474	-	-	999,474
Total liabilities	**2,698,911**	**3,202,516**	**12,916,723**	**6,975,362**	**25,793,512**
Net assets of disposal group	**868,370**	**3,912,280**	**3,350,630**	**(3,097,535)**	**5,033,745**

19 Earnings per share

(a) Basic from continuing operations

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the company and held as treasury shares.

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Profit/(Loss) for the year from continuing operations	37,497,651	44,839,636	26,211,844	35,815,611
Profit/(Loss) for the year from discontinued operations	(1,200,059)	(5,511,361)	-	-
Weighted average number of ordinary shares in issue	22,882,919	22,882,919	22,882,919	22,882,919
In naira per share				
Basic earnings per share from continuing operations	1.64	1.96	1.15	1.57
Basic (loss)/earnings per share from discontinued operations	(0.05)	(0.24)	-	-

(b) Diluted from continuing operations

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has debt with a convertible option.

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Profit for the year from continuing operations	37,497,651	44,839,636	26,211,844	35,815,611
Interest expense on convertible debt (net of tax)	17,143	25,016	17,143	25,016
Profit used to determine diluted earnings per share	37,514,794	44,864,652	26,228,987	35,840,627
Profit from discontinued operations	(1,200,059)	(5,511,361)	-	-
Weighted average number of ordinary shares in issue	22,882,919	22,882,919	22,882,919	22,882,919
Adjustment for:				
Assumed conversion of convertible debt	6,510	11,117	6,510	11,117
Weighted average number of ordinary shares for diluted earnings per share	22,889,429	22,894,036	22,889,429	22,894,036
In naira per share				
Diluted earnings per share from continuing operations	1.64	1.96	1.15	1.57
Diluted (loss)/earnings per share from discontinued operations	(0.05)	(0.24)	-	-

The equity settled share based payment is anti dilutive

Earnings per share	1.59	1.72	1.15	1.57
Earnings per share - continuing operations	1.64	1.96	1.15	1.57

20 Cash and balances with banks

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Cash on hand and balances with banks (see note (i), (ii) below)	114,541,529	110,075,694	109,655,119	90,455,766
Restricted deposits with central banks (see note (iii) below)	172,406,297	109,107,275	171,944,537	107,833,227
Unrestricted balances with central banks	31,143,134	25,238,351	24,775,442	19,461,280
Money market placements	121,368,581	160,870,921	89,433,649	66,311,886
	439,459,541	**405,292,241**	**395,808,747**	**284,062,159**

(i) Included in cash in hand and balances with other banks is an amount of N10,276,951,763 (2012: N24,611,573,000) representing the Naira value of foreign currencies held on behalf of customers to cover letter of credit transactions. The corresponding liability is included in customer's deposit for foreign trade reported under other liabilities (see Note 41). 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, other central banks of jurisdictions that the group operates in as well as the statutory deposits required by the National Insurance Commission (NAICOM). These balances are not available for day to day operations of the group.

21 Non pledged trading assets

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Government bonds	1,402,326	1,393,240	1,402,326	711,495
Treasury bills	2,370,725	26,182,745	2,370,725	2,884,040
Equity securities	104,918	330,818	104,918	173,725
	3,877,969	**27,906,803**	**3,877,969**	**3,769,260**

22 Pledged assets

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Treasury bills	4,774,503	6,560,147	4,712,475	6,560,147
Government bonds	58,635,348	54,389,709	58,635,348	54,389,709
	63,409,851	**60,949,856**	**63,347,823**	**60,949,856**
The related liability for assets pledged as collateral include:				
Bank of Industry (BOI)	22,660,000	34,910,500	22,660,000	34,910,500

(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 or security deposits to clearing house and payment agencies of N26.7bn (December 2012: N35.9bn) for which there is no related liability.

As at 31 December 2013, the Bank held no collateral, which it was permitted to sell or repledge in the absence of default by the owner of the collateral (December 2012: nil).

23 Derivative financial instruments

In thousands of Naira	Notional amount	Fair Value Assets/ (Liabilities)	Notional amount	Fair Value Assets/ (Liabilities)
	December 2013		December 2012	
Group				
Foreign exchange derivatives				
Total derivative assets held for trading	11,471,603	102,123	1,520,553	30,949
Total derivative liabilities held for trading	2,000,495	(32,955)	1,484,393	(35,515)

	Notional amount	Fair Value Assets/ (Liabilities)	Notional amount	Fair Value Assets/ (Liabilities)
Bank	December 2013		December 2012	
Foreign exchange derivatives				
Total derivative assets held for trading	9,423,411	72,675	-	-

Derivative financial instruments consist of short term forward contracts. Forwards are held for day to day cash management rather than for trading purposes and are held at fair value. These foreign exchange contracts have intended settlement dates within twelve months. This is the only category of derivative instruments held by the Bank as at 31 December 2013. All forward contracts are considered to be level two i.e. are priced with reference to observable market data.

24 Loans and advances to banks

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Loans and advances to banks	24,589,212	4,674,297	13,057,988	3,163,874
Less specific allowances for impairment	-	(96,755)	-	(96,755)
Less collective allowances for impairment	(9,337)	(12,599)	(9,337)	(12,599)
	24,579,875	**4,564,943**	**13,048,651**	**3,054,520**

Specific allowances for impairment on loans and advances to banks

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Balance, beginning of year	96,755	61,028	96,755	61,028
Impairment loss for the year:				
- Net charge/allowance no longer required	(96,755)	35,727	(96,755)	35,727
Balance, end of year	-	96,755	-	96,755

Collective allowances for impairment on loans and advances to banks

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Balance beginning of year	12,599	4,778	12,599	4,778
Impairment loss for the year:				
- Net charge/allowance no longer required	(3,262)	7,821	(3,262)	7,821
- On disposal of subsidiary	-	-	-	-
Balance end of year	9,337	12,599	9,337	12,599

25 Loans and advances to customers

a Group

December 2013 *In thousands of Naira*	Gross amount	Specific impairment allowance	Collective impairment allowance	Total impairment allowance	Carrying amount
Loans to individuals	15,598,775	(1,139,512)	(483,798)	(1,623,310)	13,975,466
Loans to corporate entities and other organizations	785,065,648	(6,804,598)	(6,066,811)	(12,871,409)	772,194,238
	800,664,423	**(7,944,110)**	**(6,550,609)**	**(14,494,719)**	**786,169,704**

December 2012 *In thousands of Naira*	Gross amount	Specific impairment allowance	Collective impairment allowance	Total impairment allowance	Carrying amount
Loans to individuals	23,035,153	(4,224,972)	(208,818)	(4,433,790)	18,601,363
Loans to corporate entities and other organizations	618,999,970	(20,008,037)	(13,519,897)	(33,527,934)	585,472,036
	642,035,123	**(24,233,009)**	**(13,728,715)**	**(37,961,724)**	**604,073,399**

Impairment on loans and advances to customers

In thousands of Naira	Specific allowances December 2013	Specific allowances December 2012	Collective allowances December 2013	Collective allowances December 2012
Balance beginning of year	24,233,009	43,581,022	13,728,715	4,729,774
Impairment loss for the year:				
- Charge for the year/(allowance no longer required)	2,914,576	(1,403,250)	(7,670,933)	9,268,429
Effect of foreign currency movements	872,556	807,084	992,633	-
Write-offs	(20,076,031)	(18,751,847)	(499,807)	(269,488)
Balance end of year	**7,944,110**	**24,233,009**	**6,550,608**	**13,728,715**

25 b Loans and advances to customers
Bank

December 2013 *In thousands of Naira*	**Gross amount**	**Specific impairment allowance**	**Collective impairment allowance**	**Total impairment allowance**	**Carrying amount**
Loans to individuals	12,095,930	-	(483,733)	(483,733)	11,612,196
Loans to corporate entities and other organizations	736,444,903	(6,812,512)	(5,943,847)	(12,756,359)	723,688,545
	748,540,833	**(6,812,512)**	**(6,427,580)**	**(13,240,092)**	**735,300,741**

December 2012 *In thousands of Naira*	**Gross amount**	**Specific impairment allowance**	**Collective impairment allowance**	**Total impairment allowance**	**Carrying amount**
Loans to individuals	21,463,197	(4,224,371)	(208,060)	(4,432,431)	17,030,766
Loans to corporate entities and other organizations	566,333,682	(15,619,267)	(13,152,982)	(28,772,249)	537,561,433
	587,796,879	**(19,843,638)**	**(13,361,042)**	**(33,204,680)**	**554,592,199**

Impairment on loans and advances to customers

In thousands of Naira	**Specific Impairment** December 2013	December 2012	**Collective Impairment** December 2013	December 2012
Balance beginning of year	19,843,639	17,333,987	13,361,042	3,995,079
Acquired through business combination	-	25,421,642	-	265,764
Impairment loss for the year:				
- Charge for the year/(allowances no longer required)	332,628	(3,128,844)	(6,433,655)	9,100,199
Write-offs	(13,363,755)	(19,783,147)	(499,807)	-
		-		-
Balance end of year	**6,812,512**	**19,843,638**	**6,427,580**	**13,361,042**

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

In thousands of Naira	**Group December 2013**	**Group December 2012**	**Bank December 2013**	**Bank December 2012**
Gross investment in finance lease, receivable	3,385,413	2,569,890	3,385,413	2,569,890
Unearned finance income on finance leases	(364,259)	(265,343)	(364,259)	(265,343)
			-	
Net investment in finance leases	3,021,154	2,304,547	3,021,154	2,304,547
Gross investment in finance leases, receivable:				
Less than one year	507,958	1,061,185	507,958	1,061,185
Between one and five years	2,877,455	1,508,705	2,877,455	1,508,705
Later than five years	-	-	-	-
	3,385,413	2,569,890	3,385,413	2,569,890
Unearned finance income on finance leases	(364,259)	(265,343)	(364,259)	(265,343)
Present value of minimum lease payments				
	3,021,154	2,304,547	3,021,154	2,304,547

The present value of minimum lease payments may be analysed as follows:

Less than one year	309,776	262,100	309,776	262,100
Between one and five years	2,711,377	2,042,447	2,711,377	2,042,447
Later than five years	-	-	-	-

26 Trading properties

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

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Balance, beginning of year	2,693,227	6,688,000	-	-
Additions and capital improvements	585,261	1,318,679	-	-
On disposal of subsidiary	(3,278,488)	-	-	-
Asset classified as held for sale	-	(2,870,974)	-	-
Disposal of trading property	-	(2,421,534)	-	-
Transfer to investment properties	-	(20,944)	-	-
Balance, end of year	**-**	**2,693,227**	**-**	**-**

27 Investment securities

Available for sale investment securities *In thousands of Naira*	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Debt securities				
Government bonds	2,818,336	12,023,268	2,818,336	12,023,268
Treasury bills	140,780,793	3,414,102	119,864,079	321,670
Eurobonds	6,690,780	8,906,991	6,690,780	8,906,991
Equity securities				
Equity securities with readily determinable fair values	39,231,798	32,501,959	39,231,798	32,501,959
Unquoted equity securities at cost	3,484,137	3,282,468	3,145,697	3,191,162
	193,005,844	60,128,788	171,750,690	56,945,050
Specific allowance for impairment on equity securities	(3,145,698)	(3,388,177)	(3,145,697)	(3,371,604)
	189,860,146	**56,740,611**	**168,604,993**	**53,573,446**

Held to maturity investment securities *In thousands of Naira*	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Debt securities				
Treasury bills	17,503,150	15,971,283	-	-
Federal government bonds	62,199,278	92,007,630	59,140,482	90,344,698
State government bonds	9,922,603	17,097,219	9,922,603	17,097,219
AMCON bonds (see note below)	59,123,792	238,833,801	59,123,792	238,833,801
Corporate bonds	7,386,140	10,702,325	4,463,693	5,080,987
Eurobonds	821,441	1,317,301	821,441	804,503
Local contractors bonds	6,994,798	14,611,641	6,994,798	14,611,641
	163,951,202	**390,541,200**	**140,466,809**	**366,772,849**
Investment securities	**353,811,348**	**447,281,811**	**309,071,802**	**420,346,295**

Specific allowance for impairment on available for sale investment securities at cost

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Balance, beginning of year	3,388,177	3,195,441	3,371,604	118,441
Acquired through business combination	-	-	-	3,077,499
Allowance no longer required	(155,906)	-	(155,906)	-
Charge for the year	-	175,664	-	175,664
Amount written off	(70,000)	-	(70,000)	-
Exchange difference	(16,573)	17,072	-	-
Balance, end of year	**3,145,698**	**3,388,177**	**3,145,698**	**3,371,604**

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

28 Insurance receivables

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Due from agents, brokers and reinsurers	-	2,795,326	-	-
Allowance for doubtful receivables	-	(2,167,989)	-	-
	-	**627,337**	-	-

Specific allowances for impairment for insurance receivables

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Balance, beginning of year	2,167,989	1,210,000	-	-
Additional allowance	-	768,672	-	-
Exchange difference	-	189,317	-	-
On disposal of subsidiary	(2,167,989)			
Balance, end of year	**-**	**2,167,989**	**-**	**-**

29 Other assets

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Accounts receivable	43,158,075	44,311,488	37,235,693	35,798,679
Cash collateral receivable on letters of credit transactions	16,330,068	14,184,249	15,976,057	14,184,249
Receivable from AMCON (see note (a) below)	5,780,565	26,581,778	5,780,566	26,581,778
Prepayments	8,381,805	8,515,186	6,232,228	6,276,947
Subscription for investment	925,030	28,911	1,657,636	3,741,861
	74,575,543	93,621,612	66,882,180	86,583,514
Allowance for impairment on other assets				
Accounts receivable	(21,630,790)	(24,746,230)	(21,630,790)	(24,211,826)
Subscription for investment	(925,030)	(940,030)	(925,030)	(940,030)
	(22,555,820)	(25,686,260)	(22,555,820)	(25,151,856)
Total	**52,019,723**	**67,935,352**	**44,326,360**	**61,431,658**

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

Movement in allowance for impairment on other assets:

In thousands of Naira	Group Accounts Receivable	Group Subscription for investments	Bank Accounts Receivable	Bank Subscription for investments
Balance at 1 January 2012	**25,858,364**	**940,030**	**688,575**	**-**
Asset classified as held for sale	(87,710)	-	-	-
Acquired through business combination	-	-	23,715,257	940,030
Balance at 1 January 2012	25,770,654	940,030	24,403,832	940,030
Impairment loss for the year:				
- Allowance during the year	2,801,248	-	2,679,236	-
- Allowance no longer required	(863,661)	-	(863,661)	-
Net impairment for the year	1,937,587	-	1,815,575	-
Allowance written off	(2,907,611)	-	(2,007,581)	-
Translation difference	(54,400)	-	-	-
Balance as at 31 December 2012/1 January 2013	**24,746,230**	**940,030**	**24,211,826**	**940,030**
Impairment loss for the year:				
- Allowance during the year	509,012	-	509,012	-
- Allowance no longer required	(1,645,277)	(15,000)	(1,645,277)	(15,000)
Net impairment for the year	(1,136,265)	(15,000)	(1,136,265)	(15,000)
Allowance written off	(1,979,175)	-	(1,444,771)	-
Translation difference	-	-	-	-
Balance as at 31 December 2013	**21,630,790**	**925,030**	**21,630,790**	**925,030**

30 Investment properties

These investment properties have been valued by reputable estate surveyors and valuers using the comparable transactions method of valuation to arrive at the open market value. The portion of the investment property representing land is N23.7bn. The valuers used bythe bank are Azuka Iheabunike & Partners and Diya Fatimilehin & Co. There is no rental income from investment property during the year and no restrcitions on the reaslisability of the property. The property is held for capital appreciation.

