Access Bank Plc

Consolidated interim financial statements for the six months period ended 30 June 2012

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Directors, officers and advisors

Directors and company secretary

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

Corporate Head Office

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Independent Auditors

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

Registrars

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

For the period ended 30 June 2012

The Directors have pleasure in presenting their report on the affairs of Access Bank Plc (the "Bank") together with its subsidiaries (the "Group"), and the Group and Bank audited financial statements and auditor's report for the financial period ended 30 June 2012.

Legal form and principal activity

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

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

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

The Bank with the approval of its shareholders in December 2011 increased its authorised share capital from N10,000,000,000 to N13,000,000,000. The authorised share capital is made up of 24,000,000,000 ordinary shares of 50kobo each and 2,000,000,000 preference shares of 50kobo each. The increase in share capital was carried out pursuant to the merger with Intercontinental Bank Plc which was concluded during the period.

During the period, the Bank issued 5,000,000,000 ordinary shares of 50k each to both existing shareholders of the Bank and former shareholders of Intercontinental Bank. The increase in the issued share capital was carried out pursuant to the merger with Intercontinental Bank Plc which was concluded during the period.

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

Operating results

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

	Group Jun-12	Group Jun-11	Bank Jun-12	Bank Jun-11
In thousands of Naira				
Gross earnings	108,746,909	53,651,913	96,267,381	47,974,777
Profit before income tax	30,075,636	12,376,425	26,518,104	11,996,189
Income tax expense	(3,517,634)	(4,290,247)	(2,668,743)	(1,743,498)
Profit after taxation	26,558,002	8,086,178	23,849,361	10,252,691
Loss from discontinued operations	(244,543)	(6,323)	-	-
Profit for the period	26,313,459	8,079,855	23,849,361	10,252,691
Non-controlling interests	(28,674)	(34,168)	-	-
Profit attributable to equity holders of the Bank	26,284,785	8,045,687	23,849,361	10,252,691
Earnings per share - Basic (k)	115	45	104	57
Dividend (paid):				
- Final declared (December 2011)	6,866,475	-	6,866,475	-
Proposed dividend (June 2012 & June 2011)	5,722,063	5,366,467	5,722,063	5,366,467

In thousands of Naira	Group Jun-12	Group Dec-11	Bank Jun-12	Bank Dec-11
Shareholders' fund	223,464,815	192,064,748	231,752,822	187,037,078
Total impaired loans and advances	35,685,964	56,229,562	30,964,547	41,713,123
Total impaired loans and advances to gross risk assets (%)	5.51%	8.99%	5.38%	8.13%

Interim dividend

The Board of Directors recommended an interim dividend of 25 kobo each on the issued share capital of 22,888,252,000 ordinary shares of 50k each as at 30 June 2012. Withholding tax will be deducted at the time of payment.

Directors and their interests

The Directors who served during the period, together with their direct and indirect interests in the issued share capital of the Bank as recorded in the register of Directors' shareholding and as notified by the Directors for the purposes of Sections 275 and 276 of the Companies and Allied Matters Act and listing requirements of the Nigerian Stock Exchange is noted below:

	Number of Ordinary Shares of 50k each held as at			
	30-Jun-12		31-Dec-11	
	Direct	Indirect	Direct	Indirect
G. Oyebode - Chairman	78,652,858	76,752,411	65,021,987	63,450,898
A.I Aig-Imoukhuede - Managing Director	119,231,715	629,932,455	23,458,468	520,762,512
H. O. Wigwe - Deputy Managing Director	119,231,713	629,932,455	23,458,466	520,762,512
C. M. Maduka	7,602,643	403,578,182	6,285,074	333,636,388
O. S. Otubu	18,979,886	16,840,286	15,690,593	13,921,795
T. E. Koroye - Executive Director	19,912,013	-	1,439,200	-
M. Isa-Dutse	3,136,220	-	2,636,994	-
E. Chiejina	7,080,754	-	5,853,630	-
O. Nwuke - Executive Director	33,008,427	-	5,907,440	-
T. Folawiyo	15,937,029	33,299,847	13,175,076	320,268,095
A. Desalu (retired 25 January 2011)	4,959,502	211,686	4,000,000	175,000
O. Ohiwerei - Executive Director	30,314,074	-	10,038,540	-
E. Olufowose - Executive Director	23,887,558	-	4,157,000	-
M. Belo-Olusoga	1,953,629	-	1,615,057	-
A. O. Ogunmefun	-	-	-	-
V.O. Etuokwu (appointed 26 January 2012)	7,782,788	-	-	-

Directors’ interest in contracts

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

Related director	Interest in entity	Name of company	Services to the Bank
Mr. Gbenga Oyebode	Partner	Aluko & Oyebode	Legal services
Dr. Cosmas Maduka	Director	Coscharis Group Companies	Supply of cars, water, beverages and computer equipment
Mr. Oritsedere Otubu	Director	Staco Insurance Plc	Underwriting services
Mr. Oritsedere Otubu	Director	Senforce Insurance Brokers Ltd	Insurance brokerage services
Mr. Taukeme Koroye	Shareholder	Petrodata Management Services	Optix document management solution
Mrs. Mosunmola Belo-Olusoga	Director	The KRC Ltd.	HR and Training services
Dr Tunde Folawiyo	Director	MTN Nigeria Limited	Mobile telephone services
Dr Tunde Folawiyo	Director	Classic Insurance Brokers Limited	Insurance brokerage services
Dr. Tunde Folawiyo	Director	DTD Services Limited	Air Charter Services
Mr. Aigboje Aig-Imoukhuede	Shareholder	Marina Securities Limited	Brokerage services and purchase of subsidiary
Mr. Herbert Wigwe	Shareholder	Marina Securities Limited	Brokerage services and purchase of subsidiary

Analysis of shareholding:
The shareholding pattern of the Bank as at 30 June 2012 was as stated below:

	30 June 2012			
Range	Number of Shareholders	% of Shareholders	Number of shares held	% of Shareholders
Domestic Shareholders				
1-1,000	424,406	50	66,714,344	0.29
1,001-5,000	256,850	30	567,724,550	2.48
5,001-10,000	68,830	8	467,389,953	2.04
10,001-50,000	75,511	9	1,530,680,260	6.69
50,001- 100,000	11,435	1	829,790,036	3.63
100,001-500,000	8,403	1	1,673,313,806	7.31
500,001-1,000,000	755	0	530,814,779	2.32
1,000,001-5,000,000	680	0	1,386,732,364	6.06
5,000,001-10,000,000	116	0	813,044,412	3.55
10,000,001 and above	168	0	14,749,333,559	64.44
	847,154	100.00	22,615,538,063	98.81
Foreign Shareholders				
500,001-1,000,000	6	0.00	4,081,509	0.02
1,000,001-5,000,000	3	0.00	7,041,713	0.03
5,000,001-10,000,000	0	-	0	-
10,000,001 and above	6	0.00	261,590,193	1.14
	15	0.00	272,713,415	1.19
Total	847,169	100.00	22,888,251,478	100.00

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

Range	30 December 2011 Number of Shareholders	% of Shareholders	Number of shares held	% of Shareholders
Domestic Shareholders				
1-1,000	33,677	7.91	18,857,497	0.11
1,001-5,000	264,107	62.06	577,894,895	3.23
5,001-10,000	56,777	13.34	429,537,976	2.40
10,001-50,000	51,443	12.09	1,118,351,363	6.25
50,001- 100,000	11,044	2.60	743,469,921	4.16
100,001-500,000	7,106	1.67	1,346,293,291	7.53
500,001-1,000,000	645	0.15	446,305,320	2.49
1,000,001-5,000,000	552	0.13	1,098,355,440	6.14
5,000,001-10,000,000	88	0.02	617,017,671	3.45
10,000,001 and above	132	0.03	11,196,658,473	62.59
	425,571	100.00	17,592,741,847	98.35
Foreign Shareholders				
500,001-1,000,000	3	0.00	2,024,000	0.01
1,000,001-5,000,000	3	0.00	5,821,356	0.04
5,000,001-10,000,000	-	0.00	0.0	-
10,000,001 and above	4	0.00	287,664,275	1.61
	10	0.00	295,509,631	1.65
Total	425,581	100.00	17,888,251,478	100.00

Substantial interest in shares

According to the register of members at 30 June 2012, only one shareholder held up to 5% of the issued share capital of the Bank as follows:

	30 June 2012 Number of shares held	% of shareholding	31 December 2011 Number of shares held	% of shareholding
Stanbic Nominees Nigeria Limited*	5,632,856,263	24.61%	3,475,777,401	19.43

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

Property and equipment

Information relating to changes in property and equipment is given in Note 33 to the financial statements. In the Directors' opinion, the net realisable value of the Group's property and equipment is not less than the carrying value in the financial statements.

Court Sanction of Merger with Intercontinental Bank Plc

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

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

Compliance Plan with Central Bank of Nigeria's Regulation on the Scope of Banking Activities

In Compliance with the Regulation on the Scope of Banking Activities and Ancilary Matters No. 3, 2010 ("the Regulations"), the Bank has applied to the Central Bank of Nigeria for a Commercial Banking Licence with International Authorisation.

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

Based on the plan, management has approved the winding up of Intercontinental Capital Markets Limited, Intercontinental Registrars Limited, Intercontinental Securities Limited, Intercontinental Trustees Limited and Intercontinental Finance and Investment Limited due to the operational losses these subsidiaries continue to incur, as well as the belief that, operationally, they do not fit in within the Access Bank Group's strategy. Winding up proceedings have commenced for these subsidiaries and liquidators have been appointed.

Further, to comply with the CBN's Banking Regulation on the Scope of Banking Activities, which prevents banks from holding any non-banking subsidiaries without establishing a holding company structure (which Access Bank currently does not intend to pursue), Access Bank is seeking to dispose of Intercontinental WAPIC Insurance Plc and Intercontinental Properties Limited through a scheme of merger and subsequent spin off. Financial advisers have been appointed to assist with the divestment.

Human resources

(i) Employment of disabled persons

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

In the event of any employee becoming disabled in the course of employment, the Group will endeavour to arrange appropriate training to ensure the continuous employment of such a person without subjecting the employee to any disadvantage in career development. As at 30 June 2012, the Bank had no staff with physical disability (December 2011: none).

(ii) Health, safety and welfare of employees

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

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

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

Employee involvement and training

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

Audit committee

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

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

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

Auditors

KPMG Professional Services have indicated their willingness to continue in office as auditors in accordance with Section 357(2) of the Companies and Allied Matters Act of Nigeria.

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

31 August 2012

BY ORDER OF THE BOARD

Sunday Ekwochi
Company Secretary
31 August 2012

CORPORATE GOVERNANCE

Introduction

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

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

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

Performance evaluation

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

The Board has also established a system of independent annual evaluation of its own performance, that of its committees and individual directors. The evaluation is carried out annually by an independent consulting firm approved by the Board. The result of the Board performance evaluation is presented by the independent consultant and discussed by the Board during the Board meeting while the individual director's assessment is communicated and discussed by the Chairman. The cumulative results of the performance of the Board and individual directors are considered by the Governance and Remuneration Committee as a guide in deciding eligibility for re-election.

The result of the evaluation conducted by Accenture Limited which was presented to the Board in January 2012 confirmed that the Board continues to operate a very high level of effectiveness and efficiency.

Appointment, retirement and re-election of Directors

In accordance with its Articles of Association, one third of all non-executive directors (rounded down) are offered for re-election every year (depending on their tenure on the Board) together with Directors appointed by the Board since the last Annual General Meeting ('AGM'). In keeping with the requirement, Messrs Oritsedere Otubu and Emmanuel Chiejina retired at the 23rd Annual General Meeting held on April 27, 2012 and being eligible for re-election were duly re-elected.

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

Shareholders' Meeting

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

Investors' Communication and Rights Protection

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

The Board ensures that shareholders' statutory and general rights are protected at all times particularly their right to vote at general meetings. The Board also ensures that all shareholders are treated equally regardless of the amount of their shareholding and social conditions.

The Board

The primary obligation of the Board of Directors is to advance the prosperity of the Bank by collectively directing the Bank's affairs, whilst meeting the appropriate interests of shareholders and stakeholders.

Composition and Role

The Board is comprised of fifteen members made up of eight non-executive directors and seven executive directors the full details of which are set out below:

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

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

The Board is responsible for ensuring the creation and delivery of sustainable value to the Bank's stakeholders through its management of the Bank's business. The Board is accountable to the shareholders and is responsible for the management of the Bank's relationship with its various stakeholders. The Board ensures that the activities of the Bank are at all times are executed within the relevant regulatory framework. The board charter is comprised of a set of principles that have been adopted by the Board as a definitive statement of Corporate Governance .A sample of matters reserved for the Board include but are not limited to:

- defining the Bank's business strategy and objectives,
- formulating risk policies
- approval of quarterly, half yearly and full year financial statements
- approval of significant changes in accounting policies and practices
- appointment or removal of directors and Company secretary
- approval of major acquisitions, divestments of operating companies, disposal of capital assets or capital expenditure
- terms of reference and membership of Board Committee
- setting of annual board objectives and goals
- approval of allotment of shares
- remuneration of auditors and recommendation for appointment or removal of auditors
- succession Planning for key positions
- approval of the Group strategy, medium term and short term plans
- approval of the framework for determining the policy and specific remuneration of executive directors
- monitoring delivery of the strategy and performance against plan
- review and monitoring of the performance of the Group Managing Director and the executive team
- ensuring the maintenance of ethical standard and compliance with relevant laws.
- performance appraisal and compensation of Board members and senior executives
- ensuring effective communication with shareholders
- ensuring the integrity of financial information and reports

Appointment Process Induction and Training of Board Members

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

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

TRAINING	LOCATION	TIME /DATE	No of attendee(s)
Finance for Non-Finance Executives	Columbia Business School , USA	June 25 - 29 2012	1
International Directors Programme	Insead, France	April 12-14 2012 and June 13-17 , 2012	1
Risk Master Class for Non –Executive Directors	D & B, Lagos	April 26, 2012	8

Delegation of Authority

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

The Board meets quarterly and emergency meetings are convened as may be required.. The Annual Calendar of Board and Committee meetings are approved in advance at the first meeting of the board in each financial year and all directors are expected to attend each meeting. Material decisions may be taken between meetings through written resolutions as provided for by the Bank's Articles of Association. The Annual Calendar of Board activities include a Board Retreat at an offsite location, to consider strategic matters and review the opportunities and challenges facing the institution. All directors are provided with Notices, Agenda and meeting papers in advance of each meeting and where a director is unable to attend a meeting he/she is still provided with the relevant papers for the meeting. Such director reserves the right to discuss with the Chairman any matter he/she may wish to raise at the meeting. The directors are also provided with monthly updates on developments in the regulatory and business environment The Board met five times during the period January- June 2012.

Board Committees

The Board carries out its oversight function through its standing committees each of which has a charter that clearly defines its purpose, composition, and structure, frequency of meetings, duties, tenure and reporting lines to the Board. In line with best practice, the Chairman of the Board does not sit on any of the committees. The Board's four standing committees are the Board Risk Management Committee, the Board Audit Committee, the Board Governance and Remuneration Committee and the Board Credit & Finance Committee. The composition and responsibilities of the Committees are set out below:

Name	Board Audit Committee	Board Risk Management Committee	Board Credit & Finance Committee	Board Governance & Remuneration Committee
Mr. Gbenga Oyebode[1]	-	-	-	-
Dr Cosmas Maduka[1]	-	-	C	-
Mr Oritsedere Otubu[1]	C	-	M	M
Dr.Mahmoud Isa-Dutse[1]	M	C	M	-
Mr. Emmanuel Chiejina[1]	-	M	M	C
Mrs. Kemi Ogunmefun[1]		M	M	M
Dr. Babatunde Folawiyo[1]	-	M	M	M

Mrs. Mosunmola Belo-Olusoga[1]	M	M	M	M
Mr. Aigboje Aig- Imoukhuede[2]	-	M	M	M
Mr. Herbert Wigwe[2]	-	M	M	M
Mr. Taukeme Koroye[2]	-	-	-	-
Mr. Okey Nwuke[2]	-	-	M	-
Mr. Obeahon Ohiwerei[2]	-	-	M	-
Mr Ebenezer Olufowose[2]	-	M	M	-
Mr. Victor Etuokwu[2]	-	-	-	-

Keys

C Chairman of Committee
M Member
\- Not a member
1 Non- Executive
2 Executive

Board Credit and Finance Committee

The Committee considers and approves loan applications above certain limits (as defined by the Board from time to time) which have been recommended by the Management Credit Committee. It also acts as a catalyst for credit policy changes. The Committee oversees the administration and effectiveness of, and compliance with the Bank's credit policies through the review of processes and reports on the recommendation of the Management Credit Committee and any other means as it deems appropriate. The Committee had two quarterly meeting during the period .

Dr. Cosmas Maduka chairs the Committee. Dr. Maduka is a Trustee and Board Member of the Human Development Fund of the United Nations Development Program. An astute businessman, Dr. Maduka has contributed immensely towards the socio-economic growth and development of the nation. He is currently the President and Chairman of the Board of Directors of the Coscharis Group.

Board Governance and Remuneration Committee

The Committee advises the Board on its oversight responsibilities in relation to compensation, benefits and all other human resource matters affecting the Bank. Specifically, the Committee is responsible for determining and executing the processes for board appointments, recommending appropriate remuneration for directors (both executive and non-executive) and approving remuneration for all other members of staff. The Committee is responsible for reviewing and recommending the Bank's organizational structure to the Board for approval. The Committee is also responsible for reviewing the performance and effectiveness of Board of the Bank's subsidiaries on an annual basis. The Committee ensures that the Bank's human resources are maximized to support the long term success of the enterprise and to protect the welfare of all employees. The Board has defined a process to monitor the performance of the subsidiaries boards which implementation is scheduled to commence in 4th quarter of 2012. The Committee met twice during the period.

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

Board Risk Management Committee

The Committee assists the Board in fulfilling its oversight responsibility relating to establishment of policies, standards and guidelines for risk management, and compliance with legal and regulatory requirements. In addition, it oversees the establishment of a formal written policy on the overall risk management system. The Committee also ensures compliance with established policies through periodic reviews of reports provided by management and ensures the appointment of qualified officers to manage the risk function. The Committee evaluates the Bank's risk policies on a periodic basis to accommodate major changes in internal or external environment. The Committee met twice during the period.

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

Board Audit Committee

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

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

Attendance at Board Committee meetings

Directors' attendances at meetings are as shown below:

		Meeting				
S/N	**NAMES OF DIRECTORS**	**BOD**	**BRMC**	**BCFC**	**BGRC**	**BAC**
	Number of meetings	4	2	2	2	3
	Attendance:					
1	Mr Gbenga Oyebode	4	N/A	N/A	N/A	N/A
2	Mr Cosmas Maduka	4	N/A	1	N/A	N/A
3	Dr. Mahmoud Isa –Dutse	4	1	1	N/A	2
4	Mrs Anthonia Olufeyikemi Ogunmefun	4	2	2	N/A	N/A
5	Mr. Oritsedere Otubu	4	N/A	1	2	3
6	Mr. Emmanuel Chiejina	4	2	2	2	N/A

7	Mr Babatunde Folawiyo	4	2	2	2	N/A
8	Mrs. Mosunmola Belo-Olusoga	4	2	2	2	3
9	Mr Aigboje Aig-Imoukhuede	4	2	2	2	N/A
10	Mr Herbert Wigwe	4	2	2	2	N/A
11	Mr. Taukeme Koroye	4	N/A	N/A	N/A	N/A
12	Mr. Okey Nwuke	2	N/A	1	N/A	N/A
13	Mr. Obeahon Ohiwerei	3	N/A	1	N/A	N/A
14	Mr. Ebenezer Olufowose	4	1	1	N/A	N/A
15	Mr. Victor Etuokwu*	1	N/A	N/A	N/A	N/A

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

* - Appointed a Director of the Bank by a resolution of the Board passed on January 26, 2012.

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

Management committees
These are standing committees made up of senior management staff of the Bank. The Committees are also risk driven and are set up to identify, analyze and make recommendations on risks pertaining to the Bank's day to day activities. They ensure that risk limits set by the Board and the regulatory bodies are complied with and also provide input to the various Board Committees in addition to ensuring the effective implementation of risk polices. These Committees meet as frequently as risk issues occur and take actions and decisions within the confines of their respective powers.

The management committees include: Management Credit Committee, Asset and Liabilities Committee, Enterprise Risk Management Committee, Criticised Assets Committee and IT Steering Committee.

Statutory audit committee
In compliance with Section 359 of the Companies and Allied Matters Act 1990, the Bank constituted a Standing Shareholders Audit Committee made up of three non-executive directors and three shareholders. The composition of the Committee is as set out below

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

• Mr. Alashi Stephen Ola passed on after the Annual General Meeting held on April 27, 2012. The vacancy created by his exit will be filed at the next Annual General Meeting.

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

Code of ethics

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

The Chief Compliance Officer issues at the commencement of each financial year, an Ethics & Compliance message to all staff within the Group. The Ethics & Compliance message reiterates the bank's policy of total compliance with all applicable laws, regulations, corporate ethical standards and policies in the conduct of the Bank's business. The message admonishes employees to safeguard the franchise and advance its growth in a sustainable manner while ensuring compliance with relevant policies, laws and regulations.

Dealing in Company Securities

The Group implements a Non-Dealing Period Policy the purpose of which is to ensure that directors , members of the Audit Committee , employees and all other insiders do not abuse, or place themselves under the suspicion of abusing price sensitive information in relation the Bank's securities. In line with the policy affected persons are prohibited from trading on the company's security during closed period. The Bank has put in place a mechanism for monitoring on-going compliance with the policy.

Remuneration Statement

The Report on Directors' remuneration is as set out in the Audited Financial Statements . The Group has established clear policy guideline for the determination and administration of compensation. In line with the policy guidelines, the Bank seeks to attract and retain the best talent in countries that it operates. To achieve this, the Group seeks to position itself among the best performing and best employee rewarding companies in its industry in every market that it operates. This principle will act as a general guide for the determination of compensation in each country. The objective of the policy is to ensure that salary structure including short and long term incentives motivate sustained high performance and are linked to corporate performance. It is also designed to ensure that stakeholders are able to make reasonable assessment of the Bank's reward practices. It is the Group's policy to comply in full with all local tax policies in the countries of operation while seeking to take opportunities of legal tax avoidance.

Operating within the guidelines set by the principles above; compensation for country staff will be approved by the Board of Directors of each subsidiary based on the conditions in the local economic environment as well as the requirements of local labor laws. Each subsidiary will therefore be required to conduct annual compensation surveys or obtain compensation statistics in their local markets to arrive at specific compensation structures for the local market. Compensation will be determined annually at the end of the financial year. All structural changes to compensation must be approved by the Group Office.

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

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

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

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

Whistle Blowing Procedure

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

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

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

The Company Secretary

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

Statement of Compliance

The Bank is public limited liability and therefore subject to the jurisdiction of the complied with the relevant provisions of the SEC as well as the CBN Codes of Corporate Governance. In the event of any conflict between the provisions of the two codes regarding any matter, the Bank will defer to the provisions of the CBN Code as its primary regulator. The Bank complied with provisions of the Codes during the period save the provision of the CBN Code on the appointment of two independent directors. The Bank is currently searching for candidates for independent directors that will meet the criteria set by the CBN.

CUSTOMER COMPLAINTS AND FEEDBACK

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

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

- 24 hour contact centre with feedback through emails, telephone, SMS
- Contacts through the bank's website
- Customer service desks in over 300 branches and toll-free telephone in the banking halls in key branches.
- Correspondence from customers
- The Ombudsman desk.

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

Resolve or Refer command Centre
In 2011, the 'resolve or refer' initiative was launched to further encourage timely service delivery and First Time Resolution (FTR) of customer issues. The 'Resolve or Refer Command Centre' which is being run by a senior management staff has the mandate to ensure that most customer issues are resolve same day. The command centre provides support to all our departments and branches on issues resolution.

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

Customer Complaints Resolution

	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12
NO OF COMPLAINTS RECEIVED	400	305	769	1,489	736	898
NO OF COMPLAINTS RESOLVED	276	222	422	768	490	647
NO OF COMPLAINTS UNRESOLVED BUT REPORTED TO CBN	124	83	347	721	246	251
AMOUNT IN DISPUTE (N'000)	9,193,065	97,319	100,413	1,936,544	317,848	158,357
AMOUNT IN DISPUTE($'000)	13.5	10	21.6	0.3	-	-
AMOUNT IN DISPUTE (£'000)	-	-	-	-	-	16.32

Solicited Customer Feedback

Deliberate efforts are made to solicit feedback from customers and staff on the services and products of the bank through the following:

- Questionnaires
- Customer interviews
- Customers forum
- Quest for excellence sessions (for staff)

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

Statement of directors' responsibilities in relation to the interim financial statements for the period ended 30 June 2012

The directors accept responsibility for the preparation of the interim financial statements set out on pages 12 to 151 that give a true and fair view in accordance with IAS 34 Interim Financial Reporting and in the manner required by the Companies and Allied Matters Act of Nigeria, the Banks and Other Financial Institutions Act of Nigeria and relevant Central Bank of Nigeria regulations.

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

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Mr. Aigboje Aig-Imoukhuede
31 August 2012

Mr. Herbert Wigwe
31 August 2012

Report of the statutory audit committee

To the members of **Access Bank Plc:**

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act of Nigeria, the members of the Audit Committee of Access Bank Plc hereby report on the interim financial statements for the period ended 30 June 2012 as follows:

- We have exercised our statutory functions under section 359(6) of the Companies and Allied Matters Act of Nigeria and acknowledge the co-operation of management and staff in the conduct of these responsibilities.

- We are of the opinion that the accounting and reporting policies of the Bank and Group are in agreement with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the period ended 30 June 2012 were satisfactory and reinforce the Group's internal control systems.

- We are satisfied that the Bank has complied with the provisions of Central Bank of Nigeria Circular BSD/1/2004 dated 18 February 2004 on "Disclosure of insider related credits in the financial statements of banks". We hereby confirm that an aggregate amount of N94,220,826,894 (December 2011: N90,005,622,784) was outstanding as at 30 June 2012 which was performing as at 30 June 2012 (see note 50).

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

Mr Oluwatoyin Eleoramo
Chairman, Audit Committee
31 August 2012

Members of the Audit Committee are:

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

In attendance:
Sunday Ekwochi – Secretary

Consolidated statement of financial position
As at 30 June 2012

In thousands of Naira	***Notes***	**Group June 2012**	**Group December 2011**	**Bank June 2012**	**Bank December 2011**
Assets					
Cash and cash equivalents	8, 21	226,617,453	191,518,474	140,988,323	98,255,964
Non pledged trading assets	8, 22	17,722,363	10,812,122	9,549,091	5,787,534
Pledged assets	8, 23	88,486,341	66,191,144	82,439,065	66,191,144
Derivative financial instruments	8, 24	39,319	9,909	-	-
Loans and advances to banks	6, 8, 25	10,235,589	775,765	2,779,246	775,765
Loans and advances to customers	6, 8, 26	597,618,828	576,228,507	541,650,526	490,877,501
Insurance receivables	8, 27	1,000,023	1,405,000	-	-
Investments in equity accounted investee	28	2,845,170	2,812,805	1,980,808	-
Investment in subsidiary	29	-	-	44,974,030	80,400,287
Investment securities	6, 8, 30	502,300,704	561,733,704	482,093,409	127,420,035
Trading properties	31	2,343,822	6,688,000	-	-
Investment properties	32	15,840,371	16,097,044	14,092,863	12,417,043
Property and equipment	33	65,242,693	67,647,817	57,450,645	17,042,268
Intangible assets	34	3,892,293	3,277,608	2,589,154	1,146,412
Deferred tax assets	35	1,855,533	2,930,928	1,262,690	-
Other assets	36	132,220,580	120,874,368	127,505,370	49,068,144
Assets classified as held for sale	11	24,652,214	-	-	-
Total assets		1,692,913,296	1,629,003,195	1,509,355,220	949,382,096
Liabilities					
Deposits from banks	8, 37	179,053,507	146,808,286	140,276,649	143,073,663
Deposits from customers	8, 38	1,127,793,704	1,101,703,921	999,115,942	522,922,294
Derivative financial instruments	8, 24	36,255	9,413	-	-
Current tax liabilities		9,993,220	9,747,004	8,121,801	2,084,898
Other liabilities	39	85,598,485	142,649,550	73,123,070	62,178,944
Claims payable	8, 40	294,986	450,000	-	-
Liabilities on investment contracts	8, 41	63,432	61,000	-	-
Liabilities on insurance contracts	42	3,318,313	2,703,000	-	-
Interest-bearing loans and borrowings	8, 43	53,541,406	29,258,273	53,416,686	29,243,818
Deferred tax liabilities	35	-	-	-	2,841,403
Contingent settlement provisions	44	3,548,250	3,548,000	3,548,250	-
Liabilities classified as held for sale	11	6,206,923	-	-	-
Total liabilities		1,469,448,481	1,436,938,447	1,277,602,398	762,345,020
Equity					
Share capital and share premium	45	176,631,196	155,104,963	176,631,196	155,104,963
General reserve	45	5,435,313	(6,744,577)	13,195,131	3,376,997
Other components of equity	45	34,785,906	20,649,521	41,926,495	28,555,118
Total equity attributable to owners of the Bank		**216,852,415**	**169,009,907**	**231,752,822**	**187,037,078**
Non controlling interest	45	6,612,400	23,054,841	-	-
Total equity		**223,464,815**	**192,064,748**	**231,752,822**	**187,037,078**
Total liabilities and equity		**1,692,913,296**	**1,629,003,195**	**1,509,355,220**	**949,382,097**

Signed on behalf of the Board of Directors on 31 August 2012 by:

Director
Aigboje Aig-imoukhuede

Director
Herbert Wigwe

The notes on pages 30 to 162 are an integral part of these consolidated financial statements.

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

In thousands of Naira	***Notes***	**Group June 2012**	**Group June 2011** (Restated)	**Bank June 2012**	**Bank June 2011**
Continuing operations					
Interest income	12	84,365,273	40,880,864	78,767,724	37,889,600
Interest expense	12	(29,302,288)	(12,280,104)	(26,662,469)	(11,112,997)
Net interest income		55,062,985	28,600,760	52,105,255	26,776,603
Fee and commission income	13	14,105,767	9,621,795	10,287,387	7,772,777
Fee and commission expense		-	-	-	-
Net fee and commission income		14,105,767	9,621,795	10,287,387	7,772,777
Net trading income	14	3,963,598	1,838,132	2,998,162	1,163,815
Other operating income	15	5,612,715	1,311,122	4,214,108	1,148,585
		9,576,313	3,149,254	7,212,270	2,312,400
Underwriting profit		699,556	-	-	-
		699,556	-	-	-
Operating income		**79,444,621**	**41,371,809**	**69,604,912**	**36,861,780**
Net impairment loss on financial assets	16	(1,856,115)	(8,128,644)	(3,905,016)	(8,618,695)
Net operating income after net impairment loss on financial assets		**77,588,506**	**33,243,165**	**65,699,896**	**28,243,085**
Personnel expenses	17	(21,512,150)	(8,083,550)	(17,909,043)	(6,807,104)
Operating lease expenses		(900,242)	(510,819)	(747,059)	(423,899)
Depreciation and amortization	33 34	(6,687,586)	(2,775,046)	(6,017,540)	(2,153,386)
Other operating expenses	18	(18,412,891)	(9,497,325)	(14,508,150)	(6,862,507)
Total expenses		(47,512,870)	(20,866,740)	(39,181,792)	(16,246,896)
Profit before income tax		**30,075,636**	**12,376,425**	**26,518,104**	**11,996,189**
Income tax expense	19	(3,517,634)	(4,290,247)	(2,668,743)	(1,743,498)
Profit from continuing operations		**26,558,002**	**8,086,178**	**23,849,361**	**10,252,691**
Discontinued operations					
Loss from discontinued operations (net of tax)	10	(244,543)	(6,323)	-	-
Profit for the period		**26,313,459**	**8,079,855**	**23,849,361**	**10,252,691**
Other comprehensive income net of income tax:					
Foreign currency translation differences for foreign operations		(845,603)	(632,732)	-	-
Fair value gains on available-for-sale investments recognised in equity		47,192	32,884	47,760	32,884
Fair value gains on property and equipment		129,949	3,324	-	-
Other comprehensive (loss)/gain for the period, net of tax		**(668,462)**	**(596,524)**	**47,760**	**32,884**
Total comprehensive income for the period		**25,644,997**	**7,483,331**	**23,897,121**	**10,285,575**
Profit attributable to:					
Owners of the Bank		26,284,785	8,045,687	23,849,361	10,252,691
Non-controlling interest		28,674	34,168	-	-
Profit for the period		**26,313,459**	**8,079,855**	**23,849,361**	**10,252,691**
Total comprehensive income attributable to:					
Owners of the Bank		25,676,705	7,449,163	23,897,121	10,285,575
Non-controlling interest		(31,708)	34,168	-	-
Total comprehensive income for the period		**25,644,997**	**7,483,331**	**23,897,121**	**10,285,575**
Total comprehensive income from continuing operations attributable to:					
Owners of the Bank		26,004,301	7,454,664	23,897,121	10,285,575
Non-controlling interest		(114,760)	34,990	-	-
Total comprehensive income from continuing operations for the period		**25,889,540**	**7,489,654**	**23,897,121**	**10,285,575**
Total comprehensive income from discontinued operations attributable to:					
Owners of the Bank		(327,595)	(5,501)	-	-
Non-controlling interest		83,052	(822)	-	-
Total comprehensive income from discontinued operations for the period		**(244,543)**	**(6,323)**	**-**	**-**
Earnings per share					
Basic earnings per share(kobo)	18	115	45	104	57
Earnings per share - continuing operations					
Basic earnings per share(kobo)	18	116	45	104	57

The notes on pages 30 to 162 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
For the six months ended 30 June 2012

In thousands of Naira

Group	**Share capital**	**Share premium**	**Regulatory risk reserve**	**Other regulatory reserves**	**Treasury Shares**	**Capital Reserve**	**Fair value reserve**	**Contingency reserve**	**Foreign currency translation reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total Equity**
Balance at 1 January 2012	**8,944,126**	**146,160,837**	**4,153,575**	**19,276,823**	**(5,048,872)**	**3,489,080**	**(1,872,471)**	**586,000**	**65,385**	**(6,744,577)**	**169,009,906**	**23,054,841**	**192,064,747**
Total comprehensive income for the period:													
Profit for the period	-	-	-	-	-	-	-	-	-	26,284,785	**26,284,785**	28,674	26,313,459
											-		-
Other comprehensive income, net of tax											**-**		-
Foreign currency translation difference	-	-	-	-	-	-	-	-	(845,603)	-	**(845,603)**	-	(845,603)
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	47,192	-	-	-	**47,192**	(60,382)	(13,190)
Net change on revaluation of property and equipment	-	-	-	-	-	-	129,949	-	-	-	**129,949**	-	129,949
Total other comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**177,141**	**-**	**(845,603)**	**-**	**(668,462)**	**(60,382)**	**(728,844)**
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**177,141**	**-**	**(845,603)**	**26,284,785**	**25,616,323**	**(31,708)**	**25,584,616**
Transactions with equity holders, recorded directly in equity:													
Transfers for the period	-	-	3,585,879	3,577,404	-	-	-	-	-	(7,163,283)	**-**	-	-
New issue of shares	625,000	20,901,233	-	-	-	-	-	-	-	-	**21,526,233**	(21,526,233)	-
Script dividend to existing shareholders	1,875,000	(1,875,000)									**-**	-	-
Transfer to contingency reserve	-	-	-	-	-	-	-	75,137	-	(75,137)	**-**	-	-
Reclassification	-	-	-	-	-	-	6,563,365	-	-	-	**6,563,365**	-	6,563,365
Capital paid by non-controlling interest	-	-	-	-	-	-	-	-	-	-	**-**	5,115,500	5,115,500
Disposal of own shares	-	-	-	-	1,003,062	-	-	-	-	-	**1,003,062**	-	1,003,062
Dividend paid to equity holders	-	-	-	-	-	-	-	-	-	(6,866,475)	**(6,866,475)**	-	(6,866,475)
Total contributions by and distributions to equity holders	**2,500,000**	**19,026,233**	**3,585,879**	**3,577,404**	**1,003,062**	**-**	**6,563,365**	**75,137**	**-**	**(14,104,895)**	**22,226,185**	**(16,410,733)**	**5,815,452**
Balance at 30 June 2012	**11,444,126**	**165,187,070**	**7,739,454**	**22,854,227**	**(4,045,810)**	**3,489,080**	**4,868,035**	**661,137**	**(780,218)**	**5,435,313**	**216,852,415**	**6,612,400**	**223,464,815**

Consolidated Statement of Changes in Equity
For the six months ended 30 June 2011

In thousands of Naira

Group	**Share capital**	**Share premium**	**Regulatory risk reserve**	**Other regulatory reserves**	**Treasury Shares**	**Capital Reserve**	**Fair value reserve**	**Contingency reserve**	**Foreign currency translation reserve**	**Retained earnings**	**Total**	**Non controlling interest**	**Total Equity**
Balance at 1 January 2011	**8,944,126**	**146,160,837**	**5,147,247**	**17,227,756**	**(5,652,507)**	**3,489,080**	**(614,739)**	**-**	**32,618**	**(10,785,618)**	**163,948,800**	**699,332**	**164,648,132**
Total comprehensive income for the period:													
Profit for the period	-	-	-	-	-	-	-	-	-	8,045,687	**8,045,687**	34,168	8,079,855
											-		-
Other comprehensive income, net of tax											**-**		-
Foreign currency translation difference	-	-	-	-	-	-	-	-	(632,732)	-	**(632,732)**	-	(632,732)
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	32,884	-	-	-	**32,884**	-	32,884
Net change on revaluation of property and equipment	-	-	-	-	-	-	3,324	-	-	-	**3,324**	-	3,324
Total other comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**36,208**	**-**	**(632,732)**	**-**	**(596,524)**	**-**	**(596,524)**
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**36,208**	**-**	**(632,732)**	**8,045,687**	**7,449,163**	**34,168**	**7,483,331**
Transactions with equity holders, recorded directly in equity:													
Business combination	-	-	-	-	-	-	-	-	-	-	**-**	-	-
Transfers for the period	-	-	(1,630,793)	1,198,653	-	-	-	-	-	432,139	**(1)**	(4,558)	(4,559)
Integration of subsidiary										22,536	**22,536**		22,536
Translation reserve	-	-	-	-	-	-	-	-	-	-	**-**	(59,253)	(59,253)
Dilution in non-controlling interest	-	-	-	-	-	-	-	-	-	-	**-**	231,467	231,467
Acquisition/disposal of own shares	-	-	-	-	544,120	-	-	-	-	-	**544,120**	-	544,120
Dividend to equity holders	-	-	-	-	-	-	-	-	-	(5,366,467)	**(5,366,467)**	-	(5,366,467)
Dividend on own share adjusted	-	-	-	-	-	-	-	-	-	76,490	**76,490**	-	76,490
Total contributions by and distributions to equity holders	**-**	**-**	**(1,630,793)**	**1,198,653**	**544,120**	**-**	**-**	**-**	**-**	**(4,835,302)**	**(4,723,322)**	**167,656**	**(4,555,666)**
Balance at 30 June 2011	**8,944,126**	**146,160,837**	**3,516,454**	**18,426,409**	**(5,108,387)**	**3,489,080**	**(578,531)**	**-**	**(600,114)**	**(7,575,233)**	**166,674,641**	**901,156**	**167,575,797**

Consolidated statement of changes in equity
For the six months ended 30 June 2012

In thousands of Naira
Bank

	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Treasury Shares	Capital Reserve	Fair value reserve	Foreign currency Bonus Reserve	Retained earnings	Total Equity
Balance at 1 January 2012	**8,944,126**	**146,160,837**	**1,259,944**	**19,182,446**	**-**	**3,489,080**	**4,623,657**	**-**	**3,375,528**	**187,035,618**
Total comprehensive income for the period:										
Profit for the period	-	-	-	-	-	-	-	-	23,849,361	**23,849,361**
										-
Other comprehensive income, net of tax										**-**
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	47,760	-	-	**47,760**
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**47,760**	**-**	**-**	**47,760**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**47,760**	**-**	**23,849,361**	**23,897,121**
Transactions with equity holders, recorded directly in equity:										
Business combination	-	-	-	-	-	10,204,689	-	-	-	**10,204,689**
Dividend paid to equity holders	-	-	-	-	-	-	-	-	(6,866,475)	**(6,866,475)**
Transfers for the period	-	-	3,585,879	3,577,404	-	-	-	-	(7,163,283)	**-**
New issue of shares	625,000	20,901,233	-	-	-	-	-	-	-	**21,526,231**
Script dividend to existing shareholders	1,875,000	(1,875,000)								**-**
(Acquisition)/disposal of own shares	-	-	-	-	(4,044,362)	-	-	-	-	**(4,044,362)**
Total contributions by and distributions to equity holders	**2,500,000**	**19,026,233**	**3,585,879**	**3,577,404**	**(4,044,362)**	**10,204,689**	**-**	**-**	**(14,029,759)**	**20,820,083**
Balance at 30 June 2012	**11,444,126**	**165,187,070**	**4,845,823**	**22,759,850**	**(4,044,362)**	**13,693,769**	**4,671,417**	**-**	**13,195,130**	**231,752,822**

Consolidated Statement of Changes in Equity
For the six months ended 30 June 2011

In thousands of Naira
Bank

	Share capital	Share premium	risk reserve	regulatory reserves	Treasury Shares	Capital Reserve	Fair value reserve	Bonus Reserve	Retained earnings	Total Equity
Balance at 1 January 2011	**8,944,126**	**146,160,837**	**5,083,323**	**17,133,379**	**-**	**3,489,080**	**(666,467)**	**-**	**1,596,981**	**181,741,259**
Total comprehensive income for the year:										
Profit /(loss) for the year	-	-	-	-	-	-	-	-	10,252,691	**10,252,691**
										-
Other comprehensive income, net of tax										**-**
Foreign currency translation difference	-	-	-	-	-	-	-	-	-	**-**
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	32,884	-	-	**32,884**
Net change on revaluation of property and equipment	-	-	-	-	-	-	-	-	-	**-**
Total other comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**32,884**	**-**	**-**	**32,884**
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**32,884**	**-**	**10,252,691**	**10,285,575**
Transactions with equity holders, recorded directly in equity:										
Business combination	-	-	-	-	-	-	-	-	-	-
Transfers for the period	-	-	(1,745,858)	1,198,653	-	-	-	-	547,205	-
Integration of subsidiary	-	-	-	-	-	-	-	-	22,536	**22,536**
Dividend to equity holders	-	-	-	-	-	-	-	-	(5,366,467)	**(5,366,467)**
Total contributions by and distributions to equity holders	**-**	**-**	**(1,745,858)**	**1,198,653**	**-**	**-**	**-**	**-**	**(4,796,726)**	**(5,343,931)**
Balance at 30 June 2011	**8,944,126**	**146,160,837**	**3,337,465**	**18,332,032**	**-**	**3,489,080**	**(633,583)**	**-**	**7,052,947**	**186,682,904**

Consolidated statement of cash flows

For the six months ended 30 June		Group	Group	Bank	Bank
		June	June	June	June
In thousands of Naira	*Notes*	2012	2011	2012	2011
Cash flows from operating activities					
Profit for the period		26,313,459	8,079,885	23,849,361	10,252,691
Adjustments for:					
Depreciation of property and equipment	33	6,051,228	2,595,205	5,599,765	1,998,215
Amortization of intangible assets	34	636,358	204,447	417,775	155,171
Gain on disposal of property and equipment	15	(19,073)	16,108	(16,400)	20,402
Profit on disposal of trading properties	31	(122,025)	-	-	-
Reversal of impairment loss on investment property		-	(211,543)	-	(211,544)
Loss on disposal of investment properties		-	193,674	-	193,674
Loss on winding down of SIT scheme	17	2,100,676	-	2,100,676	-
Impairment on financial assets	16	1,856,115	8,130,888	3,905,016	8,177,404
Additional gratuity provision	17	901,895	-	901,895	-
Profit on disposal of subsidiaries		-	-	-	(442,801)
Profit on disposal of equity investment	15	(1,190,000)	-	(1,190,000)	-
Property and equipment written off	33	2,209	180,152	2,209	27,968
Interest paid on borrowings and finance lease	12	18,589	-	-	-
Dividend received	15	(761,070)	(258,602)	(761,070)	(258,602)
Income tax expense	19	3,517,634	4,290,247	2,668,743	1,743,498
		39,305,995	23,220,461	37,477,970	21,656,076
Change in non-pledged trading assets	22	(3,615,321)	4,480,983	(466,637)	2,400,628
Change in pledged assets	23	(22,295,197)	12,823,836	(16,247,921)	12,823,836
Change in derivative financial instruments-assets	24	(29,410)	1,110,803	-	416,230
Change in loans and advances to banks and customers	25,26	(54,476,208)	(95,941,166)	(43,686,762)	(98,594,632)
Change in insurance receivables	27	(36,389)	-	-	-
Change in other assets	34	(16,772,435)	3,952,720	(11,315,443)	3,122,046
Change in deposits from banks	37	11,691,716	43,580,941	(14,370,992)	60,638,318
Change in interest bearing loans and advances	43	25,182,420	3,073,511	5,072,342	1,048,427
Change in derivative financial instrument-liabilities	24	58,578	(725,007)	-	-
Change in deposits from customers	38	48,144,757	134,662,341	44,255,550	64,286,337
Change in claims payable	40	(155,014)	-	-	-
Change in liabilities on investment contracts	41	2,432	-	-	-
Change in liabilities on insurance contracts	42	615,313	-	-	-
Change in other liabilities	39	(53,584,852)	(3,073,511)	(50,973,370)	(6,885,838)
		(25,963,615)	127,165,912	(50,255,263)	60,911,429
Income tax paid		(3,003,232)	(1,359,435)	(663,947)	(736,179)
Net cash provided/(used in) by operating activities		(28,966,847)	125,806,477	(50,919,210)	60,175,250

Consolidated statement of cash flows (continued)

For the six months ended 30 June		**Group**	**Group**	**Bank**	**Bank**
		June	**June**	**June**	**June**
In thousands of Naira	***Notes***	**2012**	**2011**	**2012**	**2011**
Cash flows from investing activities					
Net sale/(purchase) of investment securities	30	72,002,904	(27,459,795)	38,118,753	(6,915,592)
Interest and dividends received		761,070	258,602	761,070	258,602
Acquisition of property and equipment	33	(5,831,282)	(1,492,234)	(5,398,086)	(1,013,950)
Proceeds from the sale of property and equipment		241,875	630,399	92,568	656,493
Acquisition of intangible assets	34	(1,124,877)	(329,286)	(1,074,762)	(163,742)
Acquisition of investment properties	32	(3,950,969)	(29,815)	-	(29,814)
Proceeds from disposal of investment properties	32	57,500	550,254	57,500	550,254
Proceeds on disposal of trading properties	31	1,305,989	-	-	-
Acquisition of trading properties	31	(136,454)	-	-	-
Proceeds from sale of subsidiary		-	-	-	25,568
Cash acquired from subsidiary		-	-	67,961,001	138,142
Net (cash used)/provided by investing activities		63,325,756	(27,871,875)	100,518,044	(6,494,039)
Cash flows from financing activities					
Interest paid on long term borrowings		(18,589)	-	-	-
Dividends paid to owners	46	(6,866,475)	(5,366,467)	(6,866,475)	(5,366,467)
Increase in non-controlling interest	45		-		
Net cash used in financing activities		(6,885,064)	(5,366,467)	(6,866,475)	(5,366,467)
Net increase/(decrease) in cash and cash equivalents		27,473,845	92,568,105	42,732,359	48,314,744
Cash and cash equivalents at beginning of period		191,518,474	123,957,778	98,255,964	85,206,239
Cash and cash equivalents of assets held for sale		7,721,013	-	-	-
Effect of exchange rate fluctuations on cash held		(95,879)	42,379	-	-
Cash and cash equivalents at end of period	21	226,617,453	216,568,262	140,988,323	133,520,983

The notes on pages 30 to 162 are an integral part of these consolidated financial statements.

1. Reporting entity

Access Bank Plc ("the Bank") is a company domiciled in Nigeria. The address of the Bank's registered office is Plot 999c, Danmole Street, off Adeola Odeku/Idejo Street, Victoria Island, Lagos (formerly Plot 1665, Oyin Jolayemi, Victoria Island, Lagos). The consolidated interim financial statements of the Bank as at and for the six months ended 30 June 2012 comprise the Bank and its subsidiaries (together referred to as "the Group" and separately referred to as "Group entities"). The Group is primarily involved in investment, corporate, commercial and retail banking.

2. Statement of compliance with international financial reporting standards

These consolidated interim financial statements of the Group have been prepared in accordance with IAS 34 Interim Financial Reporting.

These consolidated interim financial statements were authorised for issue by the directors on 31 August 2012.

3. Basis of preparation

(a) Functional and presentation currency

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

(b) Basis of measurement

These consolidated interim 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.
- liabilities for cash-settled share-based payment arrangements are measured at fair value.
- the liability for defined benefit obligations is recognised as the present value of the defined benefit obligation less the total of the plan assets, plus unrecognised actuarial gains, less unrecognised past service cost and unrecognised actuarial losses.

(c) Use of estimates and judgements

The preparation of the consolidated interim 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. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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 amount recognised in the financial statements are described in note 5

4. Significant accounting policies

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

(a) Basis of consolidation

(i) Business combinations

The Group applies IFRS 3 *Business Combinations (2008)* in accounting for business combinations.

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

The Group measures goodwill at the acquisition date as the total of:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquire; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When this total is negative, a bargain purchase gain is recognised immediately in profit or loss.

The 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.

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

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

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

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

(ii) Accounting for acquisition of non-controlling interests

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

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

(ii) Subsidiaries

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

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

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

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

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

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

(iv) Special purpose entities

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

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

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

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

(v) Acquisitions from entities under common control

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

(vi) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments.

(vii) Transactions eliminated on consolidation

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

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at each reporting date are retranslated to the functional currency at exchange rates as at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period using the rates prevalent at the beginning, adjusted for effective interest and payments during the period, and the amortised cost in the functional currency at the period end using the rates prevalent at the period end. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differnces arising on the retranslation of available-for-sale equity instruments, which are recognised directly in equity. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are transalated using the exchange rate at the date of the transaction.

(ii) Foreign operations

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

Foreign currency differences on the translation of foreign operations are recognised in other comprehensive income. Since 1 April 2006, the Group's date of transition to IFRS, such differences have been recognised in the foreign currency translation reserve. However, if the operation is not wholly owned the relevant operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to profit or loss. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to profit or loss.

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

(c) Interest

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

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instruments but not future credit losses.

The calculation of the effective interest rate includes contractual fees and points paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense presented in the statement of comprehensive income include:

- interest on financial assets and 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
- the effective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of variability in interest cash flows, in the same period that the hedged cash flows affect interest income/expense.

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

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

(d) Fees and commission

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

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

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

(e) Net trading income

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

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

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

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

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

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

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

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

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date.

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

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

Additional income taxes that arise from the distribution of dividends by the Bank are recognised at the same time as the liability to pay the related dividend is recognised.

(j) Financial assets and liabilities

(i) Recognition

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

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

(ii) Classification

See accounting policies 4(k), (l), (m) and (n).

(iii) De-recognition

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

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

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to repurchase transactions as the Group retains all or substantially all the risks and rewards of ownership of such assets.