The Bank’s investment properties, which are all located in Lagos State, include Flats at Salvador and Eric Moore Towers, Abijo Land and Maiyegun waterfront Land. The Bank's intention is to systematically dispose of the Flats at Eric Moore towers, Salvador towers and Abijo Land. In the medium term, because of the size of Maiyegun property, the Bank intends to, in conjuction with developers, carry out some infrastructural developments on it to prepare it for prime conditions appropriate for sale.

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Balance, beginning of year	14,360,567	16,097,044	14,072,673	12,417,043
Acquired through business combination	-	-	-	1,710,320
Additions during the year	5,159,830	1,321,866	5,159,830	-
Transfer from trading properties	-	20,944	-	-
Asset classified as held for sales	-	(403,707)	-	-
Loss of control	-	(377,624)	-	-
Fair value gain	4,850,286	-	4,850,286	-
On disposal of subsidiary	(287,894)	-	-	-
Disposals during the period	(108,000)	(2,297,956)	(108,000)	(54,690)
Balance, end of the year	**23,974,789**	**14,360,567**	**23,974,789**	**14,072,673**

31 Investments in equity accounted investee

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Balance, beginning of year	2,774,647	2,812,805	1,980,808	-
Acquired through business combination	-	-	-	1,980,808
Reversal of share of impairment	-	429,000	-	-
Share of profit for the year	1,465,814	636,903	-	-
Share of OCI for the year	(17,215)	133,484	-	-
Exchange difference	-	37,583	-	-
Dividends paid	(96,041)	-	-	-
Disposal during the year	(503,879)	(1,275,128)	(458,996)	-
Balance, end of year	3,623,325	2,774,647	1,521,812	1,980,808

Set out below are the summarised financial information for associates which are accounted for using the equity method.

	Associated Discount House Limited		Magnate Technologies	
	December 2013	December 2012	December 2013	December 2012
Assets				
Cash and balances with banks	11,117,515	10,473,352	15,064	7,687
Non pledged trading assets	9,622,924	27,340,940	-	-
Loans and advances to customers	1,736,058	3,195,204	-	-
Investment Securities:				
Held to maturity	8,728,382	10,237,015	-	-
Available for sale securities	13,374,599	1,133,062	-	-
Loans and receivables	-	3,459,084	-	-
Assets pledged as collaterals	21,366,884	38,049,747	-	-
Other assets	459,840	1,674,472	23,454	3,028
Intangible assets	65,174	1,077	-	-
Property, plant and equipment	124,911	132,347	367,139	69,959
Deferred tax	4,098,254	2,685,900	-	-
Assets held for sale	48,756	37,335	-	-
Total Assets	70,743,297	98,419,535	405,657	80,674
Financed by:				
Deposits from banks	39,331,966	41,350,639	95,237	51,882
Deposits from customers	21,528,055	49,615,998	333,677	-
Other liabilities	68,812	53,242	-	-
Total Liabilities	279,402	670,876	-	-
	61,208,235	91,690,755	428,914	51,882
Net Assets	9,535,062	6,728,780	(23,257)	28,792
Profit before tax	1,802,723	1,499,310	(27,077)	(21,841)
Income tax	1,319,512	(83,970)	-	-
Profit for the year	3,122,235	1,415,340	(27,077)	(21,841)
Other comprehensive income	(44,922)	351,274	-	-
Group's share of profit (adjusted)	1,465,814	636,903	(10,831)	(8,736)
Group's share of OCI	(17,215)	133,484	-	-

Reconciliation of summarised financial information presented to the carrying amount of its interests in associates

Summarized financial information	**Associated Discount House Limited**		**Magnate Technologies**	
	December 2013	**December 2012**	**December 2013**	**December 2012**
Opening Net Assets (1 January 2013)	6,728,780	4,962,166	(28,792)	50,633
Profit/ (loss) for the period	3,122,235	1,415,340	(27,077)	(21,841)
Other comprehensive income	(44,922)	351,274	-	-
Dividend paid	(271,031)	-	-	-
Preference shares	-	-	32,612	-
Closing net assets (31 December 2013)	9,535,062	6,728,780	(23,257)	28,792
Interest in asscociates (ADH: 38.32%, 45%; MT: 40.00%)	3,623,324	3,027,951	(9,303)	11,517
Carrying value	3,623,325	2,774,647	-	-
Difference	-	253,304	(9,303)	11,517

Associated Discount House was incorporated in Nigeria while Magnate Technology and Services Limited, is incorporated in Ghana.

The Group holds an equity interest of 1,067,117,591 ordinary shares of N 1.00 each in Associated Discount House (ADH) Limited as at 31 December 2013, representing 38% equity participation in the company (31 December 2012 - 1,388,972,704 ordinary shares, 45%). Dividend income received from ADH during the period totalled N96Mn. The group's effective ownership in ADH reduced from 45.32% in 2012 to 38.32% in 2013 as the bank sold 12% of its shares in the company.

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

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

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

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

There are SME investments of N3.1 bn (December 2012: N3.2 bn) of which the Bank has shareholdings of more than 20% but less than 50%. These investments were classified as available for sale rather than as investment in associates or subsidiaries because the company does not have the power to excercise any influence or control over the entity. The Company's determination that it does not have any influence over these entities through it's shareholding has been based on the following factors in particular:

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

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

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

iv These investments are carried at cost as their fair value cannot be measured reliably. They are investments in small and medium scale enterprises with no available financial information. These amounts have been fully impaired as at 31 December 2013.

32 Subsidiaries (with continuing operations)

(i) Group entities

All holding in investment in subsidiary is direct. There are no indirect holding.

Set out below are the group's subsidiaries as at 31 December 2013. Unless otherwise stated, the subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the group and the proportion of ownership interests held equals to the voting rights held by the group. The country of incorporation is also their principal place of business.

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 .

	Nature of business	Country of incorporation	Ownership interest December 2013	December 2012
Access Bank Gambia Limited	Banking	Gambia	88%	88%
Access Bank Sierra Leone Limited	Banking	Sierra Leone	98%	98%
Access Bank Rwanda Limited	Banking	Rwanda	75%	75%
Access Bank Zambia	Banking	Zambia	87%	100%
The Access Bank UK	Banking	United Kingdom	100%	100%
Access Bank R.D. Congo	Banking	Congo	100%	100%
Access Bank Ghana	Banking	Ghana	92%	92%
Access Finance B.V. (see note (a) below)		Netherlands	100%	100%

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

(ii) Subsidiaries held for sale

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

Intercontinental Bank UK, Intercontinental Homes, Omni Finance Cote 'D Ivoire were sold to third parties during the year. See proceeds of sale as well as discontinued operations during the year in note 17.

(iii) Subsidiaries undergoing liquidation

	Nature of business	Country of incorporation	Ownership interest December 2013	December 2012
Intercontinental Capital Markets Limited	Financial Services	Nigeria	63%	63%
Intercontinental Finance and Investment Limited	Financial Services	Nigeria	100%	100%
Intercontinental Registrars Limited	Secretarial services	Nigeria	100%	100%
Intercontinental Trustees Limited	Trusteeship	Nigeria	100%	100%
Intercontinental Securities Limited	Asset Management	Nigeria	51%	51%
Flexmore Technologies Limited	IT Services	Nigeria	100%	100%

These subsidiaries are currently undergoing a winding-down process through the appointment of a court ordered receiver manager to manage their affairs. As a result of this event, the Bank has lost control without a change in absolute or relative ownership level. The loss of control in these subsidiaries, have been accounted for in the financail statements.

(iv) Structured entities:

	Nature of business	Country of incorporation	Ownership interest December 2013	December 2012
Restricted Share Performance Plan (RSPP)	Financial services	Nigeria	100%	0%
Project Star Investment Limited	Financial services	Nigeria	0%	100%
(v) Associates				
Associated Discount House Limited	Financial services	Nigeria	38%	45%
Magnate Technology and Services Limited	IT Services	Ghana	40%	40%

32 Investment in subsidiary

In thousands of Naira	Bank December 2013	Bank December 2012
Subsidiaries with continuing operations		
Access Bank, UK	13,928,819	7,458,100
Access Bank, Ghana	13,704,428	13,704,428
Access Bank Rwanda	1,578,825	1,578,825
Access Bank, Congo	2,779,650	2,779,650
Access Bank, Zambia	1,819,425	1,819,425
Access Bank, Gambia	1,853,756	1,853,756
Access Bank, Sierra Leone	1,019,952	1,019,952
Investment in RSPP scheme	460,580	-
Access Bank Finance B.V.	4,092	4,092
Wapic Insurance Plc	-	4,768,119
Access Investment and Securities Limited	-	500,000
Intercontinental Properties Limited	-	100,000
Subsidiaries held for sale		
FinBank, Burundi	1,141,874	1,141,874
Intercontinental Bank (UK)	-	7,301,401
Omni Finance Bank Cote D' Ivoire	-	5,438,520
Intercontinental Homes and Savings Loans Plc	-	3,387,938
Subsidiaries undergoing liquidation		
Intercontinental Capital Markets Limited	672,500	672,500
Intercontinental Finance and Investment Limited	100,000	100,000
Intercontinental Registrars Limited	200,000	200,000
Intercontinental Trustees Limited	100,000	100,000
Intercontinental Securities Limited	391,598	391,598
Flexmore Technologies Limited	100,000	100,000
	39,855,499	54,420,178
Specific allowances for impairment on investment in subsidiaries	(1,825,507)	(11,210,490)
Balance, end of year	**38,029,992**	**43,209,688**

Specific allowances for impairment on investment in subsidiaries

In thousands of Naira	Bank December 2013	Bank December 2012
Balance, beginning of year	11,210,490	620,907
Acquired from business combination	-	6,979,647
Amount reclassified	(120,908)	-
Charge for the year	1,505,591	3,609,936
Allowance no longer required	(682,409)	-
Allowance written off	(10,087,257)	-
Balance, end of year	1,825,507	11,210,490