In transactions in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract, depending on whether the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

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

(iv) Offsetting

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

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

(v) Sale and repurchase agreements

Securities sold subject to repurchase agreements ('repos') remain on the statement of financial position; the counterparty liability is included in amounts due to other banks, deposits from banks, other deposits or deposits due to customers, as appropriate. Securities purchased under agreements to resell (reverse repos') arerecorded as money market placement. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

Securities lent to counterparties are also retained in the financial statements. Securities borrowed are not recognised in the financial statements, unless these are sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in trading income.

(vi) Amortised cost measurement

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

(vii) Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

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

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

The best evidence of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (.i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the instrument is closed out.

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

(viii) Identification and measurement of impairment

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

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

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

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

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

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

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

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

- The assets or liabilities are managed, evaluated and reported internally on a fair value basis.
- The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise.

- The asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(ii) Fair value through profit or loss
The Group designates some investment securities at fair value with fair value changes recognised immediately in profit or loss as described in accounting policy (j) (ii).

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

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

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

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

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

(p) Investment properties

An investment property is an investment in land or buildings held primarily for generating income or capital appreciation and not occupied substantially for use in the operations of the Group. An occupation of more than 15% of the property is considered substantial. Investment properties are carried in the balance sheet at their market value and revalued yearly on a systematic basis at least once in every three years. Investment properties are not subject to periodic charge for depreciation.

When there has been a decline in value of an investment property, the carrying amount of the property is written down to recognize the loss. Such a reduction is charged to the profit and loss account. Reductions in carrying amount are reversed when there is an increase, following a revaluation in accordance with the Group's policy, in the value of the investment property, or if the reasons for the reduction no longer exist.

An increase in carrying amount arising from the revaluation of investment property is credited to equity as revaluation surplus. To the extent that a decrease in carrying amount offsets a previous increase, for the same property that has been credited to revaluation surplus and not subsequently reversed or utilized, it is charged against that revaluation surplus rather than the profit and loss account.

An increase on revaluation which is directly related to a previous decrease in carrying amount for the same property that was charged to the profit and loss account, is credited to profit and loss account to the extent that it offsets the previously recorded decrease. On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit and loss account. Investment properties are disclosed separately from the property and equipment used for the purposes of the business.

(q) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

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

(ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis to write down the cost of each asset, to their residual values over the estimated useful lives of each part of an item of property and equipment. 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 are as follows:

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

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

(iv) De-recognition

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

(r) Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The Group has changed its accounting policy with respect to accounting for business combinations. See note 3(d)(i) for further details.

Acquisitions of non-controlling interests

Acquisitions of non-controlling interests areaccounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

(ii) Software

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

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

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

(s) Leased assets - lessee

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

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

(t) Impairment of non-financial assets

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

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

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

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(u) Assets held for sale or distribution

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

Impairment losses on initial classification as held for sale or distribution and subsequent gains and losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

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

(v) Deposits and debt securities issued

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

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

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

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

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.

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

(x) Financial guarantees
Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are initially recognised at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable). Financial guarantees are included within other liabilities.

(y) Employee benefits

(i) Defined contribution plans
A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions into a seperate entity and will have no legal or constructive obliagtion to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due in respect of service rendered before the end of the repoorting 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.

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

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

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

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

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

(v) Long-term Incentive Plan

The Bank has a non-contributory, funded 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.

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 terminal benefits are determined by an independent actuarial valuation every year using the “projected unit credit method”. The past service cost of this newly introduced plan is deferred and recognised in profit or loss on a straight-line basis over three years.

(z) Insurance contracts and investment contracts
These contracts insure events associated with human life (for example, death or survival) over a long duration. Premiums are recognised as revenue when they become payable by the contract holder. Claims and surrenders are accounted for when notified. Maturities on the policy maturity date and regular withdrawals are accounted for when due. A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised, based on the expected discounted value of the benefit payments and directly related administration costs, less the expected discounted value of the future premiums that would be required to meet the benefits and other expenses. The calculation of the liability contains assumptions regarding mortality, maintenance expenses and investment income. Liabilities under unit-linked life insurance contracts (such as endowment policies) in addition reflect the value of assets held within unitised investment pools.

(i) Short-term insurance contracts
Under its payment protection insurance products the Group is committed to paying benefits to the policyholder rather than forgiving interest or principal on the occurrence of an insured event, such as unemployment, sickness, or injury. Property insurance contracts mainly compensate the policyholders for damage to their property or for the value of property lost.

Premiums are recognised as revenue proportionally over the period of the coverage. Claims and claims handling costs are charged to income as incurred, based on the estimated liability for compensation owed to policyholders arising from events that have occurred up to the balance sheet date even if they have not yet been reported to the Group, based on assessments of individual cases reported to the Group and statistical analyses for the claims incurred but not reported.

(ii) Deferred acquisition costs (DAC)

Commissions and other costs that are related to securing new insurance and investment contracts are capitalised and amortised over the estimated lives of the relevant contracts.

(iii) Deferred income liability

Deferred income liability on fees that are designed to recover commissions and other costs related to either securing new insurance and investment contracts or renewing existing investment contracts are included as a liability and amortised over the estimated life of the contract.

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

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

(aa) Share capital and reserves

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

(ii) Dividend on the Bank's ordinary shares
Dividends on the Bank's ordinary shares are recognised in equity when approved by the Bank's shareholders.

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

(ab) Earnings per share
The Group presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share optios granted to employees.

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

(ad) New standards and interpretations not yet adopted

As at 30 June 2012, a number of standards and interpretations, and amendments thereto, had been issued by the IASB which are not yet effective for these consolidated interim financial statements. Below, the most significant new standards are addressed:

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2015. In subsequent phases, the IASB is addressing impairments and hedge accounting. Exposure drafts have been issued. The completion of these projects is expected in 2012. The Bank is currently assessing the impact of both the first phase and the second phase on its financial statements.

IFRS 10 Consolidated Financial Statements

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

IFRS 11 Joint Arrangements

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

IFRS 12 Disclosure of Interests in Other Entities

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

IFRS 13 Fair Value Measurement

IFRS 13 defines fair value, provides guidance on its determination and introduces consistent requirements for disclosure on fair value measurements. It is applicable for all assets and liabilities that require a fair value based on IFRS. Disclosures for fair values are extended. The Bank will assess whether this new standard has any impact on existing fair value policies and disclosures. IFRS 13 is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted. The Bank has not early adopted IFRS 13.

IAS 19 Employee benefits

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

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

The amended IAS 19 is effective for periods beginning on or after 1 January 2013. This amended standard is not expected to have any significant impact on the consolidated financial statements.

Improvements to IFRSs

Amendments resulting from improvements to IFRSs to the following standards did not have a material impact on the accounting policies, financial position or performance of Access Bank during this financial period:

- IAS 1 Presentation of Financial Statements
- IAS 27 Consolidated and Separate Financial Statements

Amendments resulting from improvements to IFRSs to the following standards did not have a material impact on the accounting policies, financial position or performance of Access Bank during this financial year:

- IFRS 7 Financial Instruments: Disclosures
- IAS 1 Presentation of Financial Statements
- IAS 27 Consolidated and Separate Financial Statements
- IFRIC 13 Customer Loyalty Programmes

5 Use of estimates and judgements

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

Key sources of estimation uncertainty

Allowances for credit losses

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

The specific counterparty component of the total allowances for impairment applies to claims 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 counter party'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 approved by the Credit Risk function.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of loans and advances and held to maturity investment securities with similar economic 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. A component of collectively assessed allowances is for country risks. 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 how well future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances are estimated.

Determining fair values

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

Critical accounting judgements in applying the Group's accounting policies

Critical accounting judgements made in applying the Group's accounting policies include:

Financial asset and liability classification

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

1. In classifying financial assets or liabilities as "trading", the Group has determined that it meets the description of trading assets and liabilities set out in accounting policy 4(n).
2. In designating financial assets or liabilities as available for sale, the Group has determined that it has met one of the criteria for this designation set out in accounting policy 4(n)(iii).

3. In classifying financial assets as held-to-maturity, the Group has determined that it has both the positive intention and ability to hold the assets until their maturity date as required by accounting policy 4(o)(i).

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

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

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.

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

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

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

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

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

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

June 2012 *In thousands of Naira*	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Non pledged trading assets	22	380,671	17,341,692	-	17,722,363
Derivative financial instrument	24	-	-	39,319	39,319
Investment securities	30	38,654,175	6,839,910	-	45,494,085
		39,034,846	24,181,602	39,319	63,255,767

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

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

6 Financial Risk Management

(a) Introduction and overview

"Access Bank Plc has a well-established risk governance structure and an experienced risk management team. Our risk management framework provides essential tools to enable us take timely and informed decisions to maximize opportunities and mitigate potential threats. Access Bank has taken pre-emptive actions to reshape the portfolio, tighten underwriting standards and increase the frequency of risk monitoring and stress testing in case of adverse scenarios or downturns."

The Group's approach to risk

Risk is an inherent part of Access Bank Plc and its subsidiary companies' ("the Bank" or "the Group") business activities. Access Bank's overall risk tolerance is established in the context of the Bank's earnings power, capital, and diversified business model. Effective+B306 risk management is critical to any Bank for achieving financial soundness.

In view of this, aligning risk management to the Bank's organizational structure and business strategy has become integral in our business. Access Bank's risk management framework and governance structure are intended to provide comprehensive controls and ongoing management of the major risks inherent in its business activities. It is also intended to create a culture of risk awareness and personal responsibility throughout the Bank. The Group has taken pre-emptive action to reshape its credit portfolio, tighten underwriting standards and increase the frequency of risk monitoring and integrated stress testing. These actions will not immunize the Group from the effects of a cyclical downturn in its core markets, but should mitigate their impact.

Our position at the end of 2012 is marked by several key factors. 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 team. Access Bank has been disciplined in its management of risk. The Group has increased its focus on the inter-relationships between risk types and, where appropriate, underwriting standards have been tightened. It has also conducted periodic reviews of risk exposure limits and risk control so as to position itself against any adverse scenarios. To mitigate against higher level of market volatility and economic uncertainty, the Group regularly subjects its exposures to a range of stress tests across a wide variety of products, currencies, portfolios and customer segments.

The Bank's risk management architecture is carefully crafted to balance corporate oversight with well-defined risk management functions which fall into one of three categories where risk must be managed: lines of business, governance and control and corporate audit. The Board of Directors and management of the Bank are committed to constantly establishing, implementing and sustaining tested practices in risk management to match those of leading international banks. We are convinced that the long-term sustainability of our Group depends critically on the proper governance and effective management of our business. As such, risk management occupies a significant position of relevance and importance in the Bank.

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

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

The Chief Risk Officer has primary responsibility for risk management and the review of the ERM Framework and to provide robust challenge to the management teams based on quantitative and qualitative metrics. All amendments to the Bank's ERM Framework require Board approval. The risk management division is responsible for the enforcement of the Bank's risk policy by constantly monitoring risk, with the aim of identifying and quantifying significant risk exposures and acting upon such exposures as necessary. Overall, we view risk not only as a threat or uncertainty, but also as a potential opportunity to grow and develop the business, within the context of our clearly articulated and Board driven risk appetite. Hence our approach to risk management is not limited to considering downside impacts or risk avoidance; it also encompasses taking risk knowingly for competitive advantage. Access Bank approaches risk, capital and value management robustly and we believe that our initiatives to date have positioned the Group at the leading edge of risk management.

Risk and capital drive value

The pursuit of value requires us to balance risk assumed against capital required. Hence, we have embarked on a journey, which requires us to undertake analysis involving optimizing the upside and minimizing the downside on an ongoing and rigorous basis. We believe that this process will add value for our shareholders, and provide security to our other capital providers and clients, as well as ensure overall sustainability in our business activities.

Every business activity in our Group requires us to put capital at risk, in exchange for the prospect of earning a return. In some activities, the level of return is quite predictable, whereas in other activities the level of return can vary over a very wide range, ranging from a loss to a profit. Accordingly, over the past year we have expended substantial energy on improving our risk and capital management framework, to focus on taking risks where we:

- Understand the nature of the risks we are taking, and what the range of outcomes could be under various scenarios, for taking these risks;
- Understand the capital required in order to assume these risks;
- Understand the range of returns that we can earn on the capital required to back these risks; and
- Attempt to optimize the risk-adjusted RATE of return we can earn, by reducing the range of outcomes and capital required arising from these risks, and increasing the certainty of earning an acceptable return

Our objective of balancing risk, return and capital has led us to enhance substantially our risk management methodologies, in order to be able to identify threats, uncertainties and opportunities and in turn develop mitigation and management strategies to achieve an optimal outcome. Value is added for shareholders if our process allows us to demonstrate sustainable risk-adjusted returns in excess of our cost of capital. The process provides security to our capital providers and clients by assuring them that we are not taking on incremental risks which adversely affect the outcomes we have contracted to deliver to them.

Enterprise-wide stress testing

As a part of our core risk management practices, the Bank conducts enterprise-wide stress tests on a periodic basis to better understand earnings, capital and liquidity sensitivities to certain economic scenarios, including economic conditions that are more severe than anticipated. These enterprise-wide stress tests provide an understanding of the potential impacts to our risk profile, capital and liquidity. It generates and considers pertinent and plausible scenarios that have the potential to adversely affect our business.

Stress testing and scenario analysis are used to assess the financial and management capability of Access Bank to continue operating effectively under extreme but plausible trading conditions. Such conditions may arise from economic, legal, political, environmental and social factors. Scenario(s) are carefully selected by a group drawn from senior line of business, risk and finance executives. Impacts to each line of business from each scenario are then analyzed and determined, primarily leveraging the models and processes utilized in everyday management routines.

Impacts are assessed along with potential mitigating actions that may be taken in each scenario. Analysis from such stress scenarios is compiled for and reviewed through our Group ALCO, and the Enterprise Risk Management Committee and serves to inform and be incorporated, along with other core business processes, into decision making by management and the Board. The Bank would continue to invest in and improve stress testing capabilities as a core business process.

Stress testing framework

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

Risk Management and the Acquisition Process in 2012

The Bank recognized the significance of the risks inherent in the acquisition of Intercontinental Bank during the year. This necessitated a well structured and proactive approach to the management of risk in the acquisition process. The Bank leveraged on its experience in mergers and acquisition and ensured measures were put in place to minimize exposures to credit, market and operational losses in all phases of the merger process. The measures adopted both during the pre-merger and integration phases have resulted in well controlled acquisition and integration process with minimal operational losses.

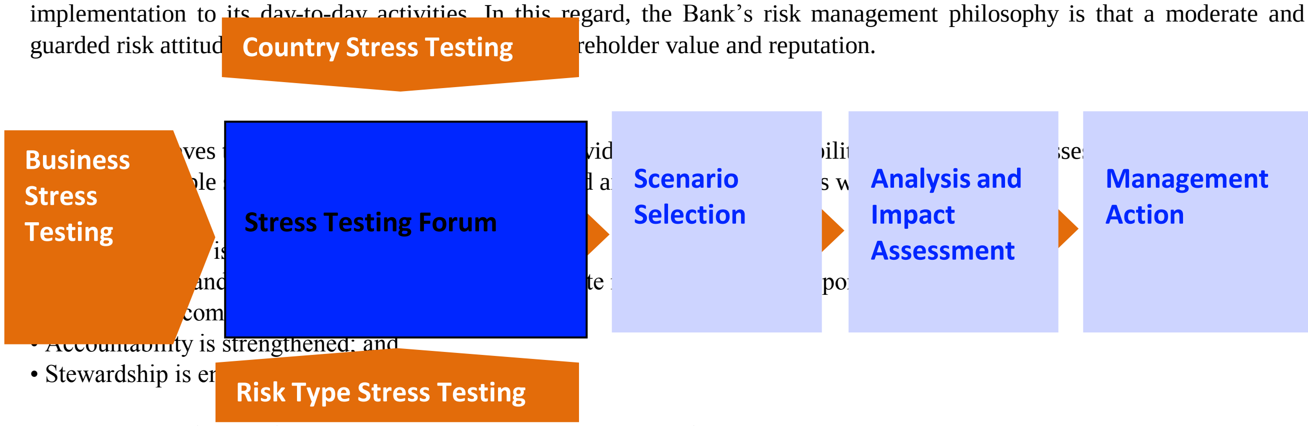
(b) Risk Management Philosophy, Culture, Appetite and Objectives

Risk Management Philosophy and Culture

Risk management is at the core of the operating structure of the group. We seek to limit adverse variations in earnings and capital by managing risk exposures within agreed levels of risk appetite. Our risk management approach includes minimizing undue concentrations of exposure, limiting potential losses from stress events and the prudent management of liquidity.

In 2012, our risk management process continued to achieve desired results despite a tough economic environment. However, the Group's risk management is continuously evolving and improving, given that there can be no assurance that all market developments, in particular those of extreme nature, can be fully anticipated at all times. Hence, executive management has remained closely involved with important risk management initiatives, which have focused particularly on preserving appropriate levels of liquidity and capital, as well as managing the risk portfolios.

Risk management is integral to the Group's decision-making and management process. It is embedded in the role and purpose 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 attitud ... reholder value and reputation.



• Accountability is strengthened; and
• Stewardship is en...

The Bank identifies the following attributes as guiding principles for its risk culture.

a) Management and staff:

- Consider all forms of risk in decision-making
- Create and evaluate business-unit and Bank-wide risk profile to consider what is best for their individual business units/department and what is best for the Bank as a whole;
- Adopt a portfolio view of risk in addition to understanding individual risk elements;
- Retain ownership and accountability for risk and risk management at the business unit or other point of influence level;
- Accept that enterprise risk management is mandatory, not optional;
- Strive to achieve best practices in enterprise risk management;
- Document and report all significant risks and enterprise-risk management deficiencies;
- Adopt a holistic and integrated approach to risk management and bring all risks together under one or a limited number of oversight functions;

• Empower risk officers to perform their duties professionally and independently without undue interference;

• Ensure a clearly defined risk management governance structure;
• Ensure clear segregation of duties between market facing business units and risk management/control functions;

• Strive to maintain a conservative balance between risk and profit considerations; and
• Continue to demonstrate appropriate standards of behaviour in development of strategy and pursuit of objectives.

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

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

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

e) Equal attention is paid to both quantifiable and non-quantifiable risks.
f) The Bank avoids products and businesses it does not understand.

Risk management process

Group risk oversight approach

Our oversight starts with the strategy setting and business planning process. These plans help us articulate our appetite for risk, which is then set as risk appetite limits for each business unit to work within. The Bank's risk management and compliance division provides a central oversight of risk management across the Bank to ensure that the full spectrum of risks facing the Bank are properly identified, measured, monitored and controlled in order to minimize adverse outcomes.

The division is complemented by the financial control and regulatory/reputation risk group in the management of strategic and reputational risks respectively. The Chief Risk Officer coordinates the process of monitoring and reporting risks across the Bank. Internal audit has the responsibility of auditing the risk management and control function to ensure that all units charged with risk management perform their roles effectively on a continuous basis. Internal audit also tests the adequacy of internal control and makes appropriate recommendations where there are weaknesses.

Strategy and Business Planning

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

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

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

Risk Appetite

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

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

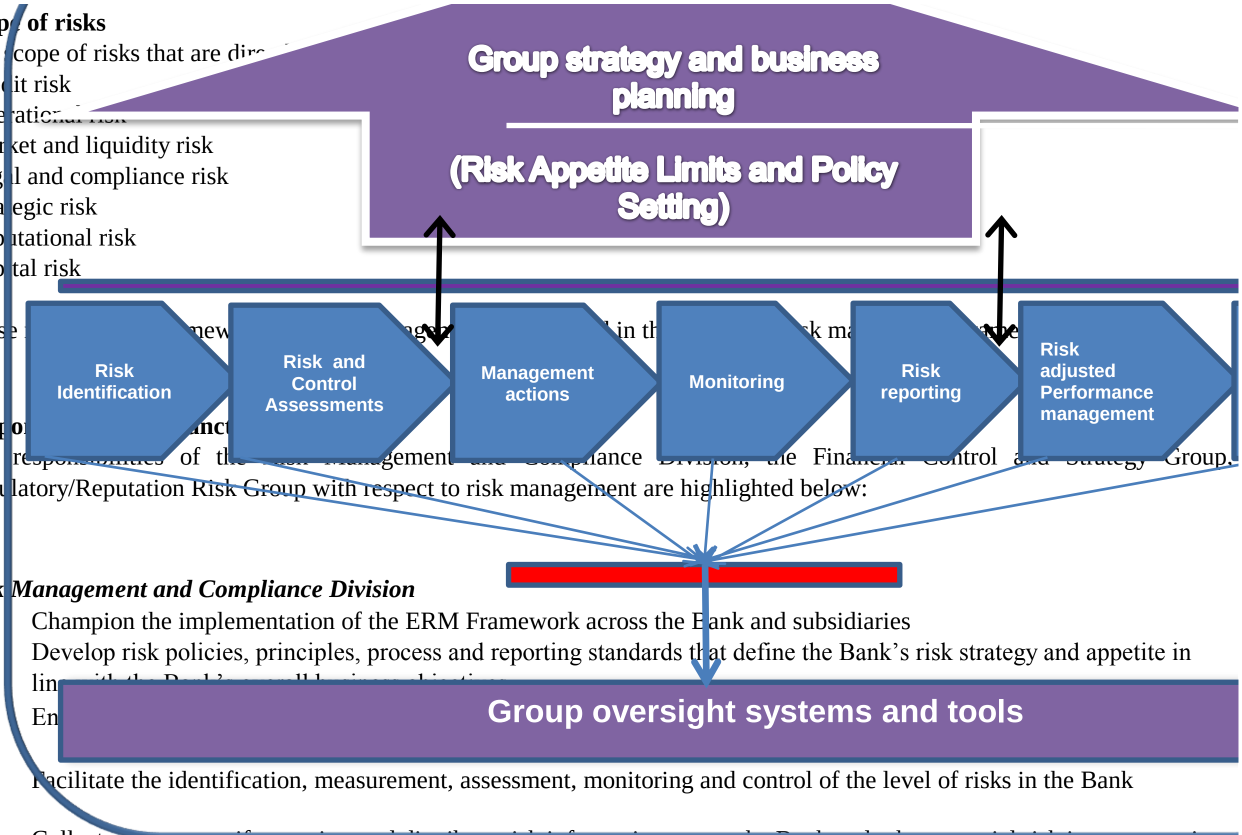
The Bank’s risk profile is assessed through a ‘bottom-up’ analytical approach covering all of the Group’s major businesses, countries and products. The risk appetite is approved by the Board and forms the basis for establishing the risk parameters within which the businesses must operate, including policies, concentration limits and business mix.

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 dir[illegible]

Credit risk
Operational risk
Market and liquidity risk
Legal and compliance risk
Strategic risk
Reputational risk
Capital risk

These [illegible] framew[illegible] in th[illegible] k ma[illegible]

Respo[illegible]nct[illegible]

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

Risk Management and Compliance Division

a) Champion the implementation of the ERM Framework across the Bank and subsidiaries
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) En[illegible]
d) Facilitate the identification, measurement, assessment, monitoring and control of the level of risks in the Bank
e) Collect, process, verify, monitor and distribute risk information across the Bank and other material risk issues to senior management, the Board and regulators
f) Monitor compliance with bank-wide risk policies and limits
g) Provide senior management with practical, cost effective recommendations for improvement of risk management
h) Act as a key contact for senior management who may wish to request ad hoc reviews/investigations
i) Ensure that laws, regulations and supervisory requirements are complied with including consequence management
j) Champion the implementation of Basel II
k) Promote risk awareness and provide education on risk
l) Provide assurance on compliance with internal and external policies with respect to risk management

Financial Control and Strategy

a) Prepare and monitor the implementation of the Bank's strategic plan
b) Conduct strategic and operational review of the Bank's activities
c) Conduct regular scanning of the Bank's operating environment
d) Coordinate and monitor the Bank's rating exercises by external rating agencies
e) Prepare business intelligence reports for the Bank's management
f) Prepare periodic management reports on subsidiaries and associates
g) Perform competitive analysis in comparison with industry peers
h) Conduct strategic/operational review of branches

(c) Risk Management Governance Framework

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

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

Risk Management Governance Structure

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

Roles of the Board of Directors

The board of directors' role as it relates to risk management is divided into six areas: general; credit; market; compliance; operational and reputational risks.

Specific roles in these areas are further defined below:

General

a) Develop a formal enterprise-risk management framework
b) Review and approve the establishment of a risk management function that would independently identify, measure, monitor and control risks inherent in all risk-taking units of the Bank

c) Ratify the appointment of qualified officers to manage the risk management function
d) Approve and periodically review the Bank's risk strategy and policies
e) Approve the Bank's risk appetite and monitor the Bank's risk profile against this appetite
f) Ensure that the management of the Bank has an effective ongoing process to identify risk, measure its potential impact and proactively manage these risks
g) Ensure that the Bank maintains a sound system of risk management and internal control with respect to:

- Efficiency and effectiveness of operations
- Safeguarding of the Banks assets (including information)
- Compliance with applicable laws, regulations and supervisory requirements
- Reliability of reporting
- Behaving responsibly towards all stakeholders

h) Ensure that a systematic, documented assessment of the processes and outcomes surrounding key risks is undertaken at least annually
i) Ensure that management maintains an appropriate system of internal control and review its effectiveness

j) Ensure risk strategy reflects the Bank's tolerance for risk
k) Review and approve changes/amendments to the risk management framework
l) Review and approve risk management procedures and control for new products and activities
m) Periodically receive risk reports from management highlighting key risk areas, control failures and remedial action steps taken by management

Credit risk

a) Approve the Bank's overall risk tolerance in relation to credit risk based on the recommendation of the chief risk and compliance officer
b) Ensure that the Bank's overall credit risk exposure is maintained at prudent levels and consistent with the available capital through quarterly review of various types of credit exposure

c) Ensure that top management as well as individuals responsible for credit risk management possess the requisite expertise and knowledge to accomplish the risk management function
d) Ensure that the Bank implements a sound methodology that facilitates the identification, measurement, monitoring and control of credit risk
e) Ensure that detailed policies and procedures for credit risk exposure creation, management and recovery are in place

f) Appoint credit officers and delegate approval authorities to individuals and committees

Operational risk

a) Oversee the overall governance of the Bank's operational risk management process
b) Set the Bank's operational risk strategy and direction in line with the Bank's corporate strategy
c) Approve the Bank's operational risk management framework
d) Periodically review the framework to ensure its relevance and effectiveness
e) Ensure that senior management is performing their risk management responsibilities
f) Ensure that the Bank's operational risk management framework is subject to effective and comprehensive internal audit by operationally independent, appropriately trained and competent staff

Market and liquidity risk

a) Define the Bank's overall risk appetite in relation to market risk
b) Ensure that the Bank's overall market risk exposure is maintained at levels consistent with the available capital

c) Ensure that top management as well as individuals responsible for market risk management possess sound expertise and knowledge to accomplish the risk management function
d) Approve the Bank's strategic direction and tolerance level for liquidity risk
e) Ensure that the Bank's senior management has the ability and required authority to manage liquidity risk

f) Approve the Bank's liquidity risk management framework
g) Ensure that liquidity risk is identified, measured, monitored and controlled

Compliance risk

a) Approve the Bank's code of conduct and ethics;
b) Monitor the Bank's compliance with laws and regulations, its code of conduct and ethics and Corporate governance practices
c) Ensure that the Bank has a process for ensuring new and changed legal and regulatory requirements are identified monitored and reflected in Bank processes
d) Approve the compliance structure, mechanisms and processes established by management to ensure compliance with current laws, regulations and supervisory requirements
e) Ensure the Bank has a compliance culture that contributes to the overall objective of risk management

Operational risk

Oversee the overall governance of the Bank's operational risk management process;
Set the Bank's operational risk strategy and direction in line with the Bank's corporate strategy;
Approve the Bank's operational risk management framework;
Periodically review the framework to ensure its relevance and effectiveness;
Ensure that senior management is performing their risk management responsibilities; and
Ensure that the Bank's operational risk management framework is subject to effective and comprehensive internal audit by operationally independent, appropriately trained and competent staff.

Reputational risk

a) Set an appropriate tone and guidelines regarding the development and implementation of effective reputation risk management practices, including an explicit statement of a zero tolerance policy for all unethical behaviour.

b) Approve the Bank's framework for the identification, measurement, control and management of reputational risk.

c) Monitor the Bank's compliance with its reputational risk management policies and recommend sanctions for material breaches of internal policies.
d) Review all exception reports by external parties such as regulators and auditors; ensure that appropriate sanctions are applied to erring officers; demand from management appropriate explanations for all exceptional items; ensure that management puts in place effective and remedial actions and reports on progress to the Board on an ongoing basis.

e) Ensure that Board members do not compromise their fit and proper status with regulators. They shall ensure that only board members who do not tarnish the Bank's image and reputation remain as members.

f) Ensure that only fit and proper persons are appointed to senior management positions in the Bank.

Board committees

The Board carries out its oversight function through its standing committees each of which has a charter that clearly defines its purpose, composition, structure, frequency of meetings, duties, tenure and reporting lines to the Board. In line with best practice, the Chairman of the Board does not seat on any of the Committees. The Board's four standing committees are: the Board Risk Management Committee, the Board Audit Committee, the Board Human Resources Committee and the Board Credit & Finance Committee.

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

The roles and membership of the committees are as follows:

Committee	Key Objective	Membership
Board Risk Management Committee	The primary role of the committee is to report to the Board and provide appropriate advice and recommendations on matters relevant to risk management	3 Non-Executive Directors appointed by the Board of Directors The Group Managing Director
Boar Comr		
Comr		
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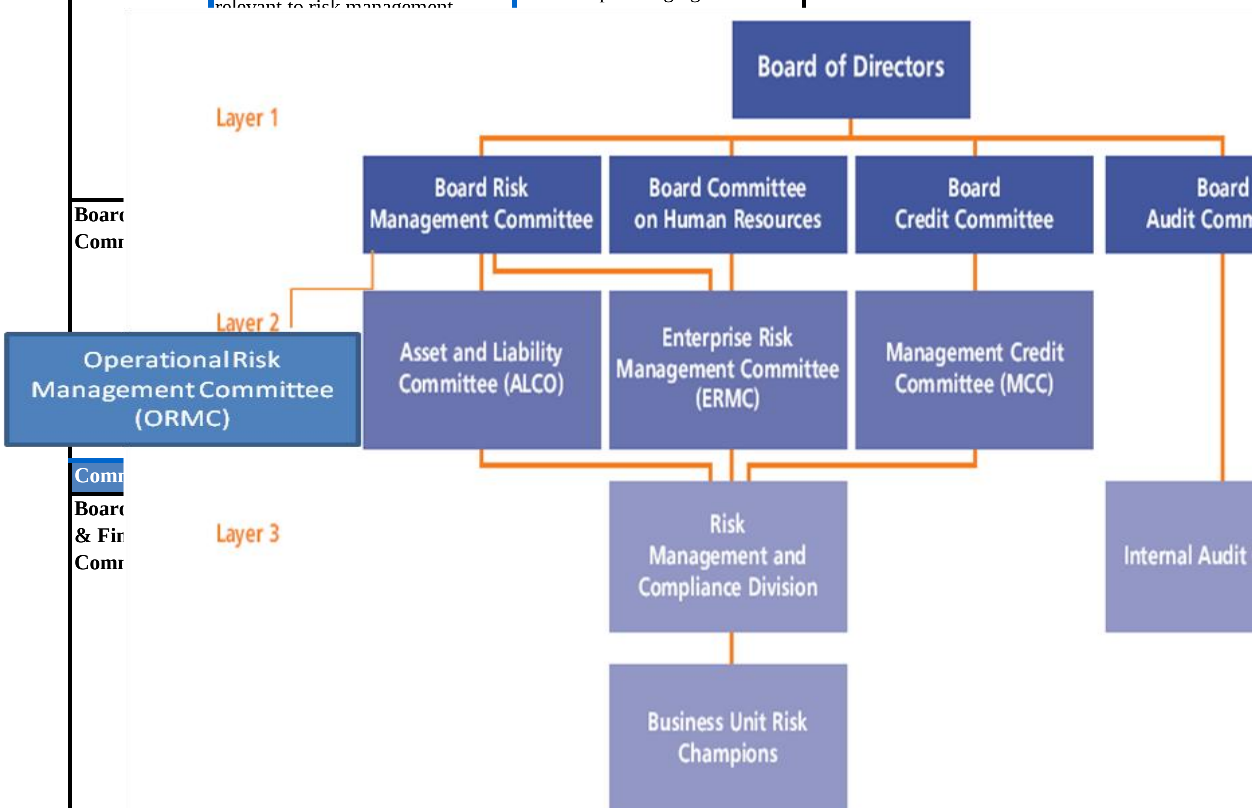

Committee	Key Objective	Membership
Board Human Resources Committee	The committee advises the Board on its oversight responsibilities in relation to compensation, benefits and all other human resource matters affecting the directors and employees of the Bank.	4 Non-Executive Directors appointed by the Board of Directors The Group Managing Director The Group Deputy Managing Director
The Executive Committee (EXCO)	The committee is primarily responsible for the implementation of strategies approved by the Board and ensuring the efficient deployment of the Bank's resources.	Group Managing Director as - Chairman, Group Deputy Managing Director All the Executive Directors
Enterprise risk management committee (ERMC)	The Bank's enterprise risk management committee is responsible for managing all risks with the exception of credit, market and liquidity risks. The risks within the committee's purview include (but are not limited to) strategic, reputational, compliance and operational risks.	The Group Managing Director (Chairman) The Group Deputy Managing Director All Executive Directors Chief Risk Officer Chief Compliance Officer Chief Financial Officer All ERM Division Heads Head, Corporate Affairs Head, Legal Department Head, Information Technology
Committee	**Key Objective**	**Membership**
Management Credit Committee (MCC)	This committee is responsible for managing credit risks in the Bank. The membership of the committee is as follows:	Group Managing Director/Chief Executive Officer – Chairman Group Deputy Managing Director – Vice Chairman All Executive Directors Group Head, Credit Risk Management Team Leaders, Credit Risk Management Group Heads, Commercial Bank Group Heads, Institutional Bank Group Heads, Operations & IT Group Head, Compliance Group Head, Internal Audit Head of Legal (or his/her nominee as approved by the GMD/CEO) Other Group Heads

Committee	Key Objective	Membership
Group Asset & Liability Committee (Group ALCO)	The Group Alco is responsible for the optimum management of the Bank's balance sheet and taking relevant decisions as well as recommending to the Board of Directors' prudent asset/liability management policies and procedures that enable the Bank to achieve its goals while operating in full compliance with all relevant laws and regulations.	The Group Managing Director/Chief Executive Officer – Chairman The Group Deputy Managing Director The Group Executive Directors Chief Risk Officer Country Managing Directors Country Treasury Heads The Group Treasurer; Head, Financial Control – Domestic Head, Financial Control – International Head, Group Asset & Liability Management Head, Group Market Risk Head, Credit Risk

Committee	Key Objective	Membership
Operational Risk Management Committee (ORMC)	The committee is responsible for the effectiveness of the operational risk management function within the Bank. All decisions and deliberations of the committee are reported to the Board Risk Management Committee.	Group Managing Director/Chief Executive (GMD) - Chairman Group Deputy Managing Director; All Division Heads / Executive Directors Chief Risk Officer Head, Operational Risk Management Group Chief Information Officer Head, Group compliance and Internal Control Head, Group Internal Audit Head, Group HR Other Group Heads or persons to be designated by the committee from time to time

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

Specific roles of the Board and management committees

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

Board risk management committee

The primary role of the committee is to report to the board and provide appropriate advice and recommendations on matters relevant to risk management. Specifically, the committee performs the following functions:

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

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

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

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

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

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

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

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

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

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

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

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

Board audit committee

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

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

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

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

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

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

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

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

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

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

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

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

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

m) Review the internal audit reporting lines and independence.

Board credit committee

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

a) Facilitate the effective management of credit risk by the Bank.

b) Approve credit risk management policies, underwriting guidelines and standard proposals on the recommendation of the management credit committee.

c) Approve definition of risk and return preferences and target risk portfolio.

d) Approve the Bank's credit rating methodology and ensure its proper implementation.

e) Approve credit risk appetite and portfolio strategy.

f) Approve lending decisions and limit setting.

g) Approve new credit products and processes.

h) Approve assignment of credit approval authority on the recommendation of the management credit committee.

i) Approve changes to credit policy guidelines on the recommendation of the management credit committee.

j) Approve credit facility requests and proposals within limits defined by Access Bank Plc's credit policy and within the statutory requirements set by the regulatory/ supervisory authorities.

k) Recommend credit facility requests above stipulated limit to the board.

l) Review credit risk reports on a periodic basis.

m) Approve credit exceptions in line with board approval.

n) Make recommendations to the board on credit policy and strategy where appropriate.

Board committee on human resources

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

a) Ensure the right calibre of executive management is attracted, retained, motivated and rewarded.

b) Make recommendations on the remuneration of the Chairman, non-executive directors and executive directors to the board for ratification.

c) Approve remuneration levels for senior management and other Bank personnel.

d) Review and approves remuneration policies and strategy.

e) Monitor the Bank's people-risk universe.

Roles of senior management in risk management

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

Enterprise risk management committee

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

a) Formulate policies

b) Monitor implementation of risk policies

c) Review risk reports for presentation to the board/board committees

d) Implement board decisions across the Bank

Management credit committee

The committee has the following responsibilities:

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

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

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

Group Asset & Liability Committee (GROUP ALCO)

The Group ALCO is responsible for the optimum management of the Bank’s balance sheet and taking relevant decisions as well as recommending to the Board of Directors’ prudent asset/liability management policies and procedures that enable the Bank to achieve its goals while operating in full compliance with all relevant laws and regulations.

Purpose

The purpose of the Group ALCO is to:

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

Responsibilities and authorities

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

- In the event of a vote, majority will prevail with the Group ALCO chairman casting the deciding vote in the event of a tie.

Other responsibilities include:
Prudent management of market risk:

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

Prudent management of liquidity risk:

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

Prudent management of interest rate risk:

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

Prudent margin management:

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

General:

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

Roles of senior management in risk management
The roles of senior management as it relates to risk management are as:
a) Implement risk strategy approved by the board of directors.
b) Develop policies and procedures for identifying, measuring and controlling risks identified in the Bank's risk universe.

c) Provide appropriate resources to evaluate and control all identified risks.
d) Review risk reports on a regular and timely basis.
e) Review periodic risk reports for operational and other risks separate from credit and market risks.

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

Operational Risk Management Committee (ORMC)
The committee is responsible for the effectiveness of the operational risk management function within the Bank. All decisions and deliberations of the committee are reported to the Board Risk Management Committee.

The committee is comprised of the following members:
- Group Managing Director/Chief Executive (GMD) - Chairman
- Group Deputy Managing Director;
- All Division Heads / Executive Directors
- Chief Risk Officer
- Head, Operational Risk Management group
- Chief Information Officer
- Head, Group compliance and Internal Control
- Head, Group Internal Audit
- Head, Group HR
- Other Group Heads or persons to be designated by the committee from time to time

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

Roles of risk champions in the business units

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

Risk management and compliance division – relationship with other units

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

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

Risk management and compliance division – relationship with other units

(d) Credit Risk Management

Credit risk is the current or potential risk to earnings and capital arising 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). Credit risk arises anytime the Bank commits its funds with the result that capital or earnings are dependent on borrower's performance.

The Bank's Risk Management philosophy is that moderate and guarded risk attitude will ensure sustainable growth in shareholder value and reputation. The Plan also sets out the roles and responsibilities of different individuals and committees involved in the credit process. Extension of credit in Access Bank is guided by it's Credit Risk and Portfolio Management Plan, which sets out specific rules for risk origination and management of the loan portfolio.

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 rigourous 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:

- ***Extension of credit:*** Every extension of credit must be approved by at least three officers; one of whom must be from Independent Credit Risk Management. The final approving officer must have a credit limit for the total facilities extending to the obligor (or group of related obligors).
- ***Special Approvals:*** Extension of credit to certain sectors may require unique approvals or prohibited altogether.
- ***Credit Analysis Policy:*** There are consistent standards of credit analysis across the Access Bank Group for approval of credit facilities.
- ***Annual Review of facilities:*** All extension of credits must be reviewed at least once every 12 months.
- ***Industry Limits:*** The Access Bank Group utilizes industry limits to maintain a diversified portfolio of risk assets.
- ***Problem Recognition:*** There are uniform and consistent standards for recognition of credit migration and remediation across the Access Bank group.

Credit process

The Bank's credit process starts with portfolio planning and target market identification. Within identified target markets, credits are initiated by relationship managers. The proposed credits are subjected to review and approvals by applicable credit approval authorities. Further to appropriate approvals, loans are disbursed to beneficiaries. On-going management of loans is undertaken by both relationship management teams and our Credit Risk Management Group. The process is applied at the Head Office and in the subsidiaries.

If a preliminary analysis of a loan request by the account manager indicates that it merits further scrutiny, it is then analyzed in greater detail by the account manager, with further detailed review by Credit Risk Management. The concurrence of Credit Risk Management must be obtained for any credit extension. If the loan application passes the detailed analysis it is then submitted to the appropriate approval authority for the size of facilities

The standard credit evaluation process is based both on quantitative figures from the Financial Statements and on an array of qualitative factors. Factual information on the borrower is collected as well as pertinent macroeconomic data, such as an outlook for the relevant sector, etc. These subjective factors are assessed by the analyst and all individuals involved in the credit approval process, relying not only on quantitative factors but also on extensive knowledge of the company in question and its management.

1 Credit risk measurement

Risk Rating Methodology

The credit rating of the counterparty plays a fundamental role in final credit decisions as well as in the terms offered for successful loan applications. Access Bank employs a robust credit rating system based on international best practices (including Basel II recommendations) in the determination of the Obligor and Facility risks and thus allows the Bank to maintain its asset quality at a desired level.

In Access Bank, the objective of the Risk Rating Policy is to ensure reliable and consistent Obligor Risk Ratings ('ORRs') and Facility Risk Ratings ('FRRs') throughout the Bank and to provide guidelines for risk rating for retail and non – retail exposures in the Bank.

The Risk rating policy incorporates credit risk rating models which estimate risk of obligor default and facility risks (covering both recovery as well as Exposure risk). These models are currently based on expert judgment for Retail and Non-Retail Exposures. Our long-term goal is to adopt the Internal Rating Based ("IRB") approach. The data required to facilitate the IRB approach are being gathered.

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

Credit Risk Rating Models

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

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

Obligor Risk Rating (ORR) Models have been developed for:

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

Facility Risk Rating (FRR) Models have been developed for:

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

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

Obligor Risk Rating (ORR) Models have been developed for:

1. Sovereign (Approach to rating Sovereign Exposures using External ratings)
2. Bank and 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.

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

Credit Risk Management has the final authority if there is a question about a specific rating.

Risk Rating Scale and external rating equivalent

Access Bank operates a 12-grade numeric risk rating scale. The risk rating scale runs from 1 to 8. Rating 1 represents the best obligors and facilities and rating 8 represents the worst obligors and facilities. The risk rating scale incorporates sub-grades and full grades reflective of realistic credit migration patterns.

The risk rating scale and the external rating equivalent is detailed below

Access Bank Risk Rating	S&P Long term equivalent	Grade
1	AAA	Investment Grade
2+	AA	
2	A	
2-	BBB	
3+	BB+	Standard Grade
3	BB	
3-	BB-	
4	B	Non Investment Grade
5	B-	
6	CCC	
7	C	
8	D	

2 Credit Risk Control & Mitigation policy

Authority Limits on Credit

The highest credit approval authority is the Board of Directors, supported by the Board Credit Committee and further by the Management Credit Committee. Individuals are also assigned credit approval authorities in line with the Bank's criteria for such delegation set out in its Credit Risk and Portfolio Managament Plan. The principle of central management of risk and decision authority is maintained by the Bank. The maximum amount of credit that may be approved at each subsidiary is limited, with amounts above such limit being approved at the Head Office.

This structure gives Access Bank the possibility to incorporate much needed local expertise, but at the same time manage risk on a global level. Local Credit Committees of the Bank's subsidiaries are thus able to grant credits, but the sum total of the exposure of the applicant and financially related counterparties is limited, most commonly by the subsidiary's capital. All applications that would lead to exposures exceeding the set limit are referred to the appropriate approval authority in the Head Office.

The credit approval limits of the principal officers of the Group are shown in the table below:

Authority	**Approval Limit**
Board of Directors	Limited to 20% of Shareholders' funds unimpaired by losses
Board Credit Committee	N6,000,000,000
Management Credit Committee	N 500,000,000
Group Managing Director	N 200,000,000
Group Deputy Managing Director	N 150,000,000
Group Executive Director	N 75,000,000
Managing Directors of the Bank's subsidiaries	N 25,000,000

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

ACCESS BANK RATING	CREDIT RATING BY S&P's	EXPOSURE LIMIT	BOARD OF DIRECTORS	BOARD CREDIT COMMITTEE	MANAGMENT CREDIT COMMITTEE
1	AAA	N25,000,000,000	Single Obligor	N20,000,000,000	N10,000,000,000
2^+	AA	N25,000,000,000	Single Obligor	N20,000,000,000	N7,500,000,000
2	A	N15,000,000,000	N15,000,000,000	N10,000,000,000	N2,000,000,000
2^-	BBB	N15,000,000,000	N5,000,000,000	N2,000,000,000	N1,000,000,000
3^+	BB+	N1,000,000,000	More than N1,000,000,000	N1,000,000,000	N500,000,000
3	BB	N500,000,000	Above N1,000,000,000	Above N500,000,000	N500,000,000
3^-	BB-	N100,000,000	Above N500,000,000		Above N100,0000,000
4	B		Above N500,000,000		
5	B-		Above N500,000,000		

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 can compensate for the insufficient information. It should be recognized that any credit enforcement actions (e.g. foreclosure proceedings) can eliminate the profit margin on the transaction. In addition, Banks need to be mindful that the value of collateral may well be impaired by the same factors that have led to the diminished recoverability of the credit."*

The range of collaterals acceptable to the Bank include:

- Cash / Deposit (domestic and foreign currency) with Bank including certificates of deposit or comparable instruments issued by the Bank.
- Certificates of Deposit from other banks.
- Commodities.
- Debt securities issued by sovereigns and public-sector enterprises.
- Debt securities issued by banks and corporations.
- Equities - Stocks / Share Certificates of quoted blue chip companies
- Mortgage on Landed Property
- Asset-backed securities.

- Charge on assets (Fixed and/or Floating) - premises/ inventory/ receivables/ merchandise/ plant/ machinery etc.
- Negative Pledges
- Lien on Asset being financed
- Stock Hypothecation
- Shipping Documents (for imports)
- Bankers Acceptance
- Life Assurance Policies

Master Netting arrangements

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

Credit related commitments

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

Provisioning policy

Provisions for credit losses meet prudential guidelines set forth by the Central Bank of the countries where the Group operates both for loans for which specific provisions exist as well as for the portfolio of performing loans other.

Group *30 June 2012*		**Loans and advances to customers**		**Loans and advances to banks**		**Investment Securities**	
In thousands of Naira	**Note**	**June 2012**	**December 2011**	**June 2012**	**December 2011**	**June 2012**	**December 2011**
Carrying amount	25, 26, 30	597,618,828	576,228,507	10,235,589	775,765	502,300,704	561,733,704
Assets at amortised cost							
Individually impaired:							
Grade 6: Impaired		8,962,664	14,380,004	-	125,230	-	-
Grade 7: Impaired		10,033,084	15,277,296	-	10,365	-	-
Grade 8: Impaired		16,508,399	26,436,645	181,817	22	3,389,147	3,195,441
Gross amount		35,504,147	56,093,945	181,817	135,617	3,389,147	3,195,441
Allowance for impairment		(29,748,074)	(43,581,022)	(38,543)	(61,028)	(3,389,147)	(3,195,441)
Carrying amount		5,756,073	12,512,923	143,274	74,589	-	-
Collectively impaired:							
Grade 1-3: Low-fair risk		525,529,552	487,624,213	10,086,742	705,954	-	-
Grade 4-5: Watch list		71,494,705	78,368,977	-	-	-	-
Grade 6: Impaired		-	-	-	-	-	-
Grade 7: Impaired		-	-	4,346	-	-	-
Grade 8: Impaired		-	-	5,482	-	-	-
Gross amount		597,024,257	565,993,190	10,096,570	705,954	-	-
Allowance for impairment		(9,487,005)	(4,279,771)	(4,255)	(4,778)	-	-
Carrying amount		587,537,252	561,713,419	10,092,315	701,176	-	-
Past due but not impaired:							
Grade 4-5: Low-fair risk		4,472,428	2,452,168	-	-	-	-
Gross amount		4,472,428	2,452,168	-	-	-	-
Allowance for impairment		(146,925)	(450,003)	-	-	-	-
Carrying amount		4,325,503	2,002,165	-	-	-	-
Past due comprises:							
90 -180 days		4,472,428	2,452,168	-	-	-	-
Gross amount		4,472,428	2,452,168	-	-	-	-
Allowance for impairment		(146,925)	(450,003)	-	-	-	-
Carrying amount		4,325,503	2,002,165	-	-	-	-
Neither past due nor impaired:							
Available-for-sale assets (AFS)							
Grade 1-3: Low-fair risk		-	-	-	-	45,494,085	46,978,397
Grade 4-5: Low-fair risk		-	-	-	-	-	-
Held to maturity assets							
Grade 1-3: Low-fair risk		-	-	-	-	456,806,619	514,755,308
Grade 4-5: Low-fair risk		-	-	-	-	-	-
Total carrying amount - amortised cost		597,618,828	576,228,507	10,235,589	775,764	502,300,704	561,733,704

Bank		**Loans and advances to customers**		**Loans and advances to banks**		**Investment Securities**	
30 June 2012							
In thousands of Naira	***Note***	**June 2012**	**December 2011**	**June 2012**	**December 2011**	**June 2012**	**December 2011**
Carrying amount	25, 26, 30	541,650,526	490,877,501	2,779,246	775,765	482,093,409	127,420,035
Assets at amortised cost							
Individually impaired:							
Grade 6: Impaired		8,487,000	7,691,449	-	125,230	-	-
Grade 7: Impaired		6,902,000	6,255,023	-	10,365	-	-
Grade 8: Impaired		15,537,004	27,631,034	38,543	22	3,221,603	118,441
Gross amount		30,926,004	41,577,506	38,543	135,617	3,221,603	118,441
Allowance for impairment		(21,660,154)	(17,333,987)	(38,543)	(61,028)	(3,221,603)	(118,441)
Carrying amount		9,265,850	24,243,519	-	74,589	-	-
Collectively impaired:							
Grade 1-3: Low-fair risk		476,899,633	412,048,505	2,773,673	705,954	-	-
Grade 4-5: Watch list		1,492,000	1,347,367	-	-	-	-
Grade 6: Impaired		-	-	-	-	-	-
Grade 7: Impaired		-	-	4,346	-	-	-
Grade 8: Impaired		-	-	5,482	-	-	-
Gross amount		478,391,633	413,395,872	2,783,501	705,954	-	-
Allowance for impairment		(3,656,957)	(3,545,076)	(4,255)	(4,778)	-	-
Carrying amount		474,734,676	409,850,796	2,779,246	701,176	-	-
Past due but not impaired:							
Grade 4-5: Low-fair risk		63,153,000	57,233,189	-	-	-	-
Gross amount		63,153,000	57,233,189	-	-	-	-
Allowance for impairment		(5,503,000)	(450,003)	-	-	-	-
Carrying amount		57,650,000	56,783,186	-	-	-	-
Past due comprises:							
90 -180 days		63,153,000	57,233,189	-	-	-	-
Gross amount		63,153,000	57,233,189	-	-	-	-
Allowance for impairment		(5,503,000)	(450,003)	-	-	-	-
Carrying amount		57,650,000	56,783,186	-	-	-	-
Neither past due nor impaired:							
Available-for-sale assets (AFS)							
Grade 1-3: Low-fair risk		-	-	-	-	43,062,804	15,525,164
Grade 4-5: Low-fair risk		-	-	-	-	-	-
Held to maturity assets				-			
Grade 1-3: Low-fair risk				-	-	439,030,605	111,894,871
Grade 4-5: Low-fair risk					-		
Total carrying amount -amortised cost		541,650,526	490,877,501	2,779,246	775,765	482,093,409	127,420,035