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

32 (b) Condensed results of consolidated entities

(i) The condensed financial data of the consolidated entities as at 31 December 2013, 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.**	**Finbank Burundi**
Operating income	2,720,093	11,417,150	1,025,704	1,086,486	420,068	758,862	584,969	-	76,584	-
Operating expenses	(2,197,059)	(5,028,351)	(560,134)	(1,459,070)	(530,277)	(544,781)	(482,177)	-	(18,210)	-
Net impairment on financial assets	-	(1,577,530)	(42,276)	(371,673)	(8,107)	(42,355)	-	-	-	-
Profit before tax	523,034	4,811,269	423,294	(744,257)	(118,316)	171,726	102,792	-	58,374	-
Taxation	56,038	(1,839,187)	-	-	-	-	(30,008)		-	
Profit for the year	579,072	2,972,082	423,294	(744,257)	(118,316)	171,726	72,784	-	58,374	-
Assets										
Cash and balances with banks	101,614,630	18,656,703	4,072,329	1,511,868	1,836,151	840,753	1,752,203	-	73,210	-
Non pledged trading assets	-	10,119,159	-	-	2,114,404	-	1,992,773	-	-	-
Pledged assets	-	-	-	-	-	-	-	-	-	-
Derivative financial instruments	29,447	-	-	-	-	-	-	-	-	-
Loans and advances to banks	22,463,310	-	-	-	-	-	-	-	56,500,033	-
Loans and advances to customers	6,777,681	28,467,321	3,632,070	4,242,434	3,426,494	2,753,387	937,248	-	-	-
Trading properties	-	-	-	-	-	-	-	-	-	-
Investment securities	22,356,206	2,395,464	2,927,472	2,834,070	-	62,028	-	-	-	-
Insurance receivables	-	-	-	-	-	-	-	-	-	-
Other assets	826,124	4,009,346	547,309	203,652	1,470,875	228,902	270,628	-	1,900,027	-
Investment properties	-	-	-		-	-	-	-	-	-
Investment in associates	-	19,059	-	-	-	-	-	-	-	-
Investment in subsidiaires	-	-	-	-	-	-	-	460,579	-	-
Property and equipment	62,265	1,948,035	13,441	709,362	504,177	535,876	205,564	-	-	-
Intangible assets	40,223	149,349	74,781	52,031	19,864	25,590	16,012	-	-	-
Deferred tax assets	293,032	-	-	-	427,287	-	91,554	-	-	-
Assets classified as held for sale	-	-	-	-	-	-	-	-	-	2,847,741
	154,462,918	65,764,436	11,267,402	9,553,417	9,799,252	4,446,536	5,265,982	460,579	58,473,270	2,847,741
Financed by:										
Deposits from banks	106,834,234	1,000,781	5,607	-	231,929	510,618	-	-	-	-
Deposits from customers	33,210,249	47,872,002	8,823,609	8,278,860	8,556,023	2,964,587	3,950,819	-	-	-
Derivative Liability	32,955	-	-	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-	55,828,249	-
Retirement benefit obligations	-	-	-	-	-	-	3,326	-	-	-
Current income tax liability	-	606,473	-	(2,322)	-	-	-	-	8,545	-
Other Liabilities	311,316	1,135,156	485,560	484,433	830,526	189,111	286,432	-	2,170,273	-
Claims Payable	-	-	-	-	-	-	-	-	-	-
Liabilities on Investment Contracts	-	-	-	-	-	-	-	-	-	-
Liabilities on Insurance contracts	-	-	-	-	-	-	-	-	-	-
Borrowings	-	1,017,544	-	-	-	-	-	-	-	-
Deferred tax liability	-	166,643	-	-	-	-	-	-	-	-
Contingent Settlement Provisions	-	-	-	-	-	-	-	-	-	-
Liabilities classified as held for sale	-	-	-	-	-	-	-	-	-	(1,499,495)
Equity	14,074,164	13,965,837	1,952,626	792,446	180,774	782,220	1,025,405	460,579	466,203	(1,348,246)
	-	-	-	-	-	-	-		-	-
	154,462,918	65,764,436	11,267,402	9,553,417	9,799,252	4,446,536	5,265,982	460,579	58,473,270	(2,847,741)
Net cashflow from investing activities	(14,432,257)	7,468,969	(1,045,459)	(1,462,237)	10,957	(71,651)	(122,952)	-	-	-
Net cashflow from financing activities	4,161,776	(266,456)	-		-	(22,466)	-	-	(2,236,147)	-
Increase in cash and cash equivalents	8,066,801	6,882,971	444,043	(1,860,153)	249,758	202,664	592,076	-	72,913	-
Cash and cash equivalent, beginning of year	93,547,615	11,690,372	3,759,203	3,445,126	1,416,211	637,505	846,418	-	220	-
Cash and cash equivalent, end of year	91,343,935	25,775,856	3,157,787	122,736	1,676,926	746,052	1,315,542	-	(2,163,014)	-

32 (c) Condensed results of consolidated entities

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

31 December 2012
Condensed profit and loss
In thousands of naira

	Access Bank Plc	Access Bank Gambia	Access Bank Sierra Leone	Access Bank Zambia	The Access Bank UK	Access Bank Rwanda	FinBank Burundi	Omni Finance Bank Cote D'Ivoire	Access Bank (R.D. Congo)	Access Investment and Securities	Access Bank Ghana
Operating income	121,300,972	549,335	534,337	993,067	2,631,380	1,378,163	554,386	192,997	943,121	-	10,946,912
Operating expenses	(72,656,747)	(528,693)	(394,156)	(1,247,953)	(2,404,415)	(1,203,919)	(883,685)	(3,384,152)	(1,116,419)	-	(5,266,675)
Net impairment on financial assets	(11,616,078)	23,282	(52,288)	9,842	-	23,162	(21,507)	21,988	(38,953)	-	(1,867,616)
Profit before tax	37,028,147	43,924	87,893	(245,044)	226,965	197,406	(350,806)	(3,169,167)	(212,251)	-	3,812,621
Taxation	(674,504)	(10,544)	57,718	89,392	-	(83,941)	(5,530)	-	-	-	(1,020,243)
Profit for the year	36,353,643	33,380	145,611	(155,652)	226,965	113,465	(356,336)	(3,169,167)	(212,251)	-	2,792,378
Attributable to NCI											
Condensed financial position											
Assets											
Cash and balances with banks	284,062,159	526,983	1,140,930	1,499,801	90,217,916	4,451,114	932,360	1,143,293	3,498,235	400,516	13,094,513
Non pledged trading assets	3,769,260	-	-	-	-	-	368,575	-	-	-	23,980,449
Pledged assets	60,949,856	-	-	-	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	30,949	-	-	-	-	-	-
Loans and advances to banks	3,054,520	-	-	-	5,935,396	-	-	-	-	-	-
Loans and advances to customers	554,592,199	2,733,406	410,458	2,573,996	11,860,898	2,932,674	1,984,588	1,525,711	3,272,997	-	22,772,513
Insurance receivables	-	-	-	3,054	-	-	-	-	-	-	-
Other assets	61,431,658	530,247	137,837	2,011,104	664,393	161,879	130,557	238,920	720,045	181,548	2,711,890
Investment properties	14,072,673	-	-	-	-	-	-	-	-	-	-
Investments in equity accounted investee	1,980,808	-	-	-	-	-	-	-	-	-	23,452
Investment in subsidiaires	43,209,688	-	-	-	-	-	-	-	-	-	-
Property and equipment	58,938,450	654,388	211,431	599,612	71,792	91,880	199,328	1,326,433	883,474	31,304	2,273,192
Intangible assets	2,339,510	-	10,218	13,238	84,983	19,608	57,395	18,591	58,929	-	132,511
Investment securities	420,346,295	323,884	1,843,303	2,321,807	6,870,467	2,550,574	-	57,963	8,178,988	-	-
Deferred tax assets/(liabilities)	7,007,387	-	85,652	632,531	225,523	-	-	-	-	-	313,976
	1,515,754,462	4,768,908	3,839,829	9,655,143	115,962,317	10,207,729	3,672,803	4,310,911	16,612,668	613,368	65,302,496
Financed by:											
Deposits from financial institutions	16,312,516	91,055	144,122	151,964	82,081,068	19,290	-	3,077,492	-	-	2,948,623
Deposits from customers	1,093,979,220	3,518,426	2,605,686	8,086,377	24,730,436	8,205,697	2,513,741	3,485,893	14,438,029	-	44,718,471
Derivative financial instruments	-	-	-	-	35,515	-	-	-	-	-	-
Current tax liabilities	7,686,568	-	(61,023)	-	-	165	-	-	-	205	650,995
Other liabilities	50,246,164	147,054	203,471	238,120	385,089	188,263	187,337	419,136	368,833	84,050	2,970,681
Retirement Benefit obligations	2,485,093	-	2,496	-	-	-	-	-	-	-	-
Interest-bearing loans and borrowings	103,872,441	-	-	-	2,349,348	-	-	-	-	-	-
Contingent settlement provisions	3,548,250	-	-	-	-	-	-	-	-	-	-
Equity and reserves	237,624,211	1,012,373	945,077	1,178,682	6,380,861	1,794,314	971,725	(2,671,610)	1,805,806	529,113	14,013,726
	1,515,754,463	4,768,908	3,839,829	9,655,143	115,962,317	10,207,729	3,672,803	4,310,911	16,612,668	613,368	65,302,496
Net cashflow from operating activities	(176,504,617)	(66,768)	213,739	(1,332,623)	29,711,772	(3,591,902)	(370,030)	(2,374,902)	8,965,705	-	(5,879,776)
Net cashflow from investing activities	185,959,566	(69,192)	(538,404)	1,664,188	2,023,301	47,831	(147,389)	213,988	(6,843,808)	-	(727,422)
Net cashflow from financing activities	43,906,446	60,430	7,047	(1,332,623)	(16,967)	-	-	-	-	-	640,826
Increase in cash and cash equivalents	53,361,395	(75,530)	(317,618)	(1,001,058)	31,718,106	(3,544,071)	(517,419)	(2,160,914)	2,121,897	-	(5,966,372)
Cash and cash equivalent, beginning of year	98,255,964	836,037	1,428,582	-	57,017,076	7,849,934	1,429,430	3,290,838	1,162,403	-	19,968,210
Cash and cash equivalent, end of year	151,617,359	760,507	1,110,964	(1,001,058)	88,735,182	4,305,863	912,011	1,129,924	3,284,300	-	14,001,838

32 (d) Condensed results of consolidated entities

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

Condensed profit and loss
In thousands of naira

	Access Finance BV	Inter continental Registrars	Inter continental Finance and Investment Limited	Inter continental Homes and Savings	Inter continental Bank UK	Inter continental Properties	Inter continental Securities	Inter continental Trustees	Inter continental Capital Market Limited	Flexmore Technologies	Inter continental WAPIC Insurance
Operating income	34,001	-	-	744,807	208,892	536,748	-	-	-	-	2,342,833
Operating expenses	(14,821)	(539,203)	3,079,880	(817,485)	(1,189,332)	(288,307)	(1,542,069)	(850,148)	(60,402)	(44,464)	(1,402,536)
Net impairment on financial assets	-	-	-	(5,932)	(4,805)	(19,608)	-	-	-	-	(612,853)
Profit before tax	19,180	(539,203)	3,079,880	(78,610)	(985,245)	228,833	(1,542,069)	(850,148)	(60,402)	(44,464)	327,444
Taxation	-	-	-	(28,991)	-	(119,958)	-	-	-	-	(92,379)
Extraordinary income	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	19,180	(539,203)	3,079,880	(107,601)	(985,245)	108,875	(1,542,069)	(850,148)	(60,402)	(44,464)	235,065
Attributable to NCI											
Condensed financial position											
Assets											
Cash and balances with banks	207	43,273	78,521	426,452	11,296,202	3,174,348	59,398	33,887	321,547	49	4,055,334
Non pledged trading assets	-	-	-	-	-	-	-	-	-	-	157,094
Derivative financial instruments	-	-	-	-	21,309	-	-	-	-	-	-
Loans and advances to banks	55,070,670	-	-	-	2,306,730	-	-	-	-	-	-
Loans and advances to customers	-	-	51,965	1,560,303	784,131	30,625	-	-	46,555	-	-
Trading properties	-	-	-	3,290,410	-	2,265,690	-	-	-	-	-
Investment securities	-	18,811	-	135,035	1,592,361	-	-	-	13,011	-	4,846,493
Insurance receivables	-	-	-	-	-	-	-	-	-	-	873,759
Other assets	2,219,036	-	-	313,433	191,530	57,539	-	3,000	-	361,684	1,937,226
Investment properties	-	-	314,624	403,707	-	-	-	-	63,000	-	287,894
Property and equipment	-	-	12,854	652,315	55,049	211,202	436	-	6,000	1,387	599,163
Intangible assets	-	-	-	29,859	20,041	-	-	-	-	-	64,941
Deferred tax assets/(liabilities)	-	-	-	722,718	-	-	-	-	-	-	12,751
	57,289,913	62,084	457,964	7,534,232	16,267,353	5,739,404	59,834	36,887	450,113	363,120	12,834,655
Financed by:											
Deposits from banks	-	-	-	-	12,698,049	-	-	-	-	-	-
Deposits from customers	-	-	-	1,257,171	-	1,199,653	-	-	-	-	-
Derivative financial instruments	-	-	-	-	19,026	-	-	-	-	-	-
Debt securities issued	54,685,891	-	-	-	-	-	-	-	-	-	-
Claims payable	-	-	-	-	-	-	-	-	-	-	118,226
Current tax liabilities	-	-	5,828	31,286	-	284,873	-	42,160	-	46,698	376,182
Other liabilities	2,197,763	1,803,991	1,270,536	914,585	199,648	463,784	1,518,501	586,275	1,448,594	677,539	1,054,066
Liabilities on investment contracts	-	-	-	-	-	-	-	-	-	-	65,591
Liabilities on insurance contracts	-	-	-	-	-	-	-	-	-	-	3,351,234
Interest-bearing loans and borrowings	-	-	365,468	999,475	-	-	-	1,771,852	-	950,027	-
Equity and reserves	406,259	(1,741,907)	(1,183,868)	4,331,715	3,350,630	3,791,094	(1,458,667)	(2,363,400)	(998,481)	(1,311,144)	7,869,356
	57,289,913	62,084	457,964	7,534,232	16,267,353	5,739,404	59,834	36,887	450,113	363,120	12,834,655
Net cashflow from operating activities	(54,271,275)	-	-	-	-	-	-	-	-	-	746,007
Net cashflow from investing activities	-	-	-	-	-	-	-	-	-	-	(573,153)
Net cashflow from financing activities	54,296,716	-	-	-	-	-	-	-	-	-	-
Increase in cash and cash equivalents	25,441	-	-	-	-	-	-	-	-	-	172,854
Cash and cash equivalent, beginning of year	3,664	-	-	-	-	-	-	-	-	-	3,895,663
Cash and cash equivalent, end of year	29,105	-	-	-	-	-	-	-	-	-	4,068,517

33 Property and equipment
Group

In thousands of Naira	Leasehold improvement and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Cost						
Balance at 1 January 2013	50,399,801	25,517,339	29,770,062	12,964,846	10,758,289	129,410,337
Acquisitions	6,931,558	1,402,808	4,299,440	1,603,968	531,082	14,768,856
Disposals	(786,222)	(18,995)	(729,628)	(842,795)	(1,309,945)	(3,687,585)
Transfers	1,886,263	9,827	1,920,451	63,321	(3,879,862)	-
Write offs	(1,498,501)	(5,066,959)	(3,594,610)	(2,123,712)	-	(12,283,782)
On disposal of subsidiary	(2,782,931)	(9,007,928)	(6,977,773)	(3,775,488)	-	(22,544,118)
Translation difference	(367,942)	(127,944)	(248,009)	(144,262)	8,888	(879,269)
Balance at 31 December 2013	**53,782,026**	**12,708,148**	**24,439,933**	**7,745,877**	**6,108,452**	**104,784,437**
Balance at 1 January 2012	50,945,208	23,373,422	29,172,987	12,054,881	8,590,283	124,136,781
Acquisitions	2,559,322	2,682,760	2,524,643	2,412,995	2,339,284	12,519,004
Disposals	(477,210)	(130,769)	(565,297)	(1,214,600)	(70,000)	(2,457,876)
Reversals	166,443	1,704	(175,918)	99	(260,733)	(268,405)
Write off	-	-	-	-	(2,225)	(2,225)
Transfers to assets held for sale	(2,684,437)	(601,954)	(356,680)	(263,974)	-	(3,907,045)
Transfers	568,130	5,702	(396,883)	1,126	(178,075)	-
Transfer (to)/from other assets	(70,323)	-	-	-	-	(70,323)
Translation difference	(607,333)	186,475	(432,791)	(25,681)	339,755	(539,575)
Balance at 31 December 2012	50,399,801	25,517,339	29,770,061	12,964,846	10,758,289	129,410,336