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

	Group		Bank	
In thousands of Naira	June 2012	December 2011	June 2012	December 2011
Agriculture	14,201,736	2,211,839	12,763,056	1,840,963
Capital market	695,659	24,668,109	625,186	14,164,109
Construction	23,946,191	20,520,115	21,520,366	16,988,370
Education	670,207	879,044	602,313	331,155
Finance And insurance	32,110,281	37,320,764	28,857,408	12,180,032
General	22,420,622	22,349,725	20,149,343	17,036,615
General commerce	82,339,384	123,850,757	73,998,145	118,106,502
Government	18,597,582	20,424,152	16,713,589	13,762,558
Information And communication	90,899,166	63,099,067	81,690,794	61,561,106
Manufacturing	125,862,386	96,302,824	113,112,130	84,296,669
Oil And gas	177,442,552	153,763,307	159,467,062	131,021,850
Real estate activities	33,000,382	31,509,903	29,657,339	27,962,393
Transportation and storage	12,817,662	20,827,400	11,519,193	7,285,985
Power and energy	1,115,668	2,255,023	1,002,648	1,124,899
Professional, scientific and technical activities	315,767	238,952	283,779	225,039
others	565,586	4,318,322	508,290	4,318,322
Total	637,000,832	624,539,303	572,470,637	512,206,567

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

Group	**Loans and advances to customers**		**Loans and advances to banks**		**Investment Securities**	
In thousands of Naira	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**
June 2012						
Grade 6-8: Individually impaired	35,504,147	5,756,073	181,817	143,274	3,389,147	-
Total	35,504,147	5,756,073	181,817	143,274	3,389,147	-
December 2011						
Grade 6-8: Individually impaired	56,093,945	12,512,923	135,617	74,589	3,195,441	-
Total	56,093,945	12,512,923	135,617	74,589	3,195,441	-

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

	Loans and advances to customers		**Loans and advances to banks**	
In thousands of Naira	***June* 2012**	***December* 2011**	***June* 2012**	***December* 2011**
Against individually impaired	20,107,374	10,374,786	-	-
Against collectively impaired	307,698,984	242,966,173	-	3,033,500
Total	327,806,358	253,340,959	-	3,033,500

	Loans and advances to customers		**Loans and advances to banks**	
	***June* 2012**	***December* 2011**	***June* 2012**	***December* 2011**
Against individually impaired:				
Property	12,121,729	10,373,720	-	-
Equities	20,789	1,066	-	-
Cash	7,964,856	-	-	-
Pledged goods/receivables	-	-	-	-
Others	-	-	-	-
Against collectively impaired:				
Property	196,226,623	131,409,340	-	-
Equities	12,646,276	22,541,176	-	-
Cash	98,826,085	89,015,657	-	-
Pledged goods/receivables	-	-	-	3,033,500
Others	-	-	-	-
	327,806,358	253,340,959	-	3,033,500

4 Credit concentration

The Group monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk at the reporting date is shown below:

		Loans and advances to customers		Loans and advances to banks		Investment Securities	
		June	December	June	December	June	December
In thousands of Naira	*Note*	2012	2011	2012	2011	2012	2011
Carrying amount	25, 26, 30	597,618,828	576,228,507	10,235,589	775,765	502,300,704	561,733,704
Concentration by sector:							
Corporate		360,647,132	429,446,999	-	-	11,073,556	55,032,646
Commercial		207,799,425	95,400,391	-	-	-	-
Bank		-	-	10,235,589	775,765	2,769,966	8,372,763
Retail		10,025,773	32,643,127	-	-	-	-
Government		19,146,499	18,737,990	-	-	498,349,983	498,328,296
		597,618,828	576,228,507	10,235,589	775,765	512,193,505	561,733,704
Concentration by location:							
Nigeria		537,658,369	513,824,159	10,235,589	775,765	502,300,704	530,544,232
Rest of Africa		45,926,863	56,766,669	-	-	-	27,529,468
Europe		14,033,596	5,637,679	-	-	-	3,660,004
		597,618,828	576,228,507	10,235,589	775,765	502,300,704	561,733,704

Concentration by location for loans and advances is measured based on the location of the Group entity holding the asset, which has a high correlation with the location of the borrower. Concentration by location for investment securities is measured based on the location of the issuer of the security.

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

Bank	**Loans and advances to customers**		**Loans and advances to banks**		**Investment Securities**	
In thousands of Naira	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**
June 2012						
Grade 6-8: Individually impaired	30,926,004	9,265,850	-	-	3,221,603	-
Total	30,926,004	9,265,850	-	-	3,221,603	-
December 2011						
Grade 6-8: Individually impaired	41,577,506	24,243,519	135,617	74,589	118,441	-
Total	41,577,506	24,243,519	135,617	74,589	118,441	-

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

	Loans and advances to customers		**Loans and advances to banks**	
In thousands of Naira	***June*** **2012**	***December*** **2011**	***June*** **2012**	***December*** **2011**
Against individually impaired	20,107,374	10,374,786	-	-
Against collectively impaired	307,698,984	242,966,173	-	-
Total	327,806,358	253,340,959	-	-

	Loans and advances to customers		**Loans and advances to banks**	
	June **2012**	***December*** **2011**	***June*** **2012**	***December*** **2011**
Against individually impaired:				
Property	12,121,729	10,373,720	-	-
Equities	20,789	1,066	-	-
Cash	7,964,856	-	-	-
Pledged goods/receivables	-	-	-	-
Others	-	-	-	-
Against collectively impaired:				
Property	196,226,623	131,409,340	-	-
Equities	12,646,276	22,541,176	-	-
Cash	98,826,085	89,015,657	-	-
Pledged goods/receivables	-	-	-	-
Others	-	-	-	-
	327,806,358	253,340,959	-	-

4 Credit concentration

The Bank monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk at the reporting date is shown below:

		Loans and advances to customers		Loans and advances to banks		Investment Securities	
		June	December	June	December	June	December
In thousands of Naira	*Note*	2012	2011	2012	2011	2012	2011
Carrying amount	25,26,30	541,650,526	490,877,501	-	-	482,093,409	127,420,035
Concentration by sector:							
Corporate		342,387,646	365,837,280	-	-	45,437,232	25,876,217
Commercial		175,824,210	81,269,679	-	-	-	-
Bank		-	-	-	-	-	-
Retail		6,725,080	27,808,025	-	-	-	-
Government		16,713,590	15,962,517	-	-	436,656,177	101,543,818
		541,650,526	490,877,501	-	-	482,093,409	127,420,035
Concentration by location:							
Nigeria		541,650,526	490,877,501	-	-	482,093,409	127,420,035
Rest of Africa		-	-	-	-	-	-
Europe		-	-	-	-	-	-
		541,650,526	490,877,501	-	-	482,093,409	127,420,035

Concentration by location for loans and advances is measured based on the location of the Group entity holding the asset, which has a high correlation with the location of the borrower. Concentration by location for investment securities is measured based on the location of the issuer of the security.

Market risk management

Definition

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

Market risk policy, management and control

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

Market risk is managed in line with principal risks and control policy requirements approved by the Board Risk Committee. The Board approves the risk appetite for trading and non-trading activities and risk limits are set within the context of the approved market risk appetite. Market Risk monitors exposures against these limits.

The Bank’s GMD/CEO is responsible for approving specific position limits, which are used for positions, which are sometimes specific medium-term investment cases and other times strategic (or have the potential of becoming strategic) in the medium term.

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

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

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

Access Bank has a dedicated market risk team with the sole responsibility of implementing the market risk control framework. Daily market risk and stress testing reports are produced for trading portfolios covering all risk categories including interest rate, equity and foreign exchange credit spread risk. Risk of losses arising from future potential adverse movements in market rates, prices and volatilities are measured using a VaR methodology. VaR, in general, is a quantitative measure of market risk that applies recent historic market conditions to estimate the potential future loss in market value that will not be exceeded in a set time period at a set statistical confidence level.

VaR provides a consistent measure that can be applied across trading businesses and products over time and can be set against actual daily trading profit and loss outcome. To assess their predictive power, VaR models are back tested against actual results. Sensitivity measures are used in addition to VaR as risk management tools. For example, interest rate sensitivity is measured in terms of exposure to a one basis point increase in yields, whereas foreign exchange, commodity and equity sensitivities are measured in terms of the underlying values or amounts involved.

Traded market risk measurement and control

The models employed in evaluating risks include position-based models, volatility based models (based on the volatility of market variables and their related covariance) and scenario-based models (the frequency of a severe loss estimated by repeating random scenarios with certain statistical properties that have, in most cases, been estimated from historical data).

The measurement techniques used to measure and control traded market risk include daily value at risk, tail risk and stress testing.

Daily value at risk (DVaR)

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

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

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

- Historical simulation assumes that the past is a good representation of the future. This may not always be the case.

- The assumed time horizon will not fully capture the market risk of positions that cannot be closed out or hedged within this time horizon.

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

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

Backtesting

DVaR is an important market risk measurement and control tool and consequently the performance of the model is regularly assessed for continued suitability. The main approach employed is a technique known as backtesting, which counts the number of days when daily trading losses exceed the corresponding DVaR estimate.

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

Tail risk metrics

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

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

Stress testing

Losses beyond the confidence interval are not captured by a VaR calculation, which therefore gives no indication of the size of unexpected losses in these situations. Market Risk complements the VaR measurement by regular stress testing of market risk exposures to highlight the potential risk that may arise from extreme market events that are rare but plausible.

Stress testing is an integral part of the market risk management framework and considers both historical market events and forward-looking scenarios.

Stress testing provides an indication of the potential size of losses that could arise in extreme conditions. It helps to identify risk concentrations across business lines and assist senior management in capital planning decisions.

A consistent stress testing methodology is applied to trading and non-trading books. The stress testing methodology assumes that scope for management action would be limited during a stress event, reflecting the decrease in market liquidity that often occurs. The Bank performs two main types of stress/scenario testing. Firstly, risk factor stress testing, where extended historical stress moves are applied to each of the main risk categories, which include interest rate, equity, foreign exchange, commodity and credit spread risk. Secondly, the trading book is subjected to multi-factor scenarios that simulate past periods of significant market disturbance and hypothetical extreme yet plausible events.

Stress scenarios are regularly updated to reflect changes in risk profile and economic events. Regular stress test scenarios are applied to interest rates, credit spreads, exchange rates, commodity prices and equity prices. Ad hoc scenarios are also prepared reflecting specific market conditions and for particular concentrations of risk that arise within the businesses.

Risk limits

Risk limits are set and reviewed at least annually to control Access Bank's trading activities in line with the defined risk appetite of the Group. Criteria for setting risk limits include relevant market analysis, market liquidity and business strategy. Trading risk limits are set at an aggregate, risk category and lower levels and are expressed in terms of DVaR. This is further supported by a comprehensive set of non-DVaR limits, including foreign exchange position limits, interest rate delta limits and option based limits. Appropriate performance triggers are also used as part of the risk management process.

Interest rate risk

Interest rate risk is the exposure of the Bank's financial condition to adverse movements in interest rates, yield curves and credit spreads. The Bank is exposed to interest rate risk through the interest bearing assets and liabilities in its trading and banking books.

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

The Bank's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or re-price at different times or in differing amounts. In the case of floating rated assets and liabilities, the Bank is also exposed to basis risk, which is the difference in re-pricing characteristics of the various floating rate indices, such as the savings rate and 90-day NBOR and different types of interest. Non-traded interest rate risk arises in the banking book from the provision of retail and wholesale (non-traded) banking products and services, as well as from certain structural exposures within the Group balance sheet, mainly due to re-pricing timing differences between assets, liabilities and equity. These risks impact both the earnings and the economic value of the Group. Overall non-trading interest rate risk positions are managed by Treasury, which uses investment securities, advances to banks and deposits from banks to manage the overall position arising from the Group's non-trading activities.

The principal tool used to measure and control market risk exposure within the Group's trading portfolios is the open position limits using the Earnings at Risk approach. Specified limits have been set for open positions limits, which are the expected maximum exposure the Group is to be exposed to. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Bank's business strategies.

Interest-rate risk is monitored centrally with a Gap report. A limits framework is in place to ensure that retained risk remains within approved appetite. Interest rate risk also arises in each of the Africa subsidiary treasuries in the course of balance sheet management and facilitating customer activity. The risk is managed by local treasury functions, subject to modest risk limits and other controls.

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

Market risks

Group

			Re-pricing period				
In thousands of Naira	*Note*	**Carrying amount**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
30-Jun-12							
Non-derivative assets							
Cash and cash equivalents	21	226,617,453	226,617,453	-	-	-	-
Pledged assets	23	88,486,341	23,279,836	5,581,447	16,685,280	6,160,000	36,779,778
Loans and advances to banks	25	10,235,589	8,515,753	1,112,685	322,214	284,937	-
Loans and advances to customers	26	597,618,828	142,487,631	56,874,937	44,442,890	208,984,194	144,829,176
Insurance receivables	27	1,000,023	1,000,023	-	-	-	-
Investment securities	30	502,300,704	1,360,399	27,932,750	10,685,638	335,757,922	126,563,995
		1,426,258,938	**403,261,095**	**91,501,819**	**72,136,021**	**551,187,053**	**308,172,949**
Non-derivative liabilities							
Deposits from banks	34	179,053,507	174,940,179	4,113,328	-	-	-
Deposits from customers	35	1,127,793,704	606,188,385	77,935,308	217,157,103	113,500,477	113,012,430
Claims payable	37	294,986	294,986	-	-	-	-
Liabilities on investment contracts	38	63,432	63,432	-	-	-	-
Interest bearing loans & borrowings	40	53,541,406	14,862,433	3,018,560	34,733,936	185,598	740,879
		1,360,747,035	**796,349,415**	**85,067,196**	**251,891,039**	**113,686,075**	**113,753,309**
Total interest re-pricing gap		65,511,903	(393,088,320)	6,434,622	(179,755,018)	437,500,978	194,419,640

			Re-pricing period				
In thousands of Naira	*Note*	**Carrying amount**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
31-Dec-11							
Non-derivative assets							
Cash and cash equivalents	19	191,518,474	161,881,083	16,872,570	2,274,342	5,538,672	4,951,808
Pledged assets	21	66,191,144	28,321,144	3,750,000	3,750,000	160,000	30,210,000
Loans and advances to banks	23	775,765	109,670	666,095	-	-	-
Loans and advances to customers	24	576,228,507	139,259,660	105,151,722	123,319,809	134,461,382	74,035,935
Insurance receivables	25	1,405,000	1,405,000	-	-	-	-
Investment securities	27	561,733,704	-	53,856,424	46,708,405	387,189,821	73,979,054
		1,397,852,595	**330,976,557**	**180,296,811**	**176,052,556**	**527,349,874**	**183,176,796**
Non-derivative liabilities							
Deposits from banks	34	146,808,286	82,955,976	51,494,339	9,533,527	-	2,824,445
Deposits from customers	35	1,101,703,921	940,324,902	121,153,139	33,573,444	4,096,410	2,556,026
Claims payable	37	450,000	450,000	-	-	-	-
Liabilities on investment contracts	38	61,000	61,000	-	-	-	-
Interest bearing loans & borrowings	40	29,258,273	40,157	3,212,557	1,010,617	7,589,655	17,405,287
		1,278,281,480	**1,023,832,035**	**175,860,034**	**44,117,589**	**11,686,065**	**22,785,758**
Total interest re-pricing gap		119,571,115	(692,855,478)	4,436,777	131,934,968	515,663,810	160,391,039

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

Market risks

Bank

In thousands of Naira	*Note*	Carrying amount	Re-pricing period Less than 3 months	6 months	12 months	5 years	More than 5 years
30-Jun-12							
Non-derivative assets							
Cash and cash equivalents	21	140,988,323	140,988,323	-	-	-	-
Pledged assets	23	82,439,065	2,400,000	5,500,000	15,919,065	6,160,000	52,460,000
Loans and advances to banks	25	2,779,246	2,779,246	-	-	-	-
Loans and advances to customers	26	541,650,526	99,338,377	54,941,712	40,599,170	207,165,512	139,605,755
Investment securities	30	482,093,409	8,911,376	24,821,770	60,978,455	366,038,731	21,343,077
		1,249,950,569	**254,417,323**	**85,263,482**	**117,496,690**	**579,364,243**	**213,408,831**
Non-derivative liabilities							
Deposits from banks	37	140,276,649	140,276,649	-	-	-	-
Deposits from customers	38	999,115,942	528,677,969	50,312,789	194,169,125	112,943,629	113,012,430
Interest bearing loans & borrowings	43	53,416,686	12,403,614	3,000,000	37,920,922	-	92,150
		1,192,809,277	**681,358,232**	**53,312,789**	**232,090,047**	**112,943,629**	**113,104,580**
Total interest re-pricing gap		57,141,292	(426,940,909)	31,950,693	(114,593,358)	466,420,614	100,304,251

In thousands of Naira	*Note*	Carrying amount	Re-pricing period Less than 3 months	6 months	12 months	5 years	More than 5 years
31-Dec-11							
Non-derivative assets							
Cash and cash equivalents	21	98,255,964	98,255,964	-	-	-	-
Pledged assets	23	66,191,144	28,321,144	3,750,000	3,750,000	160,000	30,210,000
Loans and advances to customers	26	490,877,501	118,632,510	89,576,641	105,053,671	114,544,952	63,069,727
Investment securities	30	127,420,035	-	12,216,442	10,595,032	87,827,631	16,780,929
		782,744,644	**245,209,618**	**105,543,084**	**119,398,703**	**202,532,584**	**110,060,656**
Non-derivative liabilities							
Deposits from banks	37	143,073,663	80,845,677	50,184,386	9,291,006	-	2,752,594
Deposits from customers	38	522,922,294	446,323,958	57,505,175	15,935,591	1,944,355	1,213,214
Interest bearing loans & borrowings	43	29,243,818	40,137	3,210,970	1,010,118	7,585,906	17,396,688
		695,239,775	**527,209,773**	**110,900,531**	**26,236,714**	**9,530,261**	**21,362,497**
Total interest re-pricing gap		87,504,869	(282,000,155)	(5,357,447)	93,161,989	193,002,323	88,698,160

(ii) Foreign exchange risk

Foreign Exchange risk is the exposure of the Bank's financial condition to adverse movements in exchange rates. The Bank is exposed to foreign exchange risk primarily through its assets, managing customers' deposits and through acting as an intermediary in foreign exchange transactions between central and commercial banks. The table below summaries the Group's assets and liabilities at carrying amount, categorised by currency as at the end of the reporting period:

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

Financial instruments by currency		**Total**	**Naira**	**US $**	**GBP**	**Euro**	**Others**
Group	***Note***						
In thousands of Naira							
30-Jun-12							
Cash and cash equivalents	21	226,617,453	141,262,935	64,856,928	9,415,792	3,569,597	7,512,201
Non-pledged trading assets	22	17,722,363	17,722,363	-	-	-	-
Pledged assets	23	88,486,341	72,806,119	14,914,007	766,215	-	-
Derivative financial instruments	24	39,319	-	255	1,021	38,043	
Loans and advances to banks	25	10,235,589	2,779,246	6,986,299	7,660	462,385	-
Loans and advances to customers	26	597,618,828	432,842,573	154,337,447	1,852,732	992,114	7,593,963
Insurance receivables	27	1,000,023	1,000,023	-	-	-	-
Investment securities	30	502,300,704	462,070,246	32,323,783	542,044	1,584,005	5,780,625
		1,444,020,620	1,130,483,504	273,418,720	12,585,464	6,646,143	20,886,789
Deposits from banks	37	179,053,507	70,129,382	103,103,048	3,555,331.00	2,223,071.24	42,674.68
Deposits from customers	38	1,127,793,704	825,272,081	265,818,254	11,120,060	4,209,522	21,373,786
Derivative financial instruments	24	36,255	-		1,021	35,234	
Claims payable	40	294,986	294,986	-	-	-	-
Liabilities on investment contracts	41	63,432	63,432	-	-	-	-
Interest bearing loans & borrowings	43	53,541,406	47,418,359	6,123,047	-	-	-
		1,360,783,290	943,178,240	375,044,349	14,676,413	6,467,828	21,416,461

Financial instruments by currency	***Note***	**Total**	**Naira**	**US $**	**GBP**	**Euro**	**Others**
In thousands of Naira							
31-Dec-11							
Cash and cash equivalents	38	191,518,474	111,016,908	44,525,246	11,546,440	7,261,947	17,167,933
Non-pledged trading assets	22	10,812,122	10,812,122	-	-	-	-
Pledged assets	23	66,191,144	66,191,144	-	-	-	-
Derivative financial instruments	24	9,909	-	9,909	-	-	-
Loans and advances to banks	25	775,765	775,765	-	-	-	-
Loans and advances to customers	26	576,228,507	387,764,322	151,929,715	3,605,296	641,358	32,287,817
Insurance receivables	27	1,405,000	1,405,000	-	-	-	-
Investment securities	30	561,733,704	513,329,941	35,221,269	7,466,786	-	5,715,708
		1,408,674,626	1,091,295,202	231,686,139	22,618,522	7,903,305	55,171,457
Deposits from banks	37	146,808,286	84,753,260	52,907,610	5,176,139	3,971,278	-
Deposits from customers	38	1,101,703,921	849,395,347	156,007,951	18,485,194	3,453,816	74,361,613
Derivative financial instruments	24	9,413	-	-	9,413	-	-
Claims payable	40	450,000	450,000	-	-	-	-
Liabilities on investment contracts	41	61,000	61,000	-	-	-	-
Interest bearing loans & borrowings	43	29,258,273	21,533,498	7,724,775	-	-	-
		1,278,290,893	956,193,104	216,640,336	23,670,747	7,425,094	74,361,613

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

Financial instruments by currency		**Total**	**Naira**	**US $**	**GBP**	**Euro**	**Others**
Bank	***Note***						
In thousands of Naira							
30-Jun-12							
Cash and cash equivalents	21	140,988,323	137,177,788	1,951,157	946,325	913,030	24
Non-pledged trading assets	22	9,549,091	9,549,091		-	-	-
Pledged assets	23	82,439,065	82,439,065	-	-	-	-
Derivative financial instruments	24	-	-	-	-	-	-
Loans and advances to banks	25	2,779,246	2,779,246	-	-	-	-
Loans and advances to customers	26	541,650,526	423,893,289	116,205,417	559,789	992,031	
Investment securities	30	482,093,409	480,414,483	1,678,926	-	-	-
		1,259,499,660	1,136,252,962	119,835,500	1,506,114	1,905,061	24
Deposits from banks	37	140,276,649	114,969,159	25,307,490	-	-	-
Deposits from customers	38	999,115,942	823,892,804	164,046,068	9,173,334	2,003,736	-
Liabilities on investment contracts	41	-	-	-	-	-	-
Interest bearing loans & borrowings	43	53,416,686	46,652,524	6,764,162	-	-	-
		1,192,809,277	985,514,487	196,117,720	9,173,334	2,003,736	-

Financial instruments by currency	***Note***	**Total**	**Naira**	**US $**	**GBP**	**Euro**	**Others**
In thousands of Naira							
31-Dec-11							
Cash and cash equivalents	21	98,255,964	43,278,630	46,100,388	4,890,759	3,868,519	117,668
Non-pledged trading assets	22	5,787,534	5,787,534	-	-	-	-
Pledged assets	23	66,191,144	66,191,144	-	-	-	-
Derivative financial instruments	24	9,909	-	9,909	-	-	-
Loans and advances to banks	25	775,765	775,765	-	-	-	-
Loans and advances to customers	26	490,877,501	368,233,603	122,179,165	11,366	373,938	79,429
Investment securities	30	127,420,035	119,577,916	7,842,119	-	-	-
		789,317,851	603,844,591	176,131,581	4,902,125	4,242,457	197,097
Deposits from banks	37	143,073,663	91,470,543	51,452,019	24,641	126,460	-
Deposits from customers	38	522,922,294	397,302,395	117,063,268	4,988,042	1,994,236	1,574,353
Interest bearing loans & borrowings	43	29,243,818	21,549,236	7,694,582	-	-	-
		695,239,775	510,322,174	176,209,869	5,012,683	2,120,696	1,574,353

Liquidity risk management

Liquidity risk arises when the Bank is unable to meet expected or unexpected current or future cash flows and collateral needs without affecting its daily operations or its financial condition. The Bank is managed to preserve a high degree of liquidity so that it can meet the requirements of its customers at all times including periods of financial stress.

The Bank has developed a liquidity management framework based on a statistical model underpinned by conservative assumptions with regard to cash inflows and the liquidity of liabilities. In addition, liquidity stress tests assuming extreme withdrawal scenarios are performed. These stress tests specify additional liquidity requirements to be met by holdings of liquid assets.

The Bank's liquidity has consistently been above the minimum liquidity ratio and the requirements of its stress tests. Global funding and liquidity risk management activities are centralized within Corporate Treasury. We believe that a centralized approach to funding and liquidity risk management enhances our ability to monitor liquidity requirements, maximizes access to funding sources, minimizes borrowing costs and facilitates timely responses to liquidity events. We analyze and monitor our liquidity risk, maintain excess liquidity and access diverse funding sources including our stable deposit base.