Depreciation and impairment losses	Leasehold improvement and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Balance at 1 January 2013	9,176,583	20,884,685	23,764,029	10,950,602	-	64,775,899
Charge for the year	1,213,580	1,633,226	3,064,388	1,575,406	-	7,486,600
Disposal	(132,953)	(108,179)	(110,558)	(724,212)	-	(1,075,902)
Write-Offs	(1,258,663)	(4,200,550)	(3,228,455)	(3,135,238)	-	(11,822,906)
On disposal of subsidiary	(2,674,660)	(8,528,388)	(6,719,305)	(3,523,260)	-	(21,445,613)
Translation difference	(82,437)	(77,076)	(152,156)	(65,277)	-	(376,946)
Balance at 31 December 2013	**6,241,450**	**9,603,718**	**16,617,943**	**5,078,020**	**-**	**37,541,132**
Balance at 1 January 2012	7,818,486	18,215,334	21,032,716	10,414,880	-	57,481,416
Charge for the year	2,065,495	3,179,497	3,296,526	1,651,156	-	10,192,674
Disposal	(158,502)	(113,752)	(471,439)	(1,067,023)	-	(1,810,716)
Transfers to assets held for sale	(721,399)	(530,096)	(247,485)	(174,940)	-	(1,673,920)
Reversal	27,454	24,147	(24,788)	(5,995)	-	20,818
Translation difference	145,049	109,555	178,499	132,523	-	565,626
Balance at 31 December 2012	9,176,583	20,884,685	23,764,029	10,950,601	-	64,775,899
Carrying amounts:						
Balance at 31 December 2013	**47,540,576**	**3,104,430**	**7,821,990**	**2,667,856**	**6,108,452**	**67,243,305**
Balance at 31 December 2012	41,223,218	4,632,654	6,006,032	2,014,244	10,758,289	64,634,438

33 Property and equipment
Bank

In thousands of Naira	Leasehold improvement and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Cost						
Balance at 1 January 2013	42,626,272	10,263,732	19,290,330	6,058,836	8,653,438	86,892,608
Acquisitions	6,649,453	1,274,589	3,846,279	1,370,738	455,647	13,596,706
Disposals	(785,249)	(10,492)	(729,628)	(734,004)	(1,158,065)	(3,417,439)
Transfers	1,885,257	4,009	35,400	12,810	(1,937,476)	-
Balance at 31 December 2013	**50,375,733**	**11,531,838**	**22,442,381**	**6,708,380**	**6,013,544**	**97,071,876**
Balance at 1 January 2012	11,889,374	5,763,677	13,088,887	4,404,278	2,443,503	37,589,719
Acquired from business combination	28,105,907	2,670,616	4,365,000	487,000	4,926,272	40,554,795
Acquisitions	2,482,183	1,934,721	2,249,312	2,053,484	1,763,123	10,482,823
Disposals	(5,822)	(110,984)	(425,329)	(885,926)	(70,000)	(1,498,061)
Reversals	-	-	-	-	(234,443)	(234,443)
Write off	-	-	-	-	(2,225)	(2,225)
Transfers	154,630	5,702	12,460	-	(172,792)	-
Balance at 31 December 2012	42,626,272	10,263,732	19,290,330	6,058,836	8,653,438	86,892,608

Depreciation and impairment losses	Leasehold improvement and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Balance at 1 January 2013	4,577,906	7,284,568	12,463,095	3,628,589	-	27,954,158
Charge for the year	1,020,880	1,441,493	2,946,042	1,294,068	-	6,702,483
Disposal	(121,623)	(9,394)	(78,895)	(578,098)	-	(788,010)
Balance at 31 December 2013	**5,477,163**	**8,716,667**	**15,330,242**	**4,344,558**	**-**	**33,868,631**
Balance at 1 January 2012	2,912,924	4,455,786	10,001,282	3,177,459	-	20,547,451
Charge for the year	1,668,994	2,922,855	2,828,489	1,270,242	-	8,690,580
Disposal	(4,012)	(94,073)	(366,676)	(819,112)	-	(1,283,873)
Balance at 31 December 2012	4,577,906	7,284,568	12,463,095	3,628,589	-	27,954,158
Carrying amounts:						
Balance at 31 December 2013	**44,898,568**	**2,815,171**	**7,112,139**	**2,363,822**	**6,013,544**	**63,203,245**
Balance at 31 December 2012	38,048,366	2,979,164	6,827,235	2,430,247	8,653,438	58,938,450

(a) Included in property and equipment is land under Nigerian law, all land vests with government and subject to a 99year lease. As such land has been accounted for as a finance lease in line with the amendment to IAS 17 *Leases* which deletes previous guidance stating that "a lease of land with an indefinite economic life is classified as an operating lease".

(b) The amount of contractual commitments for the acquisition of property and equipment as at 31 December 2013 is N1,541,766,732 (31 December 2012:N3,007,622,023)

(c) 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.

Notes to the Financial Statements
For the year ended 31 December 2013

34 Intangible assets
(a) Group

In thousands of Naira	Goodwill	Purchased Software	Total
Cost			
December 2013			
Balance at 1 January 2013	681,007	9,682,951	10,363,958
Acquisitions	-	1,555,181	1,555,181
Transfer from other assets	-	8,614	8,614
Amount written off	-	(105,613)	(105,613)
Translation difference	-	231,943	231,943
On disposal of subsidiary	-	(4,075,281)	(4,075,281)
Balance at 31 December 2013	681,007	7,297,795	7,978,802
December 2012			
Balance at 1 January 2012	1,738,148	8,317,323	10,055,471
Acquisitions	-	1,971,260	1,971,260
Transfer (to) other assets	-	(8,916)	(8,916)
Disposals	-	(23,761)	(23,761)
Transfers to assets held for sale	(1,057,141)	(519,540)	(1,576,681)
Translation difference	-	(53,415)	(53,415)
Balance at 31 December 2012	681,007	9,682,951	10,363,958
Amortization and impairment losses			
Balance at 1 January 2013	-	6,959,014	6,959,014
Amortization for the period	-	1,227,944	1,227,944
Amount written off	-	(105,613)	(105,613)
Reclassification	-	(6,405)	(6,405)
Translation difference	-	254,461	254,461
On disposal of subsidiary	-	(4,009,670)	(4,009,670)
Balance at 31 December 2013	-	4,319,731	4,319,731
Balance at 1 January 2012	687,427	6,090,436	6,777,863
Amortization for the period	-	1,335,149	1,335,149
Disposals	-	(33,019)	(33,019)
Reclassification	-	(9,412)	(9,412)
Transfers to assets held for sale	(687,427)	(391,567)	(1,078,994)
Translation difference	-	(32,573)	(32,573)
Balance at 31 December 2012	-	6,959,014	6,959,014
Carrying amounts			
Balance at 31 December 2013	**681,007**	**2,978,064**	**3,659,071**
Balance at 31 December 2012	681,007	2,723,938	3,404,945

There were no capitalised borrowing costs related to the internal development of software during the year ended 31 December 2013 (2012: nil)

(d) Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. No impairment losses on goodwill were recognized during the year ended 31 December 2013 (2012: Nil)

The recoverable amount of Goodwill as at 31 December 2013 is greater than its carrying amount and is thus not impaired.

Goodwill is monitored by the Group on an entity by entity basis
The key assumption used in computing the value-in-use for goodwil in 2013 are as follows:

	Access Bank Rwanda
Compound annual volume growth (i)	7.22%
Discount rate (ii)	14.51%

(i) Compound annual volume growth rate in the initial five-year period.
(ii) Pre-tax discount rate applied to the cash flow projections.

There are no changes to Goodwill in 2013

December 2012	**Access Bank Rwanda**	**Access Bank Burundi**
Opening balance	681,007	369,714
Transfer to held for sale	-	(369,714)
Closing balance	681,007	-

Cash Flow Forecast
Cash flows were projected based on past experience, actual operating results and the 5-year business plan.

Growth Rates
Pre-tax discount rate of 14.51% was applied in determining the recoverable amounts for the only entity with goodwil (Access Bank Rwanda). This discount rate was estimated based on past experience, inflation rate, risk-free rate and the weighted average cost of capital allocated by the Group to these units.

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.

34 Intangible assets
(b) Bank

In thousands of Naira	Purchased Software	Total
Cost		
December 2013		
Balance at 1 January 2013	4,708,185	4,708,185
Acquisitions	1,399,768	1,399,768
Amount written off	(105,613)	(105,613)
Balance at 31 December 2013	6,002,340	6,002,340
December 2012		
Balance at 1 January 2012	2,527,369	2,527,369
Acquired through business combination	758,000	758,000
Acquisitions	1,422,816	1,422,816
Transfer (to) other assets	-	-
Balance at 31 December 2012	4,708,185	4,708,185
Amortization and impairment losses		
Balance at 1 January 2013	2,368,675	2,368,675
Amortization for the period	1,077,725	1,077,725
Amount written off	(105,613)	(105,613)
Balance at 31 December 2013	3,340,787	3,340,787
Balance at 1 January 2012	1,380,957	1,380,957
Amortization for the period	987,718	987,718
Balance at 31 December 2012	2,368,675	2,368,675
Carrying amounts		
Balance at 31 December 2013	**2,661,553**	**2,661,553**
Balance at 31 December 2012	2,339,510	2,339,510

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

In thousands of Naira	December 2013	December 2012
Access Bank Rwanda	681,007	681,007
FinBank Burundi	369,714	369,714
Omni Finance Bank Cote D' Ivoire	-	687,427
	1,050,721	1,738,148
Impairment charge	-	(687,427)
Transfer to asset held for sale	(369,714)	(369,714)
	681,007	681,007

There were no capitalised borrowing costs related to the internal development of software during the year ended 31 December 2013 (2012: nil)

(d) Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. No impairment losses on goodwill were recognized during the year ended 31 December 2013 (2012: Nil)

The recoverable amount of Goodwill as at 31 December 2013 is greater than its carrying amount and is thus not impaired.

35 Deferred tax assets and liabilities

a Group

Deferred tax assets and liabilities are attributable to the following:

In thousands of Naira	December 2013			December 2012		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	2,462,099	-	2,462,099	4,199,548	-	4,199,548
Allowances/(Reversal) for loan losses	1,951,192	-	1,951,192	2,752,691	-	2,752,691
Tax loss carry forward	5,937,642	-	5,937,642	946,258	-	946,258
Employee benefits	-	-	-	-	-	-
Exchange gain/(loss) unrealised	-	(180,476)	(180,476)	-	(130,142)	(130,142)
Fair value gain on investment property	-	(485,029)	(485,029)	-	-	-
Others	-	(49,938)	(49,938)	-	-	-
	-	-	-	-	-	-
Actuarial gain/(loss) on retirement benefit obligation	1,014,284	-	1,014,284	345,618	-	345,618
Net defered tax assets/(liabilities)	11,365,217	(715,443)	10,649,774	8,244,115	(130,142)	8,113,973

b Bank

Deferred tax assets and liabilities are attributable to the following:

In thousands of Naira	December 2013			December 2012		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	2,384,904	-	2,384,904	3,929,363	-	3,929,363
Allowances/(Reversal) for loan losses	1,928,274	-	1,928,274	2,732,406	-	2,732,406
Tax loss carry forward	5,159,612	-	5,159,612	-	-	-
	1,014,284	-	1,014,284	345,618	-	345,618
Actuarial gain on retirement benefit obligation	-	-	-	-	-	-
Exchange gain/(loss) unrealised	-	(154,192)	(154,192)	-	-	-
Fair value gain on investment property	-	(485,029)	(485,029)	-	-	-
Net defered tax assets/(liabilities)	10,487,074	(639,221)	9,847,853	7,007,387	-	7,007,387

There were no unrecognized deferred tax assets or liabilities as at 31 December 2013 (31 December 2012: nil)

	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Deferred income tax assets				
– Deferred income tax asset to be recovered after more than 12 months	7,888,834	2,752,691	7,087,886	3,078,024
– Deferred income tax asset to be recovered within 12 months	3,476,383	5,491,424	3,399,189	3,929,363
	11,365,217	8,244,115	10,487,075	7,007,387
Deferred income tax liabilities				
– Deferred income tax liability to be recovered after more than 12 months	(534,967)	-	(485,029)	-
– Deferred income tax liability to be recovered within 12 months	(180,476)	(130,142)	(154,192)	-
	(715,443)	(130,142)	(639,221)	-

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

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Balance, beginning of year	8,113,973	2,930,928	7,007,387	(2,841,403)
Acquired from business combination		-		4,369,987
Tax Credit/(charge)	1,867,135	6,249,795	2,171,800	5,709,388
Assets classified as held for sale	-	(722,718)	-	-
Translation adjustments	-	(113,447)	-	-
Items included in OCI	668,665	(230,585)	668,665	(230,585)
Net deferred tax assets/(liabilities)	10,649,773	8,113,973	9,847,852	7,007,387
Out of which				
Deferred tax assets	11,365,217	8,244,115	10,487,074	7,007,387
Deferred tax liabilities	(715,443)	(130,142)	(639,221)	-

Temporary difference relating to the Group's Investment in subsidiaries is N3.1billion (2012: N2.2 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 December 2013	Group December 2012	Bank December 2013	Bank December 2012
Actuarial gain/loss on retirement benefit obligation				
Gross gain/loss on retirement benefit obligation	2,228,883	(768,617)	2,228,883	(768,617)
Deferred tax @ 30%	(668,665)	230,585	(668,665)	230,585
Net balance (gain/loss) after tax	1,560,218	(538,032)	1,560,218	(538,032)

36 Deposits from financial institutions

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Money market deposits	17,953,459	61,975,171	8,191,490	8,267,867
Other deposits from banks	54,194,496	34,917,844	53,103,862	8,044,649
	72,147,955	**96,893,015**	**61,295,352**	**16,312,516**

37 Deposits from customers

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Term deposits	501,645,662	455,189,956	455,231,840	422,272,257
Demand deposits	711,561,291	596,874,756	655,747,608	530,142,705
Saving deposits	118,211,706	149,417,284	106,197,345	141,564,258
	1,331,418,659	**1,201,481,996**	**1,217,176,793**	**1,093,979,220**

38 Claims payable

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Balance, beginning of year	118,226	450,000	-	-
Additions during the year	-	954,771	-	-
Payment during the year	-	(1,286,545)	-	-
On disposal of subsidiary	(118,226)	-	-	-
Balance, end of year	**-**	**118,226**	**-**	**-**

39 Other liabilities

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Creditors and accruals	3,857,265	5,499,135	786,401	238,239
Certified cheques	3,250,467	3,682,992	3,180,643	3,541,404
Deferred income	-	1,258,227	-	-
Customers' deposit for foreign trade	20,968,920	24,611,573	20,705,859	24,611,573
Collection account balances	17,698,448	7,060,531	17,635,882	6,981,570
Unclaimed dividend	-	687,665	-	-
Litigation claims provision (i)	477,087	-	477,087	-
Other current liabilities	10,595,029	15,618,137	9,306,687	14,873,378
	56,847,216	**58,418,260**	**52,092,559**	**50,246,164**

(i) **Movement in Litigation claims provision**	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Opening balance	-	-	-	-
Additions	477,087	-	477,087	-
Provision no longer required	-	-	-	-
Closing balance	477,087	-	477,087	-

40 Liabilities on investment contracts

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

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

41 Liabilities on insurance contracts

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Life assurance contracts	-	1,706,069	-	-
Non-life insurance contracts	-	1,645,165	-	-
	-	**3,351,234**	**-**	**-**

42 Debt securities issued

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Debt securities at amortized cost:				
Eurobond debt security (see Note (a) below)	55,828,248	54,685,891	-	-
	55,828,248	**54,685,891**	**-**	**-**

(a) The amount of N55,828,248,000 (USD350,000,000) represents the net of balances held by the Group in respect to USD/dollar guaranteed notes issued by Access Finance B.V., Netherlands, which is due on 25 July 2017. The principal amount is repayable at the end of the tenor while interest on the notes is payable semi-annually at 7.25% per annum issued on 25 July 2012.

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

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

43 Interest bearing loans and borrowings

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
African Development Bank (see note (a))	2,405,673	3,123,200	2,405,673	3,123,200
Netherlands Development Finance Company (see note (b))	1,550,047	-	1,550,047	-
French Development Finance Company (see note (c))	4,798,841	-	4,798,841	-
Finnish Fund for Industrial Cooperation (FINFUND)(see note (d))	400,906	650,667	400,906	650,667
Belgian Investment Company for Developing Countries (BIO)(see note (e))	160,585	312,320	160,585	312,320
European Investment Bank (see note (f))	7,518,413	-	7,518,413	-
International Finance Corporation (see note (g))	8,239,763	878,400	8,239,763	878,400
Central Bank of Nigeria under the Commercial	8,750,000	9,438,095	8,750,000	9,438,095
Agriculture Credit Scheme (see note (h))	-	-	-	-
Bank of Industry-Intervention Fund for SMEs (see note (i))	12,797,671	20,499,372	12,797,671	20,499,373
Bank of Industry-Power & Airline Intervention Fund (see note (j))	16,699,539	13,467,693	16,699,539	13,467,693
Access Finance B.V. (see note (k))	-	-	57,020,588	55,502,693
Other loans and borrowings	1,017,544	102	-	-
	64,338,982	**48,369,849**	**120,342,026**	**103,872,441**

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

(a) The amount of N2,405,673,000 (USD 15,000,000) represents the outstanding balance in the on-lending facility granted to the Bank by ADB (Africa Development Bank) in August 2007 for a period of 9 years. The principal amount is repayable semi-annually from February 2010 while interest is paid semi annually at 3% above 6 months LIBOR. The annual effective interest rate is 4.28%.

(b) The amount of N3,953,395,000 (USD 25,000,000) represents the outstanding balance in the on-lending facility granted to the Bank by the Netherlands Develoment Finance Company effective from 15 December 2012 and disbursed in two trenches; February 2013 (USD 10m) and October 2013 (USD 15m) for a period of 6.5 years. The principal amount is repayable semi-annually from December 2014 while interest is paid semi annually at 3.75% above 6 months LIBOR. The annual effective interest rate is 5.28% for the first trench and 4.15% for the second trench.

(c) The amount of N2,395,493,000 (USD 15,000,000) represents the outstanding balance in the on-lending facility granted to the Bank by the French Development Finance Company effective from 15 December 2012 and disbursed in two trenches; February 2013 (USD 6m) and October 2013 (USD 9m) for a period of 6.5 years. The principal amount is repayable semi-annually from December 2014 while interest is paid semi annually at 3.75% above 6 months LIBOR. The annual effective interest rate is 4.43% for the first trench and 4.15% for the second trench.

(d) The amount of N400,906,000 (USD 2,500,000) represents the outstanding balance in the on-lending facility granted to the Bank by the Finnish Fund for Industrial Cooperation in July 2007 for a period of 8 years. The principal amount is repayable semi-annually from September 2012 while interest is paid semi annually at 3% above 6 months LIBOR. The annual effective interest rate is 4.46%.

(e) The amount of N160,585,000 (USD 1,000,000) represents the outstanding balance in the on-lending facility granted to the Bank by the Belgian Investment Company for developing countries in March 2007 for a period of 7 years. The principal amount is repayable semi-annually from March 2012 while interest is paid semi annually at 3% above 6 months LIBOR. The annual effective interest rate is 4.74%.

(f) The amount of N7,518,413,000 (USD 47,045,455) represents the outstanding balance in two on-lending facilities granted to the Bank by the European Investment Bank (EIB) in May 2013(USD 25m) and September 2013 (USD 26.75m) and for a period of 6 years each. The average annual effective interest rates are 3.6% for the former and 3.05% for the latter.

(g) The amount of N8,239,763,000 (USD 51,875,000) represents the outstanding balance in the two on-lending facilities granted to the Bank by the International Finance Corporation (IFC) in September 2006 (USD 15m) for a period of 8 years and in November 2013 (USD 50m) for a period of 5 years. The principal and interest repayments are made semi-annually from September 2011 (the former) and from November 2013 (the latter). Effective interest rests are 5.95% and 4.88% for the former and latter disbursement respectively.

(h) The amount of N8,750,000,000 represents the outstanding balance in the on-lending facility granted to the Bank by Central Bank of Nigeria in collaboration with the Federal Government of Nigeria (FGN) in respect of Commercial Agriculture Credit Scheme (CACS) established by both CBN and the FGN for promoting commercial agricultural enterprises in Nigeria. The facility is for a maximum period of 7 years at a zero percent interest rate to the Bank. The principal amount is repayable at the expiration of the loan. The Bank did not provide security for this facility.

(i) The amount of N12,797,671,000 represents an outstanding balance on the intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria for the purpose of refinancing or restructuring existing loans to Small and Medium Scale Enterprises (SMEs) and manufacturing companies. The total has a 15 year tenor. A management fee of 1% deductible at source is paid by the Bank under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. Though the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers.

(j) The amount of N16,699,539,000 represents the outstanding balance on intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria, to be applied to eligible power and airline projects. The total facility has a maximum tenor of 15 years. A management fee of 1% deductible at source is paid by the Bank under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. Though the facility is meant for on-lending to borrowers within the power and aviation sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers.

(k) The amount of N55,828,248,000 (USD350,000,000) represents the borrowings of Access Bank Plc from Access Finance BV in respect of the dollar guaranteed notes issued by Access Finance B.V., Netherlands which is due on 25 July 2017. The notes were issued on 25 July 2012 for a period of 5 years with the principal amount repayable at the end of the tenor while interest on the Notes is payable semi-annually at 7.34%, in arrears on 25 January and 25 July in each year. The annual effective interest rate is 7.65%.

44 Retirement benefit obligations

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Recognised liability for defined benefit obligations (see note (a) below)	1,929,695	2,220,841	1,929,695	2,220,841
Liability for defined contribution obligations	3,326	266,748	-	264,252
	1,933,021	**2,487,589**	**1,929,695**	**2,485,093**

(a) Defined benefit obligations

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

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Long term incentive plan (see note (i) below)	1,929,695	2,220,841	1,929,695	2,220,841
Recognised liability	**1,929,695**	**2,220,841**	**1,929,695**	**2,220,841**

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

In thousands of Naira	Impact on defined benefit obligation			
	Increase in assumption by 1%	**Liability changes to**	**Decrease in assumption by 1%**	**Liability changes to**
Discount rate	Decrease in liability by 5.39%	1,825,615	Increase in the liability by 5.96%	2,044,695
Salary growth	Increase in liability by 4.79%	2,022,070		

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

(i) Long term incentive plan

The Bank operates a non-contributory, unfunded lump sum defined benefit long term incentive plan for top executive management of the Bank from General Manager and above based on the number of years spent in these positions. The scheme is also aimed at rewarding executive directors and other senior executives for the contributions to achieving the Bank's long-term growth objectives.
There is no funding arrangement with a trustee for the long term incentive plan as the Bank pays for all obligations from its current year profit as such obligations fall due. Depending on their grade, executive staff of the Bank upon retirement are entitled to certain benefits based on their length of stay on that grade.

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

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Deficit on defined benefit obligations at 1 January	2,220,841	1,068,780	2,220,841	1,068,780
Charge for the period:				
-Interest costs	145,865	367,126	145,865	367,126
-Current service cost	264,726	284,807	264,726	284,807
-Past service cost	390,578	1,268,745	390,578	1,268,745
-Benefits paid	(3,321,200)	-	(3,321,200)	-
Net actuarial gain for the year remeasured in OCI	2,228,886	(768,617)	2,228,886	(768,617)
Balance, end of year	1,929,696	2,220,841	1,929,696	2,220,841

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

Expense recognised in income statement:

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Current service cost	264,726	284,807	264,726	284,807
Interest on obligation	145,865	367,126	145,865	367,126
Past service cost	390,578	1,268,745	390,578	1,268,745
Total expense recognised in profit and loss (see Note 14)	**801,169**	**1,920,678**	**801,169**	**1,920,678**

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

Future salary increases		
Retirement age for both male and female	60 years	60 years
Retirement rate: 50 – 59 (average rate)		
Withdrawal rate: 16 – 29		
Withdrawal rate: 30 – 44		
Withdrawal rate: 45 – 50		
Withdrawal rate: 51 – 55 (average rate)		

Assumptions regarding future mortality before retirement are based on A49/52 ultimate table published by the Institute of Actuaries of United Kingdom. The rate used to discount post employment benefit obligations has been determined by reference to the yield on Nigerian Government bonds of medium duration. This converts into an effective yield of 12% as at 31 December 2013. The inflation component has been worked out at 10% per annum. For members in active service as at the valuation date, the projected unit credit method of valuation as required under the IFRS has been adopted.

45 Contingent settlement provisions

The value of ₦3,548,250,000 represents contingent settlement provisions in respect of a liability to AMCON of an amount equivalent to 75% of deferred tax assets in the event of Access Group's realisation of the deferred tax asset from future taxable profits. This contingent provision as at year was assessed by management experts to be non-realisable.

Based on the conclusion of non-realisability of the deferred tax on requisition of Intercontinental Bank, the fair value of the contingent consideration is assessed as zero and the change in fair value recognised in income.

46 Capital and reserves

A Share capital

In thousands of Naira	**Bank December 2013**	**Bank December 2012**
(a) Authorised:		
Ordinary shares:		
24,000,000,000 Ordinary shares of 50k each	12,000,000	12,000,000
Preference shares:		
2,000,000,000 Preference shares of 50k each	1,000,000	1,000,000
	13,000,000	13,000,000

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

Ordinary shareholding:
The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Bank. All ordinary shares rank pari-passu with the same rights and benefits at meetings of the Bank.

Preference shareholding:
Preference shares do not carry the right to vote. Preference shareholders have priority over ordinary shareholders with regard to the residual assets of the Bank and participate only to the extent of the face value of the shares plus any accrued dividends. No preference shares were in issue as at the end of the reporting period.

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

In thousands of Naira	**Bank December 2013**	**Bank December 2012**
Balance, beginning of year	11,441,460	8,944,126
Issue of scheme shares to shareholders	-	2,497,334
Transfer from bonus issue reserve	-	-
Balance, end of year	11,441,460	11,441,460

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

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

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

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

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

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

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

In thousands of units	Group December 2013	Group December 2012
Balance, beginning of year	22,882,919	17,888,251
Issue of scheme shares	-	4,994,668
Balance, end of year	22,882,919	22,882,919

B **Share premium**

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

In thousands of units	Group December 2013	Group December 2012
Share premium	161,036,211	165,186,795

C **Reserves**

(i) **Statutory reserves**

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

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

The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 years but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this is no longer mandatory. The small and medium scale industries equity investment scheme reserves are non-distributable.

(iii) **Treasury shares**

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) **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.