The Board approves the Bank's liquidity policy and contingency funding plan, including establishing liquidity risk tolerance levels. The Group ALCO, in conjunction with the Board and its committees, monitors our liquidity position and reviews the impact of strategic decisions on our liquidity. Liquidity positions are measured by calculating the Bank's net liquidity gap and by comparing selected ratios with targets as specified in the liquidity risk management manual.

Quantifications

Access Bank has adopted both qualitative and quantitative approaches to measuring liquidity risk. Specifically, the Bank adopted the following approaches;
a) Funding and Liquidity plan;
b) Gap Analysis; and
c) Ratio Analysis.

The Funding and Liquidity plan defines the Bank's sources and channels of utilization of funds. The funding liquidity risk limit is quantified by calculating liquidity ratios and measuring/monitoring the cumulative gap between our assets and liabilities. The Liquidity Gap Analysis quantifies the daily and cumulative gap in a business as usual environment. The gap for any given tenor bucket represents the borrowings from, or placements to, the market required to replace maturing liabilities or assets. The Bank monitors the cumulative gap as a + or – 20% of the total risk assets and the gap as a + or – 20% of total deposit liabilities.

Limit management and monitoring

Active management of liquidity through the framework of limits and control presented above is possible only with proper monitoring capabilities. The monitoring process focuses on funding portfolios, the forward balance sheet and general indicators; where relevant information and data are compared against limits that have been established. The Bank’s Group Treasury is responsible for maintaining sufficient liquidity by maintaining sufficient high ratio of liquid assets and available funding for near-term liabilities. The secured liquidity measure is calculated and monitored by risk management. Increased withdrawals of short-term funds are monitored through measurements of the deposit base in the Bank. Liquidity risk is reported to the Board of Directors on a quarterly basis.

Contingency funding plan

Access Bank has contingency funding plan which incorporate early warning indicators to monitor market conditions. The Bank monitors its liquidity position and funding strategies on an ongoing basis, but recognizes that unexpected events, economic or market conditions, earnings problems or situations beyond its control could cause either a short or long-term liquidity crisis. It reviews its contingency funding plan in the light of evolving market conditions and stress test results.

To monitor liquidity and funding, the Group Treasury prepares a liquidity worksheet twice a month that project sources and uses of funds. The worksheet incorporates the impact of moderate risk and crisis situations. The worksheet is an integral component of the contingency funding plan. Although it is unlikely that a funding crisis of any significant degree could materialise, we consider it important to evaluate this risk and formulate contingency plans should one occur.

The contingency funding plan covers: the available sources of contingent funding to supplement cash flow shortages; the lead times to obtain such funding; the roles and responsibilities of those involved in the contingency plans; and the communication and escalation requirements when early warning indicators signal deteriorating market conditions. Both short term and long-term funding crises are addressed in the contingency funding plan.

Exposure to liquidity risk

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

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

	2012	**2011**
At end of period/year	63.74%	70.2%
Average for the period/year	68.55%	42.4%
Maximum for the period/year	77.12%	70.2%
Minimum for the period/year	61.96%	33.2%

The following table shows the undiscounted cash flows on the Group's financial assets and liabilities and on the basis of their earliest possible contractual maturity. The Gross nominal inflow / (outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment.

The following table shows the undiscounted cash flows on the Group's financial assets and liabilities and on the basis of their earliest possible contractual maturity. The Gross nominal inflow / (outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment.

(iii) Residual contractual maturities of financial assets and liabilities

In thousands of Naira	***Note***	**Carrying amount**	**Gross nominal inflow/(outflow)**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
Group								
30-Jun-12								
Non-derivative assets								
Cash and cash equivalents	21	226,617,453	226,617,453	222,541,233	3,740,388	335,832	-	-
Non-pledged trading assets	22	17,722,363	17,722,363	14,853,041	2,469,322	400,000	-	-
Pledged assets	23	88,486,341	88,486,341	23,279,836	5,581,447	16,685,280	6,160,000	36,779,778
Derivative financial instrument	24	39,319	39,319	34,979	4,340	-	-	-
Loans and advances to banks	25	10,235,589	10,235,589	8,515,753	1,112,685	322,214	284,937	-
Loans and advances to customers	26	597,618,828	597,618,828	142,487,631	56,874,937	44,442,890	208,984,194	144,829,176
Insurance receivables	27	1,000,023	1,000,023	1,000,023	-	-	-	-
Investment securities	30	502,300,704	502,300,704	1,360,399	27,932,750	10,685,638	335,757,922	126,563,995
		1,444,020,620	1,444,020,620	414,072,895	97,715,869	72,871,854	551,187,053	308,172,949
Non-derivative liabilities								
Deposits from banks	37	179,053,507	179,053,507	174,940,179	-	4,113,328	-	-
Deposits from customers	38	1,127,793,704	1,127,793,704	606,188,385	77,935,308	217,157,103	113,500,477	113,012,430
Derivative financial instrument	24	36,255	36,255	36,255	-	-	-	-
Claims payable	40	294,986	294,986	294,986	-	-	-	-
Liabilities on investment contracts	41	63,432	63,432	63,432	-	-	-	-
Interest bearing loans & borrowings	43	53,541,406	53,541,406	14,862,433	3,018,560	34,733,936	185,598	740,879
		1,360,783,290	1,360,783,290	796,385,670	80,953,868	256,004,367	113,686,075	113,753,309
Gap (asset - liabilities)		83,237,330	83,237,330	(382,312,775)	16,762,000	(183,132,514)	437,500,978	194,419,640
Cumulative liquidity gap		83,237,330	166,474,660	(215,838,115)	(199,076,115)	(382,208,629)	55,292,350	249,711,990

In thousands of Naira	**_Note_**	**Carrying amount**	**Gross nominal inflow/(outflow)**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
31-Dec-11								
Non-derivative assets								
Cash and cash equivalents	21	191,518,474	191,518,474	161,881,083	16,872,570	2,274,342	5,538,672	4,951,808
Non-pledged trading assets	22	10,812,122	10,812,122	3,612,206	61,942	4,851,000	194,622	2,092,352
Pledged assets	23	66,191,144	66,191,144	26,158,144	2,163,000	3,750,000	160,000	33,960,000
Derivative financial instrument	24	9,909	9,909	-	9,909	-	-	-
Loans and advances to banks	25	775,765	748,348	109,670	638,678	-	-	-
Loans and advances to customers	26	576,228,507	576,236,896	139,259,660	105,160,111	123,319,809	134,461,382	74,035,935
Insurance receivables	27	1,405,000	1,405,000	1,405,000	-	-	-	-
Investment securities	30	561,733,704	561,733,704	53,856,424	46,708,405	387,189,821	73,979,054	-
		1,408,674,625	1,408,655,598	386,282,187	171,614,615	521,384,972	214,333,729	115,040,094
Non-derivative liabilities								
Deposits from banks	37	146,808,286	146,808,286	82,955,975	51,494,339	9,533,527	-	2,824,445
Deposits from customers	38	1,101,703,921	1,103,869,362	940,324,902	123,318,580	33,573,444	4,096,410	2,556,026
Derivative financial instrument	24	9,413	9,413	-	9,413	-	-	-
Claims payable	40	450,000	450,000	450,000	-	-	-	-
Liabilities on investment contracts	41	61,000	61,000	61,000	-	-	-	-
Interest bearing loans & borrowings	43	29,258,273	29,258,273	40,156	3,212,557	1,010,617	7,589,655	17,405,287
		1,278,290,893	1,280,456,334	1,023,832,033	178,034,888	44,117,589	11,686,065	22,785,758
Gap (asset - liabilities)		130,383,732	128,199,264	(637,549,846)	(6,420,273)	477,267,383	202,647,665	92,254,337
Cumulative liquidity gap		130,383,732	258,582,996	(378,966,850)	(385,387,123)	91,880,260	294,527,925	386,782,261

The following table shows the undiscounted cash flows on the Group’s financial assets and liabilities and on the basis of their earliest possible contractual maturity. The Gross nominal inflow / (outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment.

(iii) **Residual contractual maturities of financial assets and liabilities**

In thousands of Naira	***Note***	**Carrying amount**	**Gross nominal inflow/(outflow)**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
30-Jun-12								
Non-derivative assets								
Cash and cash equivalents	21	140,988,323	140,988,323	140,988,323	-	-	-	-
Non-pledged trading assets	22	9,549,091	9,549,091	7,060,604	2,488,487			
Pledged assets	23	82,439,065	82,439,065	2,400,000	5,500,000	15,919,065	6,160,000	52,460,000
Derivative financial instrument	24	-	-	-	-	-	-	-
Loans and advances to banks	25	2,779,246	2,779,246	2,779,246	-	-	-	-
Loans and advances to customers	26	541,650,526	541,650,526	99,338,377	54,941,712	40,599,170	207,165,512	139,605,755
Insurance receivables	27	-	-	-	-	-	-	-
Investment securities	30	482,093,409	482,093,409	14,541,977	25,931,316	7,884,886	333,542,362	100,192,868
		1,259,499,660	1,259,499,660	267,108,528	88,861,515	64,403,121	546,867,874	292,258,623
Non-derivative liabilities								
Deposits from banks	37	179,053,507	179,053,507	179,053,507	-	-	-	-
Deposits from customers	38	1,127,793,704	1,127,793,704	657,355,731	50,312,789	194,169,125	112,943,629	113,012,430
Derivative financial instrument	24	36,255	36,255	36,255	-	-	-	-
Claims payable	40	294,986	294,986	294,986	-	-	-	-
Liabilities on investment contracts	41	63,432	63,432	63,432	-	-	-	-
Interest bearing loans & borrowings	43	53,541,406	53,541,406	12,528,334	3,000,000	37,920,922	-	92,150
		1,360,783,290	1,360,783,290	849,332,245	53,312,789	232,090,047	112,943,629	113,104,580
Gap (asset - liabilities)		(101,283,630)	(101,283,630)	(582,223,717)	35,548,726	(167,686,927)	433,924,245	179,154,043
Cumulative liquidity gap		(101,283,630)	(202,567,260)	(784,790,977)	(749,242,251)	(916,929,178)	(483,004,933)	(303,850,890)

In thousands of Naira	***Note***	**Carrying amount**	**Gross nominal inflow/(outflow)**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
31-Dec-11								
Non-derivative assets								
Cash and cash equivalents	21	98,255,964	98,255,964	92,506,425	1,760,039	3,989,500	-	-
Non-pledged trading assets	22	5,787,534	5,787,534	3,500,560	-	-	2,286,974	-
Pledged assets	23	66,191,144	66,191,144	7,491,114	-	-	58,700,030	-
Derivative financial instrument	24	-	-	-	-	-	-	-
Loans and advances to banks	25	775,765	775,765	775,765	-	-	-	-
Loans and advances to customers	26	490,877,501	490,877,501	219,105,265	87,354,667	25,761,920	109,986,412	48,669,237
Insurance receivables	27	-	-	-	-	-	-	-
Investment securities	30	127,420,035	127,420,035	41,705,554	-	-	85,714,481	-
		789,307,942	789,307,942	365,084,682	89,114,706	29,751,420	256,687,897	48,669,237
Non-derivative liabilities								
Deposits from banks	37	143,073,663	143,073,663	135,668,393	7,405,270	-	-	-
Deposits from customers	38	522,922,294	522,922,294	508,651,196	5,565,447	8,702,588	3,063	-
Interest bearing loans & borrowings	43	29,243,818	29,243,818	3,339,905	800,000	206,667	7,559,990	17,337,256
		695,239,775	695,239,775	647,659,494	13,770,717	8,909,255	7,563,053	17,337,256
Gap (asset - liabilities)		94,068,167	94,068,167	(282,574,812)	75,343,989	20,842,165	249,124,844	31,331,981
Cumulative liquidity gap		94,068,167	188,136,335	(94,438,477)	(19,094,488)	1,747,677	250,872,521	282,204,502

Operational risk management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, or systems, or from external events. Our definition of operational risk excludes regulatory risks, strategic risks and potential losses related solely to judgments with regard to taking credit, market, interest rate, liquidity, or insurance risks. It also includes the reputation and franchise risk associated with business practices or market conduct in which the Bank is involved. Operational risk is inherent in Access Bank's global business activities and, as with other risk types, is managed through an overall framework designed to balance strong corporate oversight with well-defined independent risk management. This framework includes:

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

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

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

- Reduce the likelihood of occurrence of expected events and related cost by managing the risk factors and implementing loss prevention or reduction techniques to reduce variation to earnings.
- Minimise the impact of unexpected and catastrophic events and related costs through risk financing strategies that will support the Bank's long term growth, cash flow management and balance sheet protection.
- Eliminate bureaucracy, improve productivity, reduce capital requirements and improve overall performance through the institution of well designed and implemented internal controls.

In order to create and promote a culture that emphasises effective operational risk management and adherence to operating controls, there are three distinct levels of operational risk governance structure in Access Bank Plc.

Level 1 refers to the oversight function carried out by the board of directors, board risk committee and the executive management. Responsibilities at this level include ensuring effective management of operational risk and adherence to the approved operational risk policies.

Level 2 refers to the management function carried out by operational risk management group. It has direct responsibility for formulating and implementing the Bank's operational risk management framework including methodologies, policies and procedures approved by the board.

Level 3 refers to the operational function carried out by all business units and support functions in the Bank. These units/functions are fully responsible and accountable for the management of operational risk in their units. They work in liaison with operational risk management to define and review controls to mitigate identified risks. Internal audit provides independent assessment and evaluation of the Bank's operational risk management framework. This periodic confirmation of the existence and utilisation of controls in compliance with approved policies and procedures, provide assurance as to the effectiveness of the Bank's operational risk management framework. Some of the tools being used to assess, measure and monitor operational risks in the Bank include; a loss database of operational risk events; an effective risk and control self-assessment process that helps to analyse business activities and identify operational risks that could affect the achievement of business objectives; and key risk indicators which are used to monitor operational risks on an ongoing basis.

The Group's operational risk framework

The Group's current operational risk framework was implemented in 2007 to meet internal and regulatory requirements. There has been significant investment in the implementation of improved measurement and management approaches for operational risk to strengthen control, improve customer service, improve process efficiencies and minimise operating losses. The Group recognises the fact that It is neither cost-effective nor possible to attempt to eliminate all operational risks. Events of small significance are thus expected to occur and are accepted as inevitable with relevant budgeting for these losses being exercised where appropriate. Events of material significance are limited and the Group seeks to reduce the risk from these extreme events in a framework consistent with its agreed risk appetite. Processes are in place to monitor management and future mitigation of such events.

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

Management and control responsibilities

The first line of governance for managing operational risk rests with business and operational risk management forms part of the day-to-day responsibilities of all business unit management. Business unit staff report any identified breakdowns in control and any risk events that may result in financial loss and/or reputation damage. Amongst others, business management are responsible to ensure that processes for identifying and addressing ineffective controls and the mitigating of risk events are implemented and executed. Operational Risk teams form the secondary line of governance by ensuring that processes to identify weaknesses are effective and identified weaknesses are acted upon. The Group operational risk profile is presented to the Board quarterly. Control effectiveness is monitored at the Enterprise Risk Management Committee and at the Board; and the multi-layered system of defences ensures pro-active operational risk management.

Measuring and managing operational risk

The Group recognises the significance of operational risk and is committed to enhancing the measurement and management thereof. Within the Group's operational risk framework, qualitative and quantitative methodologies and tools are applied (Group-wide) to identify and assess operational risks and to provide management information for determining appropriate mitigating measures.

Risk event data collection and reporting

A standard process is used Group-wide for the recognition, capture, assessment, analysis and reporting of risk events. This process is used to help identify where process and control requirements are needed to reduce the recurrence of risk events. Risk events are loaded onto a central database and reported monthly to the ERMC. The Group also uses a database of external public risk events and is part of a consortium of international banks that share loss data information anonymously to assist in risk identification, assessment, modelling and benchmarking.

Risk and control self assessments (RCSA)

In order to pro-actively identify and actively mitigate risks, the operational risk framework utilises RCSAs. RCSA is used at a granular level to identify relevant material risks and key controls mitigating these risks. The risks and controls are assessed on a quarterly basis and relevant action plans are put in place to treat, tolerate, terminate or transfer the risks, taking into account the relevant business risk appetites. The RCSA programme is extensive and covers the entire Group. The Internal Audit further tests the effectiveness of the RCSAs within the normal course of auditing and relevant metrics are monitored and actioned where relevant.

Key risk indicators (KRIs)

A comprehensive set of KRIIs are in place across the Group, with relevant and agreed thresholds set by the business. KRIs are monitored on a Group as well as business unit level, based on significance. Threshold breaches are managed in accordance with an agreed process across the Group.

Reporting

Business units are required to report on both a regular and an event-driven basis. The reports include a profile of the key risks to their business objectives, RCSA and KRI results, and operational risk events. Risk reports are presented to executive management and risk committees.

Allocating Capital to Business Units

An allocation methodology is applied for allocating capital to business units (for instance an allocation from, Access Bank to Commercial Banking Division, Retail Banking Division, Institutional Banking Group, e.t.c.). For each business unit, the allocation takes into consideration not only the size of the business unit, but also measures of the business unit's control environment. This translates to a risk-sensitive allocation with the opportunity afforded to business to identify actions to positively impact on their respective allocated operational risk capital.

Expected loss (EL) budgeting mitigation

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

Insurance mitigation

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

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

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

Information Security and Continuity of Business

Information security and the protection of confidential and sensitive customer data are a priority of Access Bank The Bank has developed and implemented an Information Security Risk Management framework that is in line with best practice. The framework is reviewed and enhanced regularly to address emerging threats to customers' information. The Operational risk management Group in conjunction with Information Technology continues to coordinate global preparedness and mitigate business continuity risks by reviewing and testing recovery procedures. Awareness campaigns are being used to drive the business continuity culture in the Bank. A Major development in our business continuity efforts in 2010 included an alliance with one of our strategic partners for the provision of Business continuity centers across our branch network.

Compliance Risk Management

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

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

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

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

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

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

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

Developments

1 **Commendation**
The Bank received a commendation letter from the National Drug Law Enforcement Agency (NDLEA) with regards to the high level of compliance with the provisions of the Money Laundering Prohibition Act (MLPA) 2011 in the area of staff training and awareness drive in 2011,

2 **Anti-money Laundering**
As part of the bank's contribution in promoting anti-money laundering compliance, the Chief Compliance Officer of the Bank presented a paper at the ACAMS (Association of Certified Anti Money Laundering Specialists) inaugural AML/CFT African conference in Johannesburg in November 2011.

3 **Promoting business Integrity**
The bank was appointed to Chair the Core group of Signatories to the Convention on Business Integrity (CBI) who, in partnership with Business Action Against Corruption (BAAC), has been working with a selected group of representatives of the Regulatory bodies in Nigeria and other members of the Business Community since December 2010 towards identifying ways to stimulate the ethical and transparent conduct of Businesses in Nigeria as a platform for sustainable growth and private sector development.

Strategic Risk Management
Strategic risk is embedded in every line of business and is part of the other major risk categories (credit, market, liquidity, compliance and operational). It is the risk that results from adverse business decisions, ineffective or inappropriate business plans, or failure to respond to changes in the competitive environment, business cycles, customer preferences, product obsolescence, regulatory environment, business strategy execution, and/or other inherent risks of the business including reputational risk.

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

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

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

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

Reputational Risk Management

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

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

• A highly regulated financial services industry with high visibility and vulnerability to regulatory actions that may adversely impact its reputation. (e.g. corporate governance crises);
• Consolidation activities ignited by the Central Bank of Nigeria (CBN), resulting in a fusion of different cultures;
• Keen competition and largely homogeneous products and services have led customers not to perceive significant differences between financial service providers; and
• Given the financing nature of products and services they provide, Banks are not only exposed to their own reputation, but also to the reputation of their clients.

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

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

It is Group policy that, at all times, the protection of the Group's reputation should take priority over all other activities, including revenue generation. Reputational risk will arise from the failure to effectively mitigate one or more of country, credit, liquidity, market, regulatory and operational risk. It may also arise from the failure to comply with social, environmental and ethical standards. All employees are responsible for day-to-day identification and management of reputational risk.

Risk Identification Process

In identifying reputational risk factors, the Bank makes use of the output of the operational risk identification process. At the end of the operational risk identification sessions, risk profiles shall be derived and analyzed. In analyzing the report, the Head of Operational Risk Management Unit identifies risk events with possible negative reputational Impact on the Bank. These risk events are analyzed and those with a risk score of 3 and above included in the reputational risk matrix report. The process relies both on backward-looking and forward-looking analyses and enable the Bank to isolate the key events that could affect the Bank's ability to meet stakeholders' expectations.

The Bank shall identify a series of risk events with key drivers that have the greatest impact on its ability to meet stakeholder expectations.

These drivers include the following:
• Quality of Corporate governance
• Management integrity
• Staff competence / support
• Corporate culture
• Risk management and control environment
• Financial soundness / business viability
• Business practices
• Customer satisfaction
• Legal / regulatory compliance
• Contagion risk / rumors
• Crisis management
• Transparency / accountability
• Product Innovation

The forward-looking portion of the analysis considers the information on risk drivers from the backward-looking analysis of historical data, and seek to identify potential future reputational issues. This analysis is performed against the background of the Bank's corporate objectives, its corporate social responsibility agenda and external factors. Access Bank seeks to leverage existing information from audit findings, risk and control self-assessments, environmental scanning and scenario planning processes to the greatest extent possible.

Compilation of Trigger Events

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

Risk Drivers	Trigger Events
Corporate governance and leadership	• Corporate frauds and scandals; • Association with dishonest and disreputable characters as directors, management • Association with politically exposed persons • Incidence of shareholders conflict and Board Instability.
Regulatory Compliance	• Non - Compliance with laws and regulation; • Non submission of Regulatory returns
Delivering customer promise	• Security Failure • Shortfall in quality of service/fair treatment; • Bad behavior by employees
Workplace talent and culture	• Unfair employment practices • Not addressing employee grievances • Uncompetitive remuneration

Risk Drivers	Trigger Events
Corporate social responsibility	Lack of community development initiatives
Corporate Culture	• Lack of appropriate culture to support the achievement of business objective. • Ineffective risk management practices. • Unethical behaviors on the part of staff and management. • Lack of appropriate structure for employees to voice their concerns
Risk Management and Control Environment	• Inadequate Risk Management and Control environment • Continuous violations of existing policies and Procedures
Financial Soundness and Business viability	• Consistent poor financial performance • Substantial losses from unsuccessful Investment
Crisis Management	• Inadequate response to a crisis or even a minor incident

Events data analysis

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

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

Approach to managing reputation events

The Bank's approach to managing reputation events, including any relevant strategy and policies, is approved by the Board or its delegated committee and subject to periodic review and update by senior management to ensure that it remains appropriate over time. In addition, the approach is well documented and communicated to all relevant personnel.

Overall strategy / action plan

Each reputation event is different and a precise list of actions which may be taken to deal with the event cannot be clearly specified. Below are some guidelines used in developing overall strategy and the required action plan:

• Timely report and escalation of any reputational event to senior management by all staff to management in a bid to formulate an action plan to deal with the reputational events. This will also enable the Bank to communicate the right message to the right people at the right time.
• The Bank will seek to gain time for planning action in advance through early recognition of warning signs and emerging threats of reputational events.
• Although the detailed of reputational events will vary from case to case, a proper action plan covering some key areas should be in place.
These include –
• clear and precise objectives to be achieved must be set;
• the target audiences with whom the Bank will be communicating and their respective areas of interest or concern to be addressed must be defined;
• Decide the key messages to get across to the target audiences. While the messages for different audiences may vary, they should not be contradictory or inconsistent;
• individual actions to be undertaken are coherent and mutually supporting of the overall strategy;
• specific actions to be undertaken will conform to the agreed strategy and objectives; and
• all proposed actions must be timed and approved;
• Time schedule of events must be maintained from the start.
• Access Bank will consider how the facts of the situation will be presented to target audiences in a manner which will win their acceptance and understanding. However, in no case should false information or distorted perspectives be presented.

• In limiting damage to the Bank's reputation, emphasis should be placed on demonstrating to target audiences -
• the care Access Bank has taken to guard against the recurrence of similar events; and
• The actions taken by the Bank in response to the event and the effectiveness of those actions.
• Corporate Communications will be designated to handle all communication matters, including media relations and public announcements.
• Actions taken should cater for any possible impact on cross-border operations.
• All relevant parties within the Bank will be adequately briefed as the situation develops.
• All actions taken should be based on a thorough knowledge of the facts of the situation, and be planned with a clear understanding of the likely consequences (including any follow-up action which may then be required).

The points mentioned above are not exhaustive and Access Bank tailors their strategy and action plan to suit their specific circumstances and needs.

Process

Access Bank has established a clear set of procedures for managing such reputational events (including pre-planning how certain situations may be handled).
These include –
• Reputational events to be captured are defined through pre-determined criteria, triggering conditions or hypothetical scenarios, etc. In determining what types of events to be included, the Bank will have regard to the results of their internal processes for identifying and assessing reputation risk, as well as their vulnerability to reputation risk;
• specify the process for identifying reputation events, including the authority for deciding whether a reputation event has occurred and for invoking procedures for managing the event;
• the impact of such events based on established standards and criteria (with particular focus on the impact on the Bank's business and reputation) are measured;
• appropriate response actions on how to deal with the event in question and to protect the Bank's reputation are established and prioritized;
• All stakeholders that are affected by the event are notified of the situation;
• agreed actions will be implemented and stakeholders' reaction to actions taken are monitored;
• reassess the situation and, in case of need, modifying agreed actions;
• ongoing reporting to the Board and senior management of the progress and results of implementing agreed actions; and
• The post event review will be done and the lesson learnt will be used to enhance the reputational risk management

Post-event reviews

After a reputation event, the post-event review will be conducted by Internal Audit and Risk Management Division to identify any lessons learnt, or problems and weaknesses revealed, from the event. Such reviews will be useful for providing feedback and recommendations for enhancing the Bank's reputation risk management process, and should at least be conducted on any major event affecting Access Bank. The Board and senior management will be promptly informed of the results of any such review conducted so that they can take appropriate actions to improve its approach to managing reputation risk.