In thousands of Naira	Group December 2013	Group December 2012
Opening Fair Value Reserve	1,452,962	65,386
Additional fair value translation gain/(loss) recognised in reserves	(6,268,447)	1,387,576
Fair value gains recognised into profit/loss arising from disposal of subsidiary	979,824	-
	(3,835,661)	**1,452,962**

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

D Non-controlling interest

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

In thousands of Naira	Group December 2013	Group December 2012
Access Bank, Gambia	104,022	(88,493)
Access Bank, Sierra Leone	20,508	16,607
Access Bank Zambia	329,770	-
Access Bank, Rwanda	488,156	448,578
Access Bank, Burundi	127,361	126,324
Omni Finance Bank, Cote D'Ivoire	-	(162,001)
Access Bank, Ghana	698,292	1,144,922
Wapic Insurance Plc	-	3,301,982
Intercontinental Homes and Savings Plc	-	2,052,913
Intercontinental Properties Limited	-	1,258,762
	1,768,109	**8,099,594**

This represents the NCI share of profit for the year for the Group

In thousands of Naira	Group December 2013	Group December 2012
Access Bank, Gambia	38,345	5,051
Access Bank, Sierra Leone	1,456	2,912
Access Bank Zambia	1,735	-
Access Bank, Rwanda	12,628	(18,761)
Access Bank, Burundi	(7,006)	(46,129)
Omni Finance Bank, Cote D'Ivoire	-	(203,813)
Access Bank, Ghana	148,604	237,534
Wapic Insurance Plc	-	(6,053)
Intercontinental Homes and Savings Plc	-	(198,574)
Intercontinental Properties Limited	-	35,929
	195,762	**(191,904)**

This represents the NCI share of other comprehensive income of the Group

In thousands of Naira	Group December 2013	Group December 2012
Access Bank, Gambia	(16,480)	(20,207)
Access Bank, Sierra Leone	-	16,424
Access Bank Zambia	-	-
Access Bank, Rwanda	30,968	(23,742)
Access Bank, Burundi	-	13,853
Omni Finance Bank, Cote D'Ivoire	-	16,538
Access Bank, Ghana	-	(49,904)
Wapic Insurance Plc	-	(31,972)
Intercontinental Homes and Savings Plc	-	31,430
Intercontinental Properties Limited	-	-
	14,488	**(47,580)**

In thousands of Naira		
Components total share of total comprehensive income of the Group	**210,250**	**(239,485)**

	December 2013	December 2012
Proportional Interest of NCI in subsidiaries	%	%
Access Bank, Gambia	88	100
Access Bank, Sierra Leone	98	98
Access Bank Zambia	87	100
Access Bank, Rwanda	75	75
Access Bank, Burundi	87	87
Access Bank, Ghana	95	95

E Dividends

In thousands of Naira	Bank December 2013	Bank December 2012
Interim dividend paid (2013: 25k, 2012: 25k)	5,720,730	5,722,063
Interim non- cash dividend (2013: 18k, 2012: nil)	4,150,584	-
Final dividend paid (2013: nil, 2012: 60)	-	13,729,751
	9,871,314	19,451,814
Number of shares	22,882,919	22,882,919
Dividend paid per share in kobo	43	85

The Directors have proposed a final dividend of 35kobo for the year ended 31 December 2013.

47 Leasing
As lessor

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

As lessee
Operating lease commitments
The Group leases offices, branches and other premises under operating lease arrangements. The leases have various terms and renewal rights. The lease rentals are paid in advance and recognised on straight line basis over the lease period. The outstanding balance is accounted for as prepaid lease rentals. Non-cancellable operating lease rentals are payable as follows:

In thousands of Naira	Group December 2013	Group December 2012	Bank December 2013	Bank December 2012
Less than one year	307,706	409,015	121,470	143,917
Later than one year and no later than five years	2,410,968	3,506,223	2,024,292	3,049,088
Later than five years	1,043,934	-	1,043,934	-
Total	**3,762,608**	**3,915,238**	**3,189,696**	**3,193,005**

48 Contingencies
Claims and litigation
The Group is a party to numerous legal actions arising out of its normal business operations. The Directors believe that, based on currently available information and advice of counsel, none of the outcomes that result from such proceedings will have a material adverse effect on the financial position of the Group, either individually or in the aggregate. A provision of N477Mn has been made for the year ended 31 December 2013.

In the normal course of business, the group is a party to financial instruments with off-balance sheet risks. These instruments are issued to meet the credit and other financial requirements of customers. The total off-balance sheet assets for the group was N451,837,327,000 (31 December 2012: N381,893,653,000 and N361,401,929,317 (31 December 2012: N310,847,061,000) was for the Bank.

Contingent liability and commitments
In common with other banks, Group conducts business involving acceptances, performance bonds and indeminities. 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 condictions. 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 December 2013	Group December 2012	Bank December 2013	Bank December 2012
Contingent liabilities:				
Transaction related bonds and guarantees	158,715,258	147,374,901	142,850,060	147,222,001
Financial guarantees	54,741,356	32,151,985	46,956,539	25,763,514
	213,456,614	**179,526,886**	**189,806,599**	**172,985,515**
Commitments:				
Clean line facilities for letters of credit and other commitments	228,957,302	198,789,950	162,171,919	134,284,730
	228,957,302	**198,789,950**	**162,171,919**	**134,284,730**

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

49 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 December 2013	Group December 2012	Bank December 2013	Bank December 2012
Cash on hand and balances with banks	104,264,577	85,464,121	99,378,167	65,844,193
Unrestricted balances with central banks	31,143,134	25,238,351	24,775,442	19,461,280
Money market placements and other cash equivalents	121,368,581	160,870,921	89,433,649	66,311,886
Treasury bills with original maturity of 90days	9,980,449	-	9,980,449	-
	266,756,741	**271,573,393**	**223,567,707**	**151,617,359**

50 (a) Restatement of prior period financial information

The financial information for 2012 was restated to correctly state certain balances in 2013 and to reclassify items relating to a disposal group in the income statement of 2012.

Certain prior period balances have been reclassifed in line with current period presentation, the reclassification was done so as to ensure that the items were classed according to their type and that like items were disclosed together.

The presentation of the statement of comprehensive income was changed to present items that should have more prominence in the income statement and the presentation of statement of financial position was reviewed to present the line items in the order of liquidity.

Summary of reclassification to prior year restated figures - Income statement

		GROUP			
	Explanation Notes	**Reported 2012**	**Reclassified to discontinued operations (i)**	**Other reclassifications and adjustments (ii)**	**Restated 2012**
		N ' 000	**N ' 000**	**N ' 000**	**N ' 000**
Continuing operations					
Interest income		161,437,286	-	-	161,437,286
Interest expense		(65,059,458)	-	-	(65,059,458)
Net interest income		**96,377,828**	**-**	**-**	**96,377,828**
Fee and commission income		28,734,285	-	-	28,734,285
Fee and commission expense		(605,835)	-	-	(605,835)
Net fee and commission income		**28,128,450**	**-**	**-**	**28,128,450**
Net gains/(losses) on financial instruments classified as held for trading	(ii) a	115,155		(4,566)	110,589
Underwriting profit		1,014,536	(1,014,536)	-	-
Foreign exchange income	(ii) a	7,429,698	-	4,566	7,434,264
Other operating income		9,577,913	(190,429)	-	9,387,484
		18,137,302	(1,204,965)	-	16,932,337
Operating income before impairment gain		**142,643,580**	**(1,204,965)**	**-**	**141,438,615**
Net impairment loss on financial assets		(10,790,651)	-	-	(10,790,651)
Operating income		**131,852,929**	**(1,204,965)**	**-**	**130,647,964**
Personnel expenses	(ii) b, c	(33,683,156)	572,027	600,569	(32,510,560)
Operating lease expenses		(2,055,779)	612,853	-	(1,442,926)
Depreciation and amortization		(11,021,511)	154,570	-	(10,866,941)
Other operating expenses	(ii) d	(40,756,904)	552,607	274,835	(39,929,462)
Total expenses		**(87,517,350)**	**1,892,057**	**875,404**	**(84,749,889)**
Operating profit		**44,335,579**	**687,092**	**875,404**	**45,898,075**
Share of profit of equity accounted investee	(ii) e	544,569	-	92,334	636,903
Profit before income tax		**44,880,148**	**687,092**	**967,738**	**46,534,978**
Income tax expense	(ii) b	(2,018,307)	92,379	230,585	(1,695,343)
Profit for the year from continuing operations		**42,861,841**	**779,471**	**1,198,323**	**44,839,635**
Discontinued operations					
Loss from discontinued operations	(ii) d	(4,457,057)	(779,471)	(274,835)	(5,511,363)
Profit for the year		**38,404,784**	**-**	**923,488**	**39,328,272**
Consolidated statement of comprehensive income					
For the year ended 31 December 2013 (continued)					
In thousands of Naira					
Other comprehensive income (OCI) for the year:					
Items that will not be reclassified to the income statement:					
Remeasurements of post employment benefit obligations	(ii) b	-	-	538,032	538,032
Items that may be subsequently					
Foreign currency translation differences for foreign subsidiaries		1,387,577	-	-	1,387,577
Fair value (loss)/gains and losses					
- Unrealised net gains/(losses) arising during the year	(ii) f	(4,659,189)	-	6,563,365	1,904,176
- Fair value gain on Property and equipment	(ii) g	(68,549)	-	68,549	-
- Share of OCI of equity accounted investee	(ii) e	-		133,484	133,484
Other comprehensive (loss)/gain for		**(3,340,161)**	**-**	**7,303,430**	**3,963,269**
Total comprehensive income for the year		**35,064,623**	**-**	**8,226,918**	**43,291,541**

Profit attributable to:				
Owners of the Bank	38,596,688	-	923,488	39,520,176
Non-controlling interest	(191,904)	-	-	(191,904)
Profit for the year	**38,404,784**	**-**	**923,488**	**39,328,272**
Total comprehensive income attributable to:				
Owners of the Bank	35,304,108	-	8,226,918	43,531,026
Non-controlling interest	(239,485)	-	-	(239,485)
Total comprehensive income for the year	**35,064,623**	**-**	**8,226,918**	**43,291,541**
Total comprehensive income for the year:				
Continuing operations	39,521,680	-	9,281,224	48,802,904
Discontinued operations	(4,457,057)	-	(1,054,306)	(5,511,363)
	35,064,623	**-**	**8,226,918**	**43,291,541**
Total comprehensive income attributable to:				
Owners of the Bank	35,256,527	-	8,226,918	43,483,445
Non-controlling interest	(191,904)	-	-	(191,904)
Total comprehensive income for the year	**35,064,623**	**-**	**8,226,918**	**43,291,541**
Earnings per share				
Basic earnings per share(kobo)	169	-	3	172
Diluted (kobo)	169	-	3	172
Earnings per share - continuing operations				
Basic earnings per share(kobo)	187	-	9	196
Diluted (kobo)	187	-	9	196

Notes to the reclassifications made to the Group Statement of Comprehensive Income for the year 2012

(i) **Reclassification to discontinued operations**
During the year, the Bank in line with the Central Bank of Nigeria's directive for all banks to divest from non-core banking subsidiaries the group gave out its interest in WAPIC Insurance Plc in form of non-cash dividend to shareholders. This cede of interest is recognised as a distribution of non-cash dividend and accounted for in accordance to IFRIC 17, *Distribution of non-cash assets to owners*. WAPIC is classified as a discontinued operation in the current financial year, and in line with IFRS 5 - *Non-cash assets held for sale and discontinued operations,* the Group has restated 2012 figures by excluding WAPIC. See note 17d

(ii) **Other reclassifications and adjustment**

(a) **Trading loss on derivatives held for trading**
Derivatives held for trading by the Group generated a loss amounting to N4.566mn which was captured under foreign exchange income. This loss on derivatives held for trading should however have been recognised under Net gains/(losses) on financial instruments classified as held for trading. A reclassification to ensure a consistent presentation has been made.

(b) **Net actuarial gains and fair value changes and deferred tax**
IAS 19 Employee benefits previously allowed the actuarial gain/loss on remeasurement to be recognised in the Income statement. IAS 19 (2011 revised) which became effective for the 2013 financial year end, however requires that these gains/losses be recognised in other comprehensive income. The standard requires a restrospective application. Net actuarial gains amounting to N769mn and the deferred tax of N231mn which were previously recognised in the income statement have been reclassified to other comprehensive income.

(c) **Treasury shares**
IAS 32 (Financial instruments presentation) requires gains/losses reaslised in the disposal of treasury shares to be recorded in equity. The Bank, however recorded this loss in the income statement. A N1.368bn adjustment was thus raised to reclassify the loss on disposal of treasury shares to other comprehensive income from income statement.

(d) **Loss on control of subsidiaries**
In 2012, the bank commenced a winding down process for some of its subsidiaries and recorded a loss of N275mn. This loss was recorded in the income statement as part of operating expenses. This loss which was captured under operating expenses has been reclassified to loss on discontinued operations.

(e) **Share of profit of equity accounted investee**
In recognizing its effective holding in Associated Discount House, the Bank used 38.32% instead of 45.32%. An adjustment of N92.3mn and N133.5mn were raised to recognize the correct share of profit and other comprehensive income respectively.

(f) **Fair value reserves**
Fair value changes of N6.8bn which should have been presented through other comprehensive income in 2012 were presented in the statement of changes in equity. This was corrected in the 2012 retrospectively.

(g) **Fair value loss on property and equipment**
The Group policy of carrying property, plant andequipment at cost less accumulated depreciation and impairment losses was not adopted by some of the acquired subsidiaries. The assets of these entities were carried at fair value and the resulting net gain taken to equity. An adjustment of N68.5mn was raised to correct this.

50 (b) Summary of reclassification to 2012 figures - Statement of Financial Position

GROUP

	Explanation Notes	Reported 2012	Reclassifications and adjustments	Restated 2012	Reported 2011	Reclassifications and adjustments	Restated 2011
		N '000	N '000	N '000	N '000	N '000	N '000
Cash and balances with banks	(a)	296,184,966	109,107,275	405,292,241	191,518,474	76,398,814	267,917,288
Non pledged trading assets		27,906,803	-	27,906,803	10,812,122	-	10,812,122
Pledged assets		60,949,856	-	60,949,856	66,191,144	-	66,191,144
Derivative financial instruments		30,949	-	30,949	9,909	-	9,909
Loans and advances to banks		4,564,943	-	4,564,943	775,765	-	775,765
Loans and advances to customers		604,073,399	-	604,073,399	576,228,507	-	576,228,507
Trading properties		2,693,227	-	2,693,227	6,688,000	-	6,688,000
Investment securities		447,281,811	-	447,281,811	561,733,704	-	561,733,704
Insurance receivables		627,337	-	627,337	1,405,000	-	1,405,000
Other assets	(a)	177,042,627	(109,107,275)	67,935,352	120,874,368	(76,398,814)	44,475,554
Investment properties		14,360,567	-	14,360,567	16,097,044	-	16,097,044
Investments in equity accounted investee	(b)	2,548,828	225,819	2,774,647	2,812,805	-	2,812,805
Investment in subsidiary		-	-	-	-	-	-
Property and equipment	(c)	64,565,889	68,549	64,634,438	67,647,817	-	67,647,817
Intangible assets		3,404,945	-	3,404,945	3,277,608	-	3,277,608
Deferred tax (net)		8,113,973	-	8,113,973	2,930,928	-	2,930,928
		1,714,350,120	294,368	1,714,644,488	1,629,003,195	-	1,629,003,195
Assets classified as held for sale		30,827,257	-	30,827,257	-	-	-
Total assets		**1,745,177,377**	**294,368**	**1,745,471,745**	**1,629,003,195**	**-**	**1,629,003,195**
Liabilities							
Deposits from financial institutions	(d)	105,170,552	(8,277,537)	96,893,015	146,808,286	(11,579,527)	135,228,759
Deposits from customers		1,201,481,996	-	1,201,481,996	1,101,703,921	-	1,101,703,921
Derivative financial instruments		35,515	-	35,515	9,413	-	9,413
Debt securities issued		54,685,891	-	54,685,891	-	-	-
Claims payable		118,226	-	118,226	450,000	-	450,000
Current tax liabilities		8,937,964		8,937,964	9,747,004	-	9,747,004
Other liabilities		58,418,260	-	58,418,260	140,772,972	-	140,772,972
Retirement benefit obligations		2,487,589	-	2,487,589	1,876,578	-	1,876,578
Liabilities on investment contracts		65,591	-	65,591	61,000	-	61,000
Liabilities on insurance contracts		3,351,234	-	3,351,234	2,703,000	-	2,703,000
Interest-bearing loans and borrowings	(d)	40,092,312	8,277,537	48,369,849	29,258,273	11,579,527	40,837,800
Contingent settlement provisions		3,548,250	-	3,548,250	3,548,000	-	3,548,000
		1,478,393,380	-	1,478,393,380	1,436,938,447	-	1,436,938,447
Liabilities classified as held for sale		25,793,512	-	25,793,512	-	-	-
Total liabilities		**1,504,186,892**	**-**	**1,504,186,892**	**1,436,938,447**	**-**	**1,436,938,447**
Equity							
Share capital and share premium		176,628,255	-	176,628,255	155,104,963	-	155,104,963
Retained earnings	(b)	17,764,295	92,335	17,856,630	(6,744,577)	-	(6,744,577)
Other components of equity	(b, c)	38,498,341	202,033	38,700,374	20,649,521	-	20,649,521
Total equity		**232,890,891**	**294,368**	**233,185,259**	**169,009,907**	**-**	**169,009,907**
Non-controlling interest		8,099,594	-	8,099,594	23,054,841	-	23,054,841
		240,990,485	**294,368**	**241,284,853**	**192,064,748**	**-**	**192,064,748**
Total equity and liabilities		1,745,177,377	294,368	1,745,471,745	1,629,003,195	-	1,629,003,195

Notes to the reclassifications made to the consolidated statement of financial position

(a) **Cash and balances with banks**
Restricted cash deposit of N109bn held with the Central Bank of Nigeria was reclassifed in 2013 to Cash and balances with banks from other assets. To ensure consistency of presentation in these consolidated financial statements, we have restated prior years by effecting this reclassfication.

(b) **Investment in equity accounted investee**
The net of N225.8Mn is as a result of recognising the share of OCI in ADH of N133.5Mn and the difference of N92.3Mn arising from applying the effective shareholding of the group on the share of profit for 2012.

(c) **Property and equipment**
The group policy of carrying property, plant andequipment at cost less accumulated depreciation and impairment losses was not adopted by some of the banks subsidiaries. The assets of these entities were carried at fair value and the resulting net gain taken to equity. An adjustment of N68.5Mn was raised to correct this.

(d) **Deposit from financial institutions and borrowings**
Borrowings from financial institutions amounting to N8.28bn was included deposits from financial institutions. For consistency in presentation, it was reclassified to to Interest bearing loans and borrowings.

51 Contraventions of the Banks and Other Financial Institutions Act of Nigeria and CBN circulars

S/N	Regulatory Body	Infraction	Penalty
i)	Central Bank of Nigeria (CBN)	Retaining a Director on the Board after his expected tenure had expired	N2 Million
ii)	Central Bank of Nigeria (CBN)	Granting credit facilities to four of its directors in excess of 10% of its paid up capital against the provisions of CBN Circular No BSD/9/2004	N2 Million
iii)	Central Bank of Nigeria (CBN)	Executing three (3) loan agreements for on-lending facilities without the CBN's approval.	N6 Million
iv)	Central Bank of Nigeria (CBN)	Not appointing at least two independent directors to its board	N2 Million
v)	Central Bank of Nigeria (CBN)	Commencing divestment process from WAPIC without prior approval of the CBN	N2 Million
vi)	Central Bank of Nigeria (CBN)	Publishing approved financial statements and including changes not validated by the CBN	N2 Million
vii)	Central Bank of Nigeria (CBN)	Incomplete reporting of public sector deposits	N2 Million
viii)	Central Bank of Nigeria (CBN)	Non-compliance with the CBN Cash-less initiative	N1.3 Million

52 Events after reporting date

Subsequent to the end of the reporting period, the Board of Directors proposed a final dividend of 65k each on the issued share capital of 22,882,918,908 ordinary shares of 50 kobo each as at 31 December 2013. There are no other post balance sheet event that require disclosue in these consolidated financial statements.

53 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes subsidiaries, associates, joint ventures and the Group's pension schemes, as well as key management personnel.

Transactions with key management personnel

The Group's key management personnel, and persons connected with them, are also considered to be related parties. The definition of key management includes the close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the Group. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Access Bank Plc and its subsidiaries.

Parent

The parent company, which is also the ultimate parent company, is Access Bank Plc.

(a) Loans and advances to related parties

The bank granted various credit facilities to other companies which have common directors with the bank and those that are members of the Group.
The rates and terms agreed are comparable to other facilities being held in the bank's portfolio. Details of these are described below:

In thousands of Naira	Directors and other key management personnel (and close family members)	Subsidiaries	Associates	Total
Balance, beginning of year	82,577,604	2,342,400	-	**84,920,004**
Net movement during the year	1,218,885	10,136,820	-	**11,355,705**
Balance, end of year	83,796,489	12,479,220	-	96,275,709
Interest income earned	4,844,015	1,050	-	4,845,065
Bad or doubtful debts due from related parties expense	-	-	-	-

The loans issued to directors and other key management personnel (and close family members) as at 31 December 2013 of N83.8bn are repayable in various cycles ranging from monthly to annually over the tenor, and have average interest rates of 13.5%. The loans advanced to the directors during the year are collateralised by a combination of lien on shares of quoted companies, fixed and floating debentures, corporate guarantee, negative pledge, domiciliation of proceeds of company's receivables, legal mortgages and cash.

The loan to subsidiaries relates to a foreign currency term loan facility of USD78M granted during the period. It is a non-collateralised loan advanced at an interest rate of 5%. This loan has been eliminated on consolidation and does not form part of the reported Group loans and advances balance.

Interest rates charged on balances outstanding are at rates that would be charged in the normal course of business. No impairment losses have been recorded against balances outstanding during the year/period with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at the period end.

(b) Deposits from related parties

Year Ended 31 December 2013 *In thousands of Naira*	**Directors (and close family members and related entities)**	**Subsidiaries**	**Associates**	**Total**
Balance, beginning of year	11,864,907	3,006,163	-	**14,871,070**
Net movement during the year	47,112,745	(2,364,108)	-	**44,748,637**
Balance, end of year	58,977,652	642,055	-	59,619,707
Interest expenses on deposits	412,683	1,031	-	413,714

There are no special considerations for the related party deposits. Deposits from related parties are taken at arms length. The average rate on deposit from directors and other key management personnel which are majorly term deposit was approximately 9.7% while average rate on deposit from subsidiaries majorly demand deposits was approximately 1.75%.

(c) Borrowings from related parties

In thousands of Naira	**Subsidiaries**	**Associates**	**Total**
Borrowings at 1 January 2013	55,502,694	-	55,502,694
Net movement during the year	1,517,894	-	1,517,894
Borrowings at 31 December 2013	57,020,588	-	57,020,588
Interest expenses on borrowings	115,669	-	115,669

The borrowings from subsidiaries represent the borrowings of Access Bank Plc from Access Finance BV in respect of the dollar guaranteed notes issued by Access Finance B.V., Netherlands which is due on 25 July 2017. The notes were issued on 25 July 2012 for a period of 5 years with the principal amount repayable at the end of the tenor while interest on the Notes is payable semi-annually at 7.34%, in arrears on 25 January and 25 July in each year. The annual effective interest rate is 7.65%.

(d) Other balances and transactions with related parties

In thousands of Naira	**Directors (and close family members and related entities)**	**Subsidiaries**	**Associates**	**Total**
Cash and cash equivalent	-	74,810,536	5,000,000	79,810,536
Derivative financial instrument	72,676	-	-	72,676
Deposit for Investments	-	1,323,923	-	1,323,923
Receivables	1,902,832	194,508	-	2,097,340
Payables	-	457,234	-	457,234
Other Liabilities	5,295,320	-	-	5,295,320
Fee and commission income	-	736,734	-	736,734
Off balance sheet exposuress	19,929,744	-	-	19,929,744

(e) Key management personnel compensation for the period comprises:

Directors' remuneration

In thousands of Naira	**December 2013**	**December 2012**
Non-executive Directors		
Fees	46,500	39,000
Other emoluments:		
Allowances	216,093	182,491
	262,593	221,491
Executive directors		
Short term employee's benefit	711,264	145,100
Defined contribution plan	17,859	18,403
Share based payment	112,783	-
Long term incentive plan	3,321,200	-
	4,163,106	**163,503**
Total compensation to key management personnel	**4,425,699**	**384,994**

53 (f) Insider related credit exposures

Access Bank has some exposures that are related to its Directors. The Bank however follows a strict process before granting such credits to its Directors. The requirements for creating and managing this category of risk assets include the following amongst others:

a. Complete adherence to the requirements for granting insider-related exposure as stated in the Bank's Credit Policy Guidelines, the Insider-related Policy as well as the Bank's duly approved Standard Operating Procedure for managing insider-related exposures.

b. Full compliance with the relevant CBN policies on insider-related lending.
c. All affected Directors are precluded from taking part in the approval process of credit request wherein they have interest.
d. The related Director is required to execute a document authorizing the Bank to use their accruable dividends to defray any related-obligor's delinquent exposures.
e. The Directors are required to execute documents for the transfer of their shares to the Bank's nominated broker to ensure effective control as required by the CBN policy to enhance the bank's Corporate Governance structure.

f. Section 89 of the Bank's Article of Association also reiterated that "a related Director shall vacate office or cease to be a Director, if the Director directly or indirectly enjoys a facility from the Bank that remains non-performing for a period of more than 12months."

The Bank's gross exposure to all its Directors as at December 31, 2013 was N53,341,230,000. However, the relevant obligors under this category also have credit balances and deposits maintained in their bank accounts which mitigate the risks to the bank. These deposits as at December 31, 2013 sum up to N34,974,080,000. Overall, net Director-related exposure (excluding contingent obligations) was only N18,367,150,000
Below is a schedule showing the details of the Bank's director-related lending:

Analysis of loans and advances
In thousands of naira

S/N	Name of borrower	Relationship to reporting institution	Name of related Directors	Facility type	Outstanding Principal	Status	Nature of security
1	Combined Industrial Agro	Chairman	Mr. Gbenga Oyebode	Overdraft	152,757	Performing	Corporate Guarantee of Assets Management Group Limited
2	Neconde Energy Limited	Director	Mr. Tunde Folawiyo	Syndicated Reserve Based Lending	6,927,227	Peforming	(1) Asset Debenture of Neconde Energy Limited. (2) Assignment of the Borrower's right under all commercial contract. (3) Domiciliation of Crude oil sales proceeds to Access bank and Standard Bank.
3	Aries Exploration And Production Company Limited	Director	Mr. Tunde Folawiyo	Term Loan	5,099,681	Performing	(1) All Asset Debenture Of Aries E & P. (2) Subordinated charge on the shares of Aries E & P Co Ltd in Neconde. (3) Tripatite lien on 4,010,528 Million Units Of MTN Shares belonging to Universal Communication.
4	Asset Management Group Limited	Chairman	Mr. Gbenga Oyebode	Term Loans On-Lending Loans Overdraft	1,130,888 453,013 586	Performing Performing Performing	Pledged property and office building for all obligations
5	Timbuktu Media Limited	Chairman & Director	Mr. Gbenga Oyebode & Mr. Tunde Folawiyo	CBN-BOI Intervention Fund	105,000	Performing	1. Debenture on the company's assets. 2. Domiciliation of receivables of Timbuktu Media Limited.
6	Enyo Trading Company Limited	Director	Mr Tunde Folawiyo	Overdraft	5,623,287	Performing	1. Lien On Proceeds Of Foreign Currency Cash Paid To Glencore Energy UK(i.e minimum Of 100% Cash Backing. 2. Domiciliation of sales proceed.
7	DTD Services Limited	Director	Mr Tunde Folawiyo	Term Loan	265,050	Performing	1. Legal Mortgage on Aircraft financed . 2. Lien on cash in sister Company - Norwoord Worldwide.
8	Folawiyo Energy Limited	Director	Mr Tunde Folawiyo	Overdraft	2,518	Performing	
9	Marina Securities Limited	Brother of Ex-Director of the Bank	Mr Aigbovbioise Aig-Imoukhuede	Overdraft	1,650,474	Performing	1. Legal Mortgage on property. 2. Lien on shares and other investments.
				Term Loan	800,000	Performing	
10	Sic Property And Investment Company Ltd	Director	Mr Dere Otubu	Term Loans	1,975,000	Performing	1. Pledged valued property. 2. Lien on other property under construction.
				Overdraft	1,029,539	Performing	
11	Blatech Limited	Director	Mr Dere Otubu	Overdraft	9,299	Performing	Domiciliation of proceeds of the Company's receivables.