Capital Risk Management

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

Capital management objectives:

The Group has a number of capital management objectives:

• to meet the capital ratios required by its regulators and the Group's Board;

• to maintain an adequate level of available capital resources as cover for the economic capital (EC) requirements calculated at a 99.95% confidence level;

• to generate sufficient capital to support asset growth;

• to maintain an investment grade credit rating; and

• to achieve a return above the cost of equity.

Capital management strategy:

The Group's capital management strategy is focused on maximizing shareholder value by optimizing the level and mix of capital resources. Decisions on the allocation of capital resources are based on a number of factors including return on 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.

The ICAAP Process

The Board approved the Bank's documentation of its Internal Capital Adequacy Assessment Process (ICAAP). The ICAAP provides the Bank with an estimate of the amount of capital implicitly consumed by the range of business activities, processes and decisions that the Bank undertakes. It provides the Bank with a means of:

(1) Measuring the risk and capital requirement attaching its core risks (Credit Risk, Market Risk and Operational Risk) – also called Pillar 1 risks, and

(2) Identifying and measuring the risk and capital requirement of non-core risks such as Credit Concentration Risk, Liquidity Risk, Strategic Risk and Reputational Risk, among others – also called Pillar 2 risks.

By identifying and measuring the risk and hence the capital allocation to each activity, it provides a platform for optimising the use of capital, through identifying the risk levers that may be adjusted to achieve target risk appetite and limits.

The ICAAP was strengthened in partnership with reputable international consultants. Sufficient awareness was created amongst key stakeholders- Board, Management and Staff on the implications of our risk practices on capital requirement.

Our Risk Management Framework is Focused on the Future

We believe effective risk management is more than just the collection and analysis of data. It also encompasses the insights delivered by information which facilitate appropriate actions. Access Bank benefits from having enhanced its Group risk management framework, which gives full Group-wide coverage of a variety of risks.

Our annual risk cycle is designed to give management relevant, up-to-date information from which trends can be observed and assessed. The governance structure supporting our risk cycle is designed to deliver the right information, at the right time, to the right people. In line with the industry's increasingly sophisticated management of risk, we continued to develop and embed our risk appetite framework during 2010 particularly our risk appetite assessment techniques.

Ultimately the success of our risk management framework will be determined by the extent to which it embeds in the corporate culture and leads to demonstrably better outcomes. We are committed to the continued development of our risk management framework.

Accountability for risk management, and transparency of risk issues are crucial to our success. Responsibilities for managing risk are allocated to all managers within the Group and risk management requirements have been embedded in our performance management programme.
Ultimately the success of risk management will be determined by the extent to which it embeds in the corporate culture and leads to demonstrably better outcomes.

Capital management

The capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's risk weighted asset base. In accordance with Central Bank of Nigeria regulations, a minimum ratio of 10% is to be maintained. The following table provides an overview of the development of the capital ratios and risk-weighted assets (RWA):

Group		Jun-12	Dec-11
In thousands of Naira	Note		
Tier 1 capital			
Ordinary share capital	45	11,444,126	8,944,126
Share premium	45	165,187,070	146,160,837
Retained earnings	45	5,435,313	(6,744,577)
Other reserves	45	34,785,906	20,649,521
Non-controlling interests	45	6,612,400	23,054,841
		223,464,815	192,064,748
Add/(Less):			
Fair value reserve for available-for-sale securities	45	(4,868,035)	(4,623,657)
Intangible assets	34	(3,892,293)	(3,277,608)
Shareholders' funds		214,704,486	184,163,483
Tier 2 capital			
Fair value reserve for available-for-sale securities		4,868,035	4,623,657
Collective allowances for impairment	25,26	9,638,185	4,734,552
Total		14,506,220	9,358,209
Total regulatory capital		229,210,707	193,521,692
Risk-weighted assets		**1,032,765,187**	**895,301,332**
Capital ratios			
Total regulatory capital expressed as a percentage of total risk-weighted assets		22%	22%
Total tier 1 capital expressed as a percentage of risk-weighted assets		21%	21%

Capital management

The capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's risk weighted asset base. In accordance with Central Bank of Nigeria regulations, a minimum ratio of 10% is to be maintained. The following table provides an overview of the development of the capital ratios and risk-weighted assets (RWA):

Bank		Jun-12	Dec-11
In thousands of Naira	Note		
Tier 1 capital			
Ordinary share capital	45	11,444,126	8,944,126
Share premium	45	165,187,070	146,160,837
Retained earnings	45	13,195,131	3,376,997
Other reserves	45	41,926,495	28,555,118
		231,752,822	187,037,078
Add/(Less):			
Fair value reserve for available-for-sale securities	45	(4,671,417)	(4,623,657)
Intangible assets	34	(2,589,154)	(1,146,412)
Shareholders' funds		224,492,251	181,267,009
Tier 2 capital			
Fair value reserve for available-for-sale securities		4,671,417	4,623,657
Collective allowances for impairment	25,26	9,159,957	3,995,079
Total		13,831,374	8,618,736
Total regulatory capital		238,323,625	189,885,745
Risk-weighted assets		**922,695,131**	**778,294,696**
Capital ratios			
Total regulatory capital expressed as a percentage of total risk-weighted assets		26%	24%
Total tier 1 capital expressed as a percentage of risk-weighted assets		24%	23%

Operational risks
Operational risk is the risk of loss resulting from inadequate or fatal internal processes, people and systems, or from external events. This definition includes legal and compliance risk, but excludes strategy/business and reputation risk. During the six-month period ended 30 June 2012, no significant operational losses have occurred.

7. Operating segments
The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately based on the Group's management and internal reporting structure. For each of the strategic business units, the Executive Management Committee reviews internal management reports on at least a quarterly basis. The Group presents segment information to its Executive Management Committee, which is the Group's Chief Operating Decision Maker, based on Nigerian Generally Acceptable Accounting Practice (GAAP) whose requirements differ from those of International Financial Reporting Standards in certain respects. Some of the key differences include:

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

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

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

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

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

- **Commercial banking -** The commercial banking division has presence in all major cities in the country. It provides commercial banking products and services to the non-institutional clients, medium and small corporate segments of the Nigerian market.

- **Financial markets -** The financial markets division provides innovative finance solutions to meet the short, medium and long-term financing needs for the bank's clients as well as relationship banking services to the Bank's financial institutions customers. The group is also responsible for formulation and implementation of financial market products for the Bank's customers.

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

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

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

7 Operating segments (Continued)

Information about operating segments

30 June 2012

In thousands of Naira	**Institutional Banking**	**Commercial Banking**	**Financial Markets**	**Retail Banking**	**Unallocated segments**	**Total N'000**
Revenue:						
Derived from external customers	22,995,295	57,565,712	11,451,481	14,767,319	757,619	107,537,426
Derived from other business segments	(950,445)	173,708	361,173	415,564	-	-
Total Revenue	22,044,850	57,739,420	11,812,654	15,182,883	757,619	107,537,426
Interest expenses	(10,774,255)	(11,667,148)	(4,111,633)	(2,176,209)	(573,043)	(29,302,288)
	11,270,595	46,072,272	7,701,021	13,006,674	184,576	78,235,138
(Loss)/profit on ordinary activities before taxation	7,555,861	14,780,843	3,180,846	3,013,307	83,871	28,614,728
Income tax expense						(3,517,634)
Profit after tax						25,097,094
Other segment information:						
Depreciation and ammortisation	(863,743)	(2,676,400)	(514,623)	(2,623,302)	(9,518)	(6,687,586)
Assets and liabilities:						
Tangible segment assets	665,596,795	366,587,537	587,473,436	58,383,272	-	1,678,041,040
Unallocated segment assets	-	-	-	-	11,514,571	11,514,571
Total assets	665,596,795	366,587,537	587,473,436	58,383,272	11,514,571	1,689,555,611
Segment liabilities	281,036,339	707,223,930	215,965,610	251,771,607	-	1,455,997,486
Unallocated segment liabilities	-	-	-	-	10,244,239.34	10,244,239
Total liabilities	281,036,339	707,223,930	215,965,610	251,771,607	10,244,239	1,466,241,725
Net assets	384,560,456	(340,636,393)	371,507,827	(193,388,335)	1,270,332	223,313,886

30 June 2011

In thousands of Naira	**Institutional Banking**	**Commercial Banking**	**Financial Markets**	**Retail Banking**	**Unallocated segments**	**Total N'000**
Revenue:						
Derived from external customers	18,002,324	23,843,864	8,310,855	2,311,832	-	52,468,875
Derived from other business segments	-	-	-	-	-	-
Total Revenue	18,002,324	23,843,864	8,310,855	2,311,832	-	52,468,875
Interest expenses	(5,602,118)	(4,350,414)	(1,906,401)	(453,142)	-	(12,312,075)
	12,400,206	19,493,450	6,404,454	1,858,690	-	40,156,800
(Loss)/profit on ordinary activities before taxation	(1,558,795)	9,030,328	2,961,738	(36,980)	-	10,396,291
Income tax expense						(2,316,797)
Profit after tax						8,079,494
Other segment information:						
Depreciation	1,241,406	1,041,236	334,542	138,966	-	2,756,150

31 December 2011

	Institutional Banking	Commercial Banking	Financial Markets	Retail Banking	Unallocated segments	Total N'000
Assets and liabilities:						
Tangible segment assets	462,036,436	676,058,388	230,926,177	36,424,643	229,301,111	1,634,746,755
Unallocated segment assets	-	-	-	-	-	-
Total assets	462,036,436	676,058,388	230,926,177	36,424,643	229,301,111	1,634,746,755
Segment liabilities	132,187,398	1,038,038,515	156,155,009	85,256,202	26,067,422	1,437,704,546
Unallocated segment liabilities	-	-	-	-	-	-
Total liabilities	132,187,398	1,038,038,515	156,155,009	85,256,202	26,067,422	1,437,704,546
Net assets	329,849,038	(361,980,127)	74,771,167	(48,831,559)	203,233,689	197,042,209

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

In thousands of Naira	**June 2012**	**June 2011**
Revenues		
Total revenue from reportable segments	107,537,426	52,468,873
Adjustments to reconcile segment results to amounts reported in these IFRS financial statements	1,209,483	1,430,510
Consolidated revenue	108,746,909	53,899,383
Profit or loss		
Total profit or loss for reportable segments	28,614,728	10,396,291
Adjustments to reconcile segment results to amounts reported in these IFRS financial statements	1,460,908	1,973,811
Consolidated profit before income tax	30,075,636	12,370,102

	June 2012	**December 2011**
Assets		
Total assets for reportable segments	1,689,555,611	1,634,746,755
Adjustments to reconcile segment results to amounts reported in these IFRS financial statements	3,357,685	(5,743,560)
Consolidated total assets	1,692,913,296	1,629,003,195
Liabilities		
Total liabilities for reportable segments	1,466,241,725	1,437,704,546
Adjustments to reconcile segment results to amounts reported in these IFRS financial statements	3,206,756	(766,099)
Consolidated total liabilities	1,469,448,481	1,436,938,447

Geographical segments

The Group operates in three geographic regions, being:

- Nigeria
- Rest of Africa
- Europe

June 2012

In thousands of Naira	Nigeria	Rest of Africa	Europe	Total
Derived from external customers	95,380,454	10,476,507	1,680,464	107,537,426
Derived from other segments	-	-	-	-
Total Revenue	95,380,454	10,476,507	1,680,464	107,537,426
Interest expense	(26,650,989)	(2,482,043)	(169,256)	(29,302,288)
Fee and commission expenses	-	-	-	-
Operating Income	68,729,465	7,994,464	1,511,208	78,235,138
Profit/(loss) before income tax	26,855,425	1,905,170	(145,867)	28,614,728
Assets and liabilities:				
Total assets	1,514,003,202	92,356,480	83,488,924	1,689,848,606
Total liabilities	1,293,342,308	102,055,765	70,843,370	1,466,241,443
Net assets	220,660,894	(9,699,285)	12,645,554	223,607,163

June 2011

In thousands of Naira	Nigeria	Rest of Africa	Europe	Total
Derived from external customers	45,886,567	5,409,641	1,172,665	52,468,873
Derived from other segments	-	-	-	-
Total Revenue	45,886,567	5,409,641	1,172,665	52,468,873
Interest expense	(11,030,078)	(1,251,700)	(30,297)	(12,312,075)
Fee and commission expenses	-	-	-	-
Operating Income/(loss)	34,856,489	4,157,941	1,142,368	40,156,798
Profit/(loss) before income tax	10,489,716	(179,026)	85,601	10,396,291

December 2011

Assets and liabilities:				
Total assets	1,468,941,873	76,018,471	89,786,411	1,634,746,754
Total liabilities	1,271,467,526	82,234,532	84,002,489	1,437,704,547
Net assets	197,474,347	(6,216,061)	5,783,922	197,042,207

8 Financial assets and liabilities

Accounting classification measurement basis and fair values

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

Group In thousands of Naira	Note	Trading	Derivative Designated at fair value	Held-to-maturity	Loans and receivables at amortised cost	Available-for-sale	Other amortized cost	Total carrying amount	Fair value
30 June 2012									
Cash and cash equivalents	21	-	-	-	-	-	226,617,453	226,617,453	226,617,453
Non pledged trading assets	22	17,722,363	-	-	-	-	-	17,722,363	17,722,363
Pledged assets	23	-	-	-	-	-	88,486,341	88,486,341	74,188,034
Derivative financial instruments	24	-	39,319	-	-	-	-	39,319	39,319
Loans and advances to banks	25	-	-	-	10,235,589	-	-	10,235,589	10,235,589
Loans and advances to customers	26	-	-	-	597,618,828	-	-	597,618,828	601,703,446
Insurance receivables	27	-	-	-	-	-	1,000,023	1,000,023	1,000,023
Investment securities	30	-	-	456,806,619	-	45,494,085	-	502,300,704	486,747,504
		17,722,363	39,319	456,806,619	607,854,417	45,494,085	316,103,817	1,444,020,620	1,418,253,731
Deposits from banks	37	-	-	-	-	-	179,053,507	179,053,507	179,053,507
Deposits from customers	38	-	-	-	-	-	1,127,793,704	1,127,793,704	1,127,793,704
Derivative financial instruments	24	-	36,255	-	-	-	-	36,255	36,255
Claims payable	40	-	-	-	-	-	294,986	294,986	294,986
Liabilities on investment contracts	41	-	-	-	-	-	63,432	63,432	63,432
Interest bearing loans and borrowings	43	-	-	-	-	-	53,541,406	53,541,406	53,541,406
		-	36,255	-	-	-	1,360,747,035	1,360,783,290	1,360,783,290

In thousands of Naira	Note	Trading	Derivative Designated at fair value	Held-to-maturity	Loans and receivables at amortised cost	Available-for-sale	Other amortized cost	Total carrying amount	Fair value
31 December 2011									
Cash and cash equivalents	21	-	-	-	-	-	191,518,474	191,518,474	185,018,474
Non pledged trading assets	22	10,812,122	-	-	-	-	-	10,812,122	10,812,122
Pledged assets	23	-	-	66,191,144	-	-	-	66,191,144	60,442,599
Derivative financial instruments	24	-	9,909	-	-	-	-	9,909	9,909
Loans and advances to banks	25	-	-	-	775,765	-	-	775,765	760,636
Loans and advances to customers	26	-	-	-	576,228,507	-	-	576,228,507	541,971,884
Insurance receivables	27	-	-	-	1,405,000	-	-	1,405,000	1,405,000
Investment securities	30	-	-	514,755,308	-	46,978,397	-	561,733,704	508,846,837
		10,812,122	9,909	580,946,452	578,409,272	46,978,397	191,518,474	1,408,674,625	1,309,267,461
Deposits from banks	37	-	-	-	-	-	146,808,286	146,808,286	149,481,617
Deposits from customers	38	-	-	-	-	-	1,101,703,921	1,101,703,921	1,093,115,656
Derivative financial instruments	24	-	9,413	-	-	-	-	9,413	9,413
Claims payable	40	-	-	-	-	-	450,000	450,000	395,000
Liabilities on investment contracts	41	-	-	-	-	-	61,000	61,000	59,000
Interest bearing loans and borrowings	43	-	-	-	-	-	29,258,273	29,258,273	29,243,369
		-	9,413	-	-	-	1,278,281,480	1,278,290,893	1,272,304,055

8 Financial assets and liabilities

Accounting classification measurement basis and fair values

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

Bank			**Derivative**		**Loans**				
			Designated at	**Held-to-**	**and receivables at**	**Available-**	**Other amortized**	**Total carrying**	
In thousands of Naira	**Note**	**Trading**	**fair value**	**maturity**	**amortised cost**	**for-sale**	**cost**	**amount**	**Fair value**
30 June 2012									
Cash and cash equivalents	21	-	-	-	-	-	140,988,323	140,988,323	140,988,323
Non pledged trading assets	22	9,549,091	-	-	-	-	-	9,549,091	9,549,091
Pledged assets	23	11,500,000	-	70,939,065	-	-	-	82,439,065	74,188,034
Loans and advances to banks	25	-	-	-	-	-	-	-	1,138,761
Loans and advances to customers	26	-	-	-	541,650,526	-	-	541,650,526	544,381,630
Insurance receivables	27	-	-	-	-	-	-	-	-
Investment securities	30	-	-	439,030,605	-	43,062,804	-	482,093,409	446,035,074
		21,049,091	-	509,969,670	541,650,526	43,062,804	140,988,323	1,256,720,414	1,216,280,913
Deposits from banks	37	-	-	-	-	-	140,276,649	140,276,649	140,276,649
Deposits from customers	38	-	-	-	-	-	999,115,942	999,115,942	999,115,942
Derivative financial instruments	24	-	-	-	-	-	-	-	-
Claims payable	40	-	-	-	-	-	-	-	-
Liabilities on investment contracts	41	-	-	-	-	-	-	-	-
Interest bearing loans and borrowings	43	-	-	-	-	-	53,416,686	53,416,686	53,416,686
		-	-	-	-	-	1,192,809,277	1,192,809,277	1,192,809,277

			Derivative		**Loans**				
			Designated at	**Held-to-**	**and receivables at**	**Available-**	**Other amortized**	**Total carrying**	
In thousands of Naira	**Note**	**Trading**	**fair value**	**maturity**	**amortised cost**	**for-sale**	**cost**	**amount**	**Fair value**
31 December 2011									
Cash and cash equivalents	21	-	-	-	-	-	98,255,964	98,255,964	98,255,964
Non pledged trading assets	22	5,787,534	-	-	-	-	-	5,787,534	5,787,534
Pledged assets	23	-	-	-	-	-	66,191,144	66,191,144	59,566,309
Loans and advances to customers	26	-	-	-	490,877,501	-	-	490,877,501	493,352,598
Investment securities	30	-	-	111,894,871	-	15,525,164	-	127,420,035	117,889,612
		5,787,534	-	111,894,871	490,877,501	15,525,164	164,447,108	788,532,178	774,852,017
Deposits from banks	37	-	-	-	-	-	143,073,663	143,073,663	143,073,663
Deposits from customers	38	-	-	-	-	-	522,922,294	522,922,294	522,922,294
Interest bearing loans and borrowings	43	-	-	-	-	-	29,243,818	29,243,818	29,243,818
		-	-	-	-	-	695,239,775	695,239,775	695,239,775

9 (a) Seasonality of operations

The Group's main business segments are not subject to seasonal fluctuations. The results of the group are relatively stable and fairly accrue evenly throughout the period except for unusual items which may adversely or positively impact on the earnings of the Group. During the period under review, there was no unusual transaction that impacted the earning capacity of the Group.

(b) Acquisition of subsidiary

During the year ended 31 December 2011, pursuant to the Transaction Implementation Agreement (TIA) executed on 6 July 2011, Access Bank Plc, through Project Star Investments Limited, acquired a controlling interest representing 75% shareholding in Intercontinental Bank and its subsidiaries effective 14 October 2011, by the injection of an investment amount of N50 billion in Intercontinental Bank, in consideration for the issuance of investor shares (15 billion shares representing 75 percent of the ordinary share capital of Intercontinental Bank).

The gain on bargain purchase, which arose on the acquisition of assets and liabilities of Intercontinental Bank through business combination were recognised during the financial year ended 31 December 2011.

(c) Group restructuring

Pursuant to the acquisition of Intercontinental Bank, the the Group was restructured based on a scheme of merger. 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. The legal merger between Intercontinental Bank Ghana Limited and Access Bank Ghana was also completed on 5 March 2012, and Intercontinental Bank (UK) Plc is in the process of being sold to a suitable investor. The Board has approved the selection of an adviser but the process is not certain to be completed within 12 months. In addition, no reasonable price has been agreed, as a result Intercontinental Bank (UK) Plc was not classified as assets-held-for-sale/discontinued operation as the sale is not highly probable as at the end of the reporting period.

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

Based on the plan, management has approved the winding up of Intercontinental Capital Markets Limited, Intercontinental Registrars Limited, Intercontinental Securities Limited, Intercontinental Trustees Limited and Intercontinental Finance and Investment Limited due to the operational losses these subsidiaries continue to incur, as well as the belief that, operationally, they do not fit in within the Access Bank Group's strategy. Winding up proceedings have commenced for these subsidiaries and liquidators have been appointed. Access Bank expects this process to complete by the end of 2012.

Further, to comply with the CBN Banking Activities Regulation, which prevents banks from holding any non-banking subsidiaries without establishing a holding company structure (which Access Bank currently does not intend to pursue), Access Bank is seeking disposal of Intercontinental WAPIC Insurance Plc and Intercontinental Properties Limited through a scheme of arrangement. Financial advisers have been appointed to assist with the divestment and it is currently intended that Access Bank will complete the divestment by the May 2013 deadline. In addition, no reasonable price has been agreed, as a result Intercontinental WAPIC Insurance Plc and Intercontinental Properties Limited were not classified as assets-held-for-sale/discontinued operation as their sales are not highly probable as at the end of the reporting period.

10 Discontinued operations

At the end of the reporting period, the Group accounted for the Bank's subsidiaries; FinBank Burundi, Intercontinental Bank (UK) and Intercontinental Homes and Savings Limited; as discontinued operations as they were classified as held for sale. Management is committed to a plan to sell these subsidiaries within 12 months from the reporting period.

For the six months ended 30 June

In thousands of Naira	**Group June 2012**	**Group June 2011**	**Bank June 2012**	**Bank June 2011**
Results of discontinued operations				
Interest income	444,619	144,974	-	-
Interest expense	(133,482)	(25,228)	-	-
Net interest income	311,137	119,746	-	-
Fee and commission income	130,046	75,118	-	-
Fee and commission expense	(3,034.00)	-	-	-
Net fee and commission income	127,012	75,118	-	-
Net trading income	21,273	14,351	-	-
Other operating income	176,557	13,027	-	-
Total operating income	**635,979**	**222,242**	**-**	**-**
Net impairment loss on financial assets	234,397	(2,244)	-	-
Personnel expenses	(477,515)	(100,962)	-	-
Operating lease expenses	(72,635)	(34,275)	-	-
Depreciation and amortization	(31,726)	(24,606)	-	-
Other operating expenses	(444,192)	(66,478)	-	-
Total expenses	(791,671)	(228,565)	-	-
Loss before tax from discontinued operations	**(155,692)**	**(6,323)**	**-**	**-**
Income tax expense	(88,851)	-		
Loss from discontinued operations (net of tax)	(244,543)	(6,323)	-	-
Basic loss per share (kobo)	(1)	(0.04)	-	-
Cash flows from/(used in) discontinued operation			-	-
Net cash used in operating activities	(2,974,609)	(404,494)	-	-
Net cash from investing activities	322,709	(17,675)	-	-
Net cash from financing activities	(794,951)	(869,652)	-	-
Effect on cashflows	(3,446,851)	(1,291,821)	-	-

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

FinBank Burundi, Intercontinental Bank (UK) and Intercontinental Homes and Savings Limited are presented as disposal group held for sale following the commitment of the Group's management to a plan to sell the operations of the subsidiaries. Efforts to sell the disposal groups have commenced and sale is expected within 12 months from the reporting period. As at 30 June 2012, the disposal groups comprised assets of N24,652,214,000 less liabilities of N6,206,923,000 as follows:

	Group June 2012
Cash and cash equivalents	7,721,013
Loans and advances to banks	3,692,120
Loans and advances to customers	5,011,253
Investment securities	2,208,363
Trading properties	3,296,668
Investment properties	431,834
Property and equipment	1,049,940
Intangible assets	30,273
Deferred tax assets	722,718
Other assets	488,032
Total assets	**24,652,214**
Deposits from customers	(3,809,072)
Current tax liabilities	(2,294)
Derivative financial instruments	(31,736)
Other liabilities	(1,464,534)
Interest-bearing loans and borrowings	(899,287)
Total liabilities	**(6,206,923)**
Net assets	**18,445,291**

12 Net interest income

For the six months ended 30 June *In thousands of Naira*	**Group 2012**	**Group 2011**	**Bank 2012**	**Bank 2011**
Interest income				
Cash and cash equivalents	2,109,431	696,820	1,260,175	465,851
Loans and advances to banks and customers	54,256,835	32,342,379	51,205,052	30,807,375
Investment securities	27,999,007	7,841,665	26,302,497	6,616,374
Total interest income	84,365,273	40,880,864	78,767,724	37,889,600
Interest expense				
Deposit from banks	(8,499,885)	(1,980,674)	(8,345,148)	(1,909,727)
Deposit from customers	(19,839,348)	(9,087,282)	(17,404,974)	(7,998,182)
Securities dealing	(944,467)	(1,212,148)	(912,347)	(1,205,088)
Other borrowed funds	(18,589)	-	-	-
Other interest expense	-	-	-	-
Total interest expense	(29,302,288)	(12,280,104)	(26,662,469)	(11,112,997)
Net interest income	55,062,984	28,600,760	52,105,255	26,776,603

Interest income for the period ended 30 June 2012 includes N4,355,028,436 (June 2011: N1,654,837,000) accrued on impaired financial assets.