12	C.G Biostadt Limited	Ex-Director	Dr Cosmas Maduka	Overdraft	412,867	Performing	Corporate guarantee of Coscharis Motors.
	C.G Biostadt Limited	Ex-Director	Dr Cosmas Maduka	Term Loan	509,250	Performing	
	C.G Biostadt Limited	Ex-Director	Dr Cosmas Maduka	Usance Letters Of Credit	30,718	Performing	
13	Swiss Biostadt Limited	Ex-Director	Dr Cosmas Maduka	Usance Letters Of Credit	157,286	Performing	Corporate guarantee of Coscharis Motors.
14	Coscharis Motors Limited	Ex-Director	Dr Cosmas Maduka	Overdraft	25,446,922	Performing	Trip. Legal Mortgge.
				Usance Letters Of Credit	883,823	Performing	2. Lien of Vessel & Barges.
							3. Related ex-Director's shareholding in the Bank.
				Term Loans	675,000	Performing	4. All Asset debenture on the company fixed and floating Asset
15	Coscharis Technologies Limited	Ex-Director	Dr Cosmas Maduka	Overdraft	1,045	Performing	Corporate guarantee of Coscharis Motors.
Total					**53,341,230**		

Analysis of off balance sheeet exposures

In thousands of naira

Name of company/individual	Relationship to reporting institution	Name of the Director	Facility type	Outstanding credit	Status	Nature of security
Coscharis Motors Limited	Ex-Director	Mr. Cosmas Maduka	Letter of credit	8,786,937	Performing	Corporate Guarantee
Coscharis Technologies	Ex-Director	Mr. Cosmas Maduka	Letter of credit	550,516	Performing	Corporate Guarantee
DTD Services	Director	Mr. Tunde Folawiyo	Other bonds	100,649	Performing	Corporate Guarantee
Folawiyo Energy Trading Limited			Letter of credit	9,424,979	Performing	1. Legal Mortgage on Aircraft financed. 2. Lien on investment in sister Company - Norwoord Worldwide
Marina Securities Limited	Brother of Ex-Director of the Bank	Mr Aigbovbioise Aig-Imoukhuede		10,467	Performing	1.Legal Mortgage on property. 2.Lien on shares 3.Lien on investment.
			Other guarantees			
Swiss Biostadt Limited	Ex-Director	Mr. Cosmas Maduka	Letter of credit	145,451	Performing	Corporate Guarantee
Yinka Folawiyo & Co.	Director	Mr. Tunde Folawiyo	Custom bond	350	Performing	Corporate Guarantee
Total				**19,019,349**		

Value Added Statement

In thousands of Naira

	Group December 2013	%	Group December 2012	%
Gross earnings	207,053,212		208,308,873	
Interest expense				
Foreign	(6,483,452)		(2,049,595)	
Local	(61,753,935)		(63,009,863)	
	138,815,825		143,249,415	
Net impairment (loss) on financial assets	5,012,279		(8,084,391)	
Net impairment loss on other financial assets	1,151,265		(2,706,259)	
Bought-in-materials and services				
Foreign	(336,832)		(75,798)	
Local	(52,852,324)		(34,958,556)	
Value added	**91,790,213**		**97,424,410**	
Distribution of Value Added				
To Employees:				
Employees costs	31,081,954	34%	32,510,560	33%
To government				
Government as taxes	7,498,759	8%	1,695,343	2%
To providers of finance				
Interest on borrowings	8,819,542	10%	4,106,657	4%
Dividend to shareholders	19,450,480	21%	12,588,539	13%
Retained in business:				
For replacement of property and equipment and intangible assets	8,714,544	9%	10,866,941	11%
For replacement of equipment on lease	1,451,667	2%	1,442,926	1%
Retained profit (including Statutory and regulatory risk reserves	14,773,266	16%	34,213,444	35%
	91,790,213	**100%**	**97,424,410**	**100%**

	Bank December 2013	%	Bank December 2012	%
Gross earnings	181,737,641		174,535,283	
Interest expense				
Foreign	(6,483,452)		(2,049,595)	
Local	(54,542,394)		(57,375,283)	
	120,711,795		115,110,405	
Net impairment (loss) on financial assets	6,356,951		(6,190,567)	
Net impairment loss on other financial assets	328,083		(5,425,511)	
Bought-in-materials and services				
Foreign	(47,393,675)		(23,108,745)	
Local	-		-	
Value added	**80,003,154**		**80,385,582**	
Distribution of Value Added				
To Employees:				
Employees costs	25,937,818	32%	28,412,192	35%
To government				
Government as taxes	5,153,552	6%	443,919	1%
To providers of finance				
Interest on borrowings	5,152,243	6%	4,112,692	5%
Dividend to shareholders	19,450,480	24%	12,588,539	16%
Retained in business:				
For replacement of property and equipment	7,780,207	10%	9,678,299	12%
For replacement of equipment on lease	1,273,023	2%	1,384,837	2%
Retained profit (including Statutory and regulatory risk reserves	15,255,831	19%	23,765,104	30%
	80,003,154	**100%**	**80,385,582**	**100%**

Notes to the Financial Statements
For the year ended 31 December 2013
Other financial Information
Five-year Financial Summary

	IFRS			NGAAP	
Group	**December 2013 12 months**	**Restated December 2012 12 months**	**Restated December 2011 12 months**	**December 2010 12 months**	**December 2009 9 months**
In thousands of Naira	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Assets					
Cash and balances with banks	439,459,541	405,292,241	267,917,288	123,957,778	155,076,424
Non pledged trading assets	3,877,969	27,906,803	10,812,122	30,969,755	11,563,193
Pledged assets	63,409,851	60,949,856	66,191,144	59,930,096	7,591,114
Derivative financial instruments	102,123	30,949	9,909	1,110,803	3,002,720
Loans and advances to banks	24,579,875	4,564,943	775,765	610,108	70,526
Loans and advances to customers	786,169,704	604,073,399	576,228,507	447,810,358	385,313,186
Trading properties	-	2,693,227	6,688,000	-	-
Investment securities	353,811,348	447,281,811	561,733,704	69,892,874	73,745,086
Insurance receivables	-	627,337	1,405,000	-	-
Other assets	52,019,723	67,935,352	44,475,554	20,006,440	16,927,332
Investment properties	23,974,789	14,360,567	16,097,044	12,943,078	1,404,000
Investments in equity accounted investee	3,623,325	2,774,647	2,812,805	-	300,156
Property and equipment	67,243,305	64,634,438	67,647,817	23,807,982	27,680,220
Intangible assets	3,659,071	3,404,945	3,277,608	2,718,899	2,880,706
Deferred tax assets	10,687,635	8,113,973	2,930,928	2,458,597	3,779,129
Assets classified as held for sale	2,847,741	30,827,257	-	-	-
Total assets	1,835,466,000	1,745,471,746	1,629,003,195	796,216,768	689,333,792
Liabilities					
Deposits from financial institutions	72,147,955	96,893,015	135,228,759	69,889,795	43,216,841
Deposits from customers	1,331,418,659	1,201,481,996	1,101,703,921	484,723,475	442,334,863
Derivative financial instruments	32,955	35,515	9,413	725,007	1,833,327
Claims payable	-	118,226	450,000	-	-
Current tax liabilities	6,899,558	8,937,964	9,747,004	3,492,485	6,982,030
Other liabilities	56,847,216	58,418,260	140,772,972	49,977,525	28,723,169
Deferred tax liabilities	37,861	-	-	-	-
Liabilities on investment contracts	-	65,591	61,000	-	-
Liabilities on insurance contracts	-	3,351,234	2,703,000	-	-
Debt securities issued	55,828,248	54,685,891	-	-	2,604,276
Interest-bearing loans and borrowings	64,338,982	48,369,849	40,837,800	22,760,350	3,376,945
Retirement benefit obligations	1,933,021	2,487,589	1,876,578	-	-
Contingent settlement provisions	-	3,548,250	3,548,000	-	-
Liabilities classified as held for sale	1,499,495	25,793,512	-	-	-
Total liabilities	1,590,983,950	1,504,186,892	1,436,938,447	631,568,637	529,071,451
Equity					
Share capital and share premium	172,477,671	176,628,255	155,104,963	155,104,963	154,291,861
Retained earnings	22,232,375	17,856,630	(6,744,577)	(10,785,618)	(9,980,792)
Other components of equity	48,003,894	38,700,374	20,649,521	19,629,454	15,092,981
Non controlling interest	1,768,110	8,099,594	-	699,332	858,291
Total equity	244,482,050	241,284,853	192,064,748	164,648,131	160,262,341
Net Assets	1,835,466,000	1,745,471,745	1,629,003,195	796,216,768	689,333,792
Gross earnings	208,204,477	197,081,930	135,635,180	90,644,073	87,531,150
Profit/(Loss) before income tax	44,996,410	46,534,979	27,107,026	12,584,231	(3,955,124)
Profit/(Loss) from continuing operations	37,497,651	44,839,636	17,077,918	7,727,399	(2,088,034)
Discontinued operations	(1,200,059)	(5,511,361)	(1,699,596)	-	-
Profit for the year	36,297,592	39,328,275	15,378,322	7,727,399	(2,088,034)
Non controlling interest	195,762	(191,904)	879,093	176,442	207,584
Profit attributable to equity holders	36,101,830	39,520,179	14,499,229	7,903,841	(1,880,450)
Dividend paid	23,601,065	12,588,538	8,944,125	3,577,650	11,349,982
Earning or (loss) per share -Basic	159k	172k	169k	44k	-12k
- Adjusted	159k	172k	169k	44k	-12k
Number of ordinary shares of 50k	22,882,918,908	22,882,918,908	17,888,251,478	16,262,046,799	16,262,046,799

Other financial Information
Five-year Financial Summary

Bank	IFRS			NGAAP	
	December 2013 12 months	Restated December 2012 12 months	Restated December 2011 12 months	December 2010 12 months	December 2009 9 months
In thousands of Naira	N'000	N'000	N'000	N'000	N'000
Assets					
Cash and balances with banks	395,808,747	284,062,159	131,647,158	89,825,872	134,434,629
Non pledged trading assets	3,877,969	3,769,260	5,787,534	-	-
Pledged assets	63,347,823	60,949,856	66,191,144	-	-
Derivative financial instrument	72,675	-	-		
Loans and advances to banks	13,048,651	3,054,520	775,765	-	-
Loans and advances to customers	735,300,741	554,592,199	490,877,501	428,605,827	367,293,632
Trading properties	-	-	-	-	-
Investment securities	309,071,802	420,346,295	127,420,035	128,429,620	83,658,775
Other assets	44,326,360	61,431,658	15,676,950	22,172,504	13,677,803
Investment properties	23,974,789	14,072,673	12,417,043	12,943,078	1,404,000
Investments in equity accounted investee	1,521,812	1,980,808	-	-	145,000
Investment in subsidiary	38,029,992	43,209,688	80,400,287	24,261,123	23,299,346
Property and equipment	63,203,245	58,938,450	17,042,268	20,722,556	22,323,266
Intangible assets	2,661,553	2,339,510	1,146,412	-	-
Deferred tax assets	9,847,853	7,007,387	-	-	1,338,268
Total assets	1,704,094,012	1,515,754,462	949,382,097	726,960,580	647,574,719
Liabilities					
Deposits from banks	61,295,352	16,312,516	131,494,136	34,742,938	39,025,683
Deposits from customers	1,217,176,793	1,093,979,220	522,922,292	440,542,115	405,836,092
Debt securities issued	-	-	-	-	2,604,276
Current tax liabilities	6,075,590	7,686,568	2,084,899	2,959,976	6,736,626
Other liabilities	52,092,559	50,246,164	61,029,366	43,169,762	17,089,054
Retirement benefit obligations	1,929,695	2,485,093	1,149,578	-	-
Interest-bearing loans and borrowings	120,342,026	103,872,441	40,823,345	22,685,778	3,131,964
Contingent settlement provisions	-	3,548,250	-	-	-
Deferred tax liabilities	-	-	2,841,403	355,197	-
Total liabilities	1,458,912,015	1,278,130,252	762,345,019	544,455,766	474,423,695
Equity					
Share capital and share premium	172,477,671	176,628,255	155,104,963	155,104,963	154,291,861
Retained earnings	23,095,392	18,880,711	3,376,997	6,777,393	(610,507)
Other components of equity	49,608,934	42,115,245	28,555,118	20,622,458	19,469,670
Total equity	245,181,997	237,624,211	187,037,078	182,504,814	173,151,024
Net Assets	1,704,094,012	1,515,754,463	949,382,097	726,960,580	647,574,719
Gross earnings	182,888,906	172,719,708	98,518,061	79,065,123	75,847,752
Profit/(Loss) before income tax	31,365,396	36,259,530	12,141,462	17,668,584	41,723
Profit/(Loss) from continuing operations	26,211,844	35,815,611	5,248,866	7,727,399	(2,088,034)
Profit for the year	26,211,844	35,815,611	5,248,866	7,727,399	(2,088,034)
Dividend paid	23,601,065	12,588,538	8,944,125	3,577,650	11,349,982
Earning or (loss) per share -Basic	115k	157k	102k	44k	-12k
- Adjusted	115k	157k	102k	44k	-12k
Number of ordinary shares of 50k	22,882,918,908	22,882,918,908	17,888,251,478	17,888,251,478	16,262,046,799

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