13 Fee and commission income

For the six months ended 30 June *In thousands of Naira*	**Group 2012**	**Group 2011**	**Bank 2012**	**Bank 2011**
Credit related fees and commissions	2,813,407	6,022,572	2,758,130	3,675,122
Other fees and commissions	11,292,360	3,599,223	7,529,257	4,097,655
Total fee and commission income	14,105,767	9,621,795	10,287,387	7,772,777

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

14 Net trading income

For the six months ended 30 June *In thousands of Naira*	**Group 2012**	**Group 2011**	**Bank 2012**	**Bank 2011**
Fixed income securities	(97,358)	1,838,132	(97,358)	(2,694)
Foreign exchange	4,060,956	-	3,095,520	1,166,509
Net trading income	3,963,598	1,838,132	2,998,162	1,163,815

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

15 Other operating income

For the six months ended 30 June *In thousands of Naira*	**Group 2012**	**Group 2011**	**Bank 2012**	**Bank 2011**
Mark to market gain on trading investments	-	108,814	-	-
Dividends on available for sale equity securities	761,070	258,602	761,070	258,602
Gain on disposal of property and equipment	19,073	-	16,400	-
Profit on sale of subsidiary	-	25,100	-	-
Rental income	196,183	467,574	164,043	467,574
Gain on disposal of equity investment	1,190,000	-	1,190,000	-
Bad debt recovered	1,655,810	-	1,655,810	-
Other income	1,790,579	451,032	426,785	422,409
	5,612,715	1,311,122	4,214,108	1,148,585

16 Net impairment loss on financial assets

For the six months ended 30 June *In thousands of Naira*	**Group 2012**	**Group 2011**	**Bank 2012**	**Bank 2011**
Collective impairment charges on loans and advances	4,904,381	3,630,263	4,901,355	3,564,690
(Write back)/additional specific impairment charges on loans and advances	(5,358,914)	4,779,791	(5,971,943)	4,779,378
Additional/(reversal) of impairment charge on available for sale equities	193,477	(247,617)	175,664	193,674
(Reversals)/additional impairment allowance on other assets	(833,629)	177,751	(531,500)	80,953
Impairment charge on other long term investments	2,846,453	-	5,331,440	-
(Write-back) /impairment of underwriting commitment	(337,020)	(211,544)	-	-
Impairment charge on insurance receivables	441,366	-	-	-
	1,856,115	8,128,644	3,905,016	8,618,695

17 Personnel expenses

For the six months ended 30 June *In thousands of Naira*	**Group 2012**	**Group 2011**	**Bank 2012**	**Bank 2011**
Wages and salaries	13,950,370	7,641,151	10,393,771	6,227,734
Increase in liability for defined benefit plans	901,895	500,000	901,895	-
Contributions to defined contribution plans	833,272	400,401	786,764	579,370
Termination benefits	3,725,937	-	3,725,937	-
Loss on winding down of SIT scheme (see note (a) below)	2,100,676	-	2,100,676	-
Decrease in liability for share appreciation rights	-	(458,002)	-	-
	21,512,150	8,083,550	17,909,043	6,807,104

(a) Amount represents the loss incurred by the Bank on the winding down of the Staff Investment Trust Scheme during the period. The Bank introduced a new scheme called Restricted Performance Share Plan (RPSP) during the period. Under the RPSP, 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 the date of award.

18 Other operating expenses

For the six months ended 30 June *In thousands of Naira*	**Group 2012**	**Group 2011**	**Bank 2012**	**Bank 2011**
Other premises and equipment costs	2,203,876	1,572,193	1,838,260	809,884
Professional fees	221,664	1,445,893	155,352	466,039
Insurance	430,868	1,414,708	343,795	1,261,544
Travelling	621,767	765,043	528,644	574,009
AMCON surcharge (see note (a) below)	2,379,949	1,271,111	2,379,949	1,271,111
Loss on disposal of investment	262,876	-	262,876	-
General administrative expenses	12,291,891	3,028,377	8,999,274	2,479,920
	18,412,891	9,497,325	14,508,150	6,862,507

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

19 Income tax expense recognised in the profit or loss

For the six months ended 30 June *In thousands of Naira*	**Group 2012**	**Group 2011**	**Bank 2012**	**Bank 2011**
Current tax expense				
Current period	3,200,106	1,750,561	2,402,850	1,484,211
Prior year's under provision	-	36,211	-	-
	3,200,106	1,786,772	2,402,850	1,484,211
Deferred tax expense				
Reversal of temporary differences	317,528	2,503,475	265,893	259,287
Total income tax expense	3,517,634	4,290,247	2,668,743	1,743,498

Reconciliation of effective tax rate	**Group**				**Bank**			
In thousands of Naira	**June 2012**	**June 2012**	**June 2011**	**June 2011**	**June 2012**	**June 2012**	**June 2011**	**June 2011**
Profit before income tax		29,831,093		12,370,102		26,518,104		11,996,189
Income tax using the domestic corporation tax rate	30%	8,949,328	30%	3,711,031	30%	7,955,431	30%	3,598,857
Effect of tax rates in foreign jurisdictions	-1%	(196,641)	2%	205,681	0%	-	0%	-
Capital allowance utilised for the period	-11%	(3,429,071)	0%	-	-13%	(3,429,071)	0%	-
Balancing charge	0%	2,033	-6%	(727,427)	0%	2,033	0%	-
Non-deductible expenses	45%	5,514,636	29%	3,648,878	21%	5,514,636	0%	-
Education tax levy	3%	342,907	2%	266,778	1%	342,907	0%	-
Tax exempt income	0%	(8,326,463)	0%	(2,926,336)	-31%	(8,326,463)	-18%	(2,114,646)
Tax losses (utilised)/unutilised	3%	317,528	1%	75,431	1%	265,893	2%	259,287
Minimum tax	0%	-	0%	-	0%	-	0%	-
Under provided in prior years	0%	-	0%	36,211	0%	-	0%	-
Impact of dividend as tax base		343,376	0%	-	1%	343,376	0%	-
Total income tax expense in comprehensive income	12%	3,517,634	35%	4,290,247	10%	2,668,743	15%	1,743,498

The effective income tax rate for 30 June 2012 is 12% (30 June 2011: 34.68%)

20 Basic earnings per share

The calculation of basic earnings per share at 30 June 2012 was based on the profit attributable to ordinary shareholders of N26,284,785,000 (June 2011: N8,045,687,000) and a weighted average number of ordinary shares outstanding of 22,888,251,000 (June 2011: 17,888,251,000), calculated as follows:

Weighted average number of ordinary shares

In millions of shares	**Group June 2012**	**Group June 2011**	**Bank June 2012**	**Bank June 2011**
Issued ordinary shares at beginning of period	17,888,251	17,888,251	17,888,251	17,888,251
Effect of new issue of shares	5,000,000	-	5,000,000	-
Weighted average number of ordinary shares at end of year	22,888,251	17,888,251	22,888,251	17,888,251

Profit attributable to ordinary shareholders

For the six months ended 30 June *In thousands of Naira*	**Group June 2012**	**Group June 2011**	**Bank June 2012**	**Bank June 2011**
Profit for the period attributable to equity holders of the Bank	26,284,785	8,045,687	23,849,361	10,252,691

Number of ordinary shares *In millions of shares*	**Group June 2012**	**Group June 2011**	**Bank June 2012**	**Bank June 2011**
Issued ordinary shares	22,888,251	17,888,252	22,888,251	17,888,252

21 Cash and cash equivalents

In thousands of Naira	**Group June 2012**	**Group December 2011**	**Bank June 2012**	**Bank December 2011**
Cash on hand and balances with banks	93,070,830	65,362,706	91,603,658	55,084,056
Unrestricted balances with central banks	29,014,654	35,566,237	16,172,254	7,389,672
Money market placements and other cash equivalents	104,531,969	90,589,531	33,212,411	35,782,236
	226,617,453	191,518,474	140,988,323	98,255,964

22 Non pledged trading assets

In thousands of Naira	**Group June 2012**	**Group December 2011**	**Bank June 2012**	**Bank December 2011**
Government bonds	10,709,667	7,311,562	5,332,280	2,286,974
Treasury bills	6,632,026	3,500,560	3,836,140	3,500,560
Equities	380,671	-	380,671	-
	17,722,363	10,812,122	9,549,091	5,787,534

23 Pledged assets

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

In thousands of Naira	Group June 2012	Group December 2011	Bank June 2012	Bank December 2011
Treasury bills	15,607,086	7,491,114	11,500,000	7,491,114
Government bonds	72,879,255	58,700,030	70,939,065	58,700,030
	88,486,341	66,191,144	82,439,065	66,191,144

As at 30 June 2012, the Bank held no collateral, which it was permitted to sell or repledge in the absence of default by the owner of the collateral (December 2011: nil).

24 Derivative financial instruments

a Group

	Assets	Liabilities	Assets	Liabilities
In thousands of Naira	June 2012		December 2011	
Instrument type:				
Foreign exchange	39,319	36,255	9,909	9,413
	39,319	36,255	9,909	9,413

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

b Bank

	Assets	Liabilities	Assets	Liabilities
In thousands of Naira	June 2012		December 2011	
Instrument type:				
Cross currency swap	-	-	-	-
Foreign exchange	-	-	-	-
	-	-	-	-

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

25 Loans and advances to banks

In thousands of Naira	Group June 2012	Group December 2011	Bank June 2012	Bank December 2011
Loans and advances to banks	10,278,387	841,571	2,822,044	841,571
Less specific allowances for impairment	(38,543)	(61,028)	(38,543)	(61,028)
Less collective allowances for impairment	(4,255)	(4,778)	(4,255)	(4,778)
	10,235,589	775,765	2,779,246	775,765

Specific impairment allowance on loans and advances to banks

In thousands of Naira	Group June 2012	Group December 2011	Bank June 2012	Bank December 2011
Balance beginning of period/year	61,028	21,155	61,028	21,155
Impairment loss for the period/year:	-		-	-
- Charge for the period/year	-	39,873	-	39,873
- Allowance no longer required	(22,485)	-	(22,485)	-
Balance end of period/year	38,543	61,028	38,543	61,028

Collective impairment allowance on loans and advances to banks

In thousands of Naira	Group June 2012	Group December 2011	Bank June 2012	Bank December 2011
Balance at beginning of period/year	4,778	11,656	4,778	11,656
Impairment loss for the period/year:			-	-
- Charge for the period/year				
- Allowance written back	(523)	(6,878)	(523)	(6,878)
Balance end of period/year	4,255	4,778	4,255	4,778

26 Loans and advances to customers

a Group

June 2012 *In thousands of Naira*	Gross amount	Specific impairment	Portfolio impairment	Total impairment	Carrying amount
Loans to individuals	54,566,061	(9,569,231)	(336,052)	(9,905,283)	44,660,778
Loans to corporate entities and other organizations	582,434,771	(20,178,843)	(9,297,878)	(29,476,721)	552,958,050
	637,000,832	(29,748,074)	(9,633,930)	(39,382,004)	597,618,828

December 2011 *In thousands of Naira*	Gross amount	Specific impairment	Portfolio impairment	Total impairment	Carrying amount
Loans to individuals	41,690,203	(5,682,480)	(213,926)	(5,896,406)	35,793,798
Loans to corporate entities and other organizations	582,849,099	(37,898,542)	(4,515,849)	(42,414,391)	540,434,709
	624,539,303	(43,581,022)	(4,729,774)	(48,310,796)	576,228,507

Specific impairment allowance on loans and advances to customers

In thousands of Naira	June 2012	December 2011
Balance beginning of period/year	43,581,022	23,535,063
Acquired through business combination	-	60,734,000
Impairment loss for the period/year:		
- Charge for the period/year	2,489,349	19,485,372
- Recoveries	(7,825,778)	(5,584,256)
Net impairment for the period/year	(5,336,429)	13,901,116
Effect of foreign currency movements	(178,964)	49,996
Write-offs	(8,317,556)	(54,639,153)
Balance end of period/year	29,748,074	43,581,022

Collective impairment allowance on loans and advances to customers

In thousands of Naira	June 2012	December 2011
Balance beginning of period/year	4,729,774	6,792,884
Acquired through business combination	203,825	801,246
Impairment loss for the period/year:		
- Charge for the period/year	4,904,904	68,873
- Allowance no longer required	-	(2,988,398)
Net impairment for the period/year	4,904,904	(2,919,525)
Effect of foreign currency movements	(204,572)	55,169
Balance end of period/year	9,633,930	4,729,774

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

In thousands of Naira	June 2012	December 2011
Gross investment in finance lease receivable	2,302,041	3,398,206
Unearned finance income	(213,789)	(557,119)
Net investment in finance leases	2,088,252	2,841,087
Net investment in finance leases, receivable:		
Less than one year	531,854	565,504
Between one and five years	1,556,398	2,275,583
	2,088,252	2,841,087

26 b Loans and advances to customers

Bank

June 2012 *In thousands of Naira*	Gross amount	Specific impairment	Collective impairment	Total impairment	Carrying amount
Loans to individuals	11,168,393	(508,607)	(358,059)	(866,666)	10,301,727
Loans to corporate entities and other organizations	561,302,244	(21,151,547)	(8,801,898)	(29,953,445)	531,348,799
	572,470,637	(21,660,154)	(9,159,957)	(30,820,111)	541,650,526

December 2011 *In thousands of Naira*	Gross amount	Specific impairment	Collective impairment	Total impairment	Carrying amount
Loans to individuals	34,191,597	(2,260,159)	(180,696)	(2,440,855)	31,750,742
Loans to corporate entities and other organizations	478,014,970	(15,073,828)	(3,814,384)	(18,888,212)	459,126,759
	512,206,567	(17,333,987)	(3,995,079)	(21,329,066)	490,877,501

Specific impairment allowance on loans and advances to customers

In thousands of Naira	June 2012	December 2011
Balance beginning of period/year	17,333,987	26,191,456
Acquired through business combination	25,421,641	-
Impairment loss for the period/year:		
- Charge for the period/year	1,651,829	22,117,456
- Recoveries	(7,601,287)	(6,846,036)
Net impairment for the period/year	(5,949,458)	15,271,420
Write-offs	(15,146,016)	(24,128,889)
Balance end of period/year	21,660,154	17,333,987

Collective impairment allowance on loans and advances to customers

In thousands of Naira	June 2012	December 2011
Balance beginning of period/year	3,995,079	-
Acquired through business combination	263,000	10,246
Impairment loss for the period/year:		
- Charge for the period/year	4,901,878	3,984,833
- Allowance no longer required	-	-
Net impairment for the period/year	4,901,878	3,984,833
Balance end of period/year	9,159,957	3,995,079

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

In thousands of Naira	June 2012	December 2011
Gross investment in finance lease receivable	2,302,041	2,764,346
Unearned finance income	(213,789)	(445,119)
Net investment in finance leases	2,088,252	2,319,227
Net investment in finance leases, receivable:		
Less than one year	531,854	293,911
Between one and five years	1,556,398	2,025,316
	2,088,252	2,319,227

27 Insurance receivables

In thousands of Naira	Group June 2012	Group December 2011	Bank June 2012	Bank December 2011
Due from agents, brokers and reinsurers	2,650,955	2,615,000	-	-
	2,650,955	2,615,000	-	-
Allowance for doubtful receivables	(1,650,932)	(1,210,000)	-	-
	1,000,023	1,405,000	-	-

Specific impairment allowance for insurance receivables

In thousands of Naira	Group June 2012	Group December 2011	Bank June 2012	Bank December 2011
Balance, beginning of period/year	1,210,000	-	-	-
Acquired from business combination	-	1,336,000	-	-
(Writeback)/additional provision	441,366	746,000	-	-
Write-off during the period/year	(434)	(872,000)	-	-
Balance, end of period/year	1,650,932	1,210,000	-	-

28 Investments in equity accounted investee

In thousands of Naira	Group June 2012	Group December 2011	Bank June 2012	Bank December 2011
Balance, beginning of period/year	2,812,805	-	-	-
Acquired through business combination	32,365	3,257,805	1,980,808	-
Reversal of share of impairment	-	(429,000)	-	-
Share of result for the period/year	-	(10,000)	-	-
Exchange difference	-	(6,000)	-	-
Balance, end of period/year	2,845,170	2,812,805	1,980,808	-

29 Investment in subsidiary

In thousands of Naira	Group June 2012	Group December 2011	Bank June 2012	Bank December 2011
Access Bank, UK	-	-	7,458,100	7,458,100
Access Bank, Ghana	-	-	13,704,428	7,427,000
Access Bank, Cote D'Ivoire	-	-	5,438,520	5,438,520
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
FinBank, Burundi	-	-	1,141,874	1,141,874
Access Investment and Securities	-	-	500,000	500,000
Access Bank, Sierra Leone	-	-	1,019,952	1,019,952
Access Bank, Gambia	-	-	1,853,756	1,853,756
Intercontinental Bank	-	-	-	50,000,000
Access Bank Finance B.V.	-	-	4,092	4,092
Intercontinental Wapic Insurance Plc	-	-	4,768,119	-
Intercontinental Capital Markets Limited	-	-	672,500	-
Intercontinental Homes and Savings Limited	-	-	3,387,938	-
Intercontinental Properties Limited	-	-	100,000	-
Intercontinental Finance and Investment Limited	-	-	100,000	-
Intercontinental Registrars Limited	-	-	200,000	-
Intercontinental Trustees Limited	-	-	100,000	-
Intercontinental Securities Limited	-	-	391,598	-
Intercontinental Bank (UK) Plc	-	-	7,301,401	-
Flexmore Technologies Limited	-	-	100,000	-
	-	-	54,420,178	81,021,194
Impairment	-	-	(9,446,148)	(620,907)
Balance, end of period/year	-	-	44,974,030	80,400,287

30 Investment securities

Available for sale investment securities *In thousands of Naira*	**Group June 2012**	**Group December 2011**	**Bank June 2012**	**Bank December 2011**
Government bonds	38,727	1,683,248	-	-
Treasury bills	5,505,092	4,949,858	4,203,219	-
Eurobonds	1,180,869	2,588,970	1,180,869	1,647,714
Equity securities with readily determinable fair values	38,654,175	37,712,321	37,709,157	13,877,450
Unquoted equity securities at cost	3,504,369	3,162,441	3,191,162	118,441
Others	-	77,000	-	-
	48,883,232	50,173,838	46,284,407	15,643,605
Specific impairment for unquoted equity securities at cost	(3,389,147)	(3,195,441)	(3,221,603)	(118,441)
	45,494,085	46,978,397	43,062,804	15,525,164

Held to maturity investment securities *In thousands of Naira*	**Group June 2012**	**Group December 2011**	**Bank June 2012**	**Bank December 2011**
Treasury bills	10,542,682	48,906,566	-	-
Government bonds	113,416,111	137,145,770	111,838,132	58,223,964
AMCON bonds (see note (b) below)	320,614,826	305,642,854	320,614,826	43,319,854
Corporate bonds	10,553,788	5,193,225	4,898,722	4,941,340
Eurobonds	1,679,213	5,783,793	1,678,925	5,409,713
Other bonds	-	12,083,099	-	-
	456,806,619	514,755,308	439,030,605	111,894,871
Investment securities	502,300,704	561,733,704	482,093,409	127,420,035

Specific impairment for unquoted equity securities at cost

In thousands of Naira	**Group June 2012**	**Group December 2011**	**Bank June 2012**	**Bank December 2011**
Balance, beginning of period/year	3,195,441	268,441	118,411	118,411
Acquired through business combination	-	3,370,000	2,927,528	-
Allowance no longer required	-	(443,000)	-	-
Charge for the period/year	193,477	-	175,664	-
Balance, end of period/year	3,388,918	3,195,441	3,221,603	118,411

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

31 Trading properties

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

In thousands of Naira	**Group June 2012**	**Group December 2011**	**Bank June 2012**	**Bank December 2011**
Balance, beginning of period	6,688,000	-	-	-
Acquired through business combination	-	6,878,000	-	-
Additions and capital improvements	136,454	1,135,000	-	-
Asset classified as held for sales (see note 11)	(3,296,668)	-	-	-
Disposal of trading property	(1,183,964)	(1,325,000)	-	-
Balance, end of period	2,343,822	6,688,000	-	-

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

In thousands of Naira	**Group June 2012**	**Group June 2011**	**Bank June 2012**	**Bank June 2011**
Proceeds from disposal	1,305,989	132,939	-	-
Less: cost of trading property	(1,183,964)	(77,392)	-	-
Profit on disposal (see note (b) below)	122,025	55,547	-	-

(b) The profit on disposal of trading properties represents the excess of proceeds over the cost of investment properties disposed during the period by the Bank's subsidiary, Intercontinental Homes and Savings Limited. This is presented as part of the operating income of discontinued operations as Intercontinental Homes and Savings Limited was classified as discontinued operations as at 30 June 2012.

32 Investment properties

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

In thousands of Naira	**Group June 2012**	**Group December 2011**	**Bank June 2012**	**Bank December 2011**
Balance, beginning of period/year	16,201,199	13,258,776	12,521,198	13,258,776
Acquired through business combination	-	2,826,000	2,187,747	
Additions during the period/year	3,950,969	1,163,815	-	29,815
Disposals during the period/year	(3,753,215)	(1,047,392)	(57,500)	(767,393)
	16,398,953	16,201,199	14,651,445	12,521,198
Impairment allowance	(558,582)	(104,155)	(558,582)	(104,155)
Balance, end of period/year	15,840,371	16,097,044	14,092,863	12,417,043

The movement on impairment loss on investment properties during the period is as follows:

In thousands of Naira	**Group June 2012**	**Group December 2011**	**Bank June 2012**	**Bank December 2011**
Balance, beginning of period/year	104,155	315,698	104,155	315,698
Acquired from business combination	454,427	-	454,427	-
Allowance during the period/year	-	-	-	-
Allowance no longer required	-	(211,543)	-	(211,543)
Balance, end of period/year	558,582	104,155	558,582	104,155

33 Property and equipment
Group

In thousands of Naira	Leasehold improvement and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Cost						
Balance at 1 January 2012	50,945,208	23,373,422	29,172,987	12,054,881	8,590,283	124,136,781
Acquisitions	1,141,348	1,289,659	1,261,437	1,048,801	1,090,038	5,831,282
Disposals	(1,659)	(21,224)	(36,469)	(294,647)	(70,000)	(424,000)
Write off	-	-	-	-	(2,209)	(2,209)
Transfers to assets held for sale	(788,748)	(213,250)	(250,566)	(211,688)	(64,467)	(1,528,719)
Translation difference	(143,285)	(463,755)	353,154	(118,346)	(861,943)	(1,234,175)
Balance at 30 June 2012	51,152,864	23,964,851	30,500,542	12,479,001	8,681,702	126,778,960
Balance at 1 January 2011	15,486,414	6,264,740	14,331,870	5,336,480	4,255,380	45,674,884
Acquired from business combination	33,880,420	21,411,384	14,385,566	5,957,594	6,755,000	82,389,964
Acquisitions	341,804	803,934	1,294,649	1,590,072	502,754	4,533,213
Disposals	(1,087,818)	(3,350,992)	(264,080)	(572,179)	(627,722)	(5,902,791)
Reversals	-	-	-	-	(6,607)	(6,607)
Write off	(54,622)	(1,748,726)	(21,884)	(47,986)	(42,615)	(1,915,833)
Transfers	2,333,155	(56,050)	(83,143)	(34,000)	(2,159,962)	-
Transfer (to)/from other assets	-	16,043	-	-	(82,389)	(66,346)
Revaluation	-	-	-	-	-	-
Translation difference	45,855	33,089	(469,991)	(175,100)	(3,556)	(569,703)
Balance at 31 December 2011	50,945,208	23,373,422	29,172,987	12,054,881	8,590,283	124,136,781

Depreciation *In thousands of Naira*	Leasehold improvement and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Balance at 1 January 2012	7,818,486	18,215,334	21,032,716	9,422,427	-	56,488,963
Charge for the year	427,782	2,590,693	2,333,459	699,294	-	6,051,228
Disposal	-	(20,800)	(8,596)	(171,802)	-	(201,198)
Transfers to assets held for sale	(107,156)	(138,801)	(122,846)	(109,976)		(478,779)
Translation difference	(5,353)	(17,892)	(298,285)	(2,418)	-	(323,948)
Balance at 30 June 2012	8,133,759	20,628,534	22,936,448	9,837,525	-	61,536,266
Balance at 1 January 2011	3,013,651	4,483,171	9,322,102	3,543,909	-	20,362,833
Acquired from business combination	3,706,659	16,871,687	9,298,017	5,376,314	-	35,252,677
Charge for the year	1,334,731	836,620	2,586,113	1,214,926	-	5,972,390
Disposal	(23,205)	(3,903,658)	(155,234)	(632,101)	-	(4,714,198)
Translation difference	(213,350)	(72,486)	(18,281)	(80,621)	-	(384,738)
Balance at 31 December 2011	7,818,486	18,215,334	21,032,716	9,422,427	-	56,488,964
Carrying amounts:						
Balance at 30 June 2012	43,019,105	3,336,317	7,564,094	2,641,476	8,681,702	65,242,693
Balance at 31 December 2011	43,126,722	5,158,088	8,140,270	2,632,454	8,590,283	67,647,817

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

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

33 Property and equipment

Bank

In thousands of Naira	Leasehold improvement and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Cost						
Balance at 1 January 2012	11,889,374	5,763,677	13,088,887	4,404,278	2,443,503	37,589,719
Acquired from business combination	31,696,794	15,041,000	13,341,000	5,481,000	5,020,000	70,579,794
Acquisitions	1,075,800	1,153,017	1,164,230	942,594	1,062,445	5,398,086
Disposals	(1,659)	(20,800)	(8,616)	(176,288)	(70,000)	(277,363)
Reversals	-	-	-	-	-	-
Write off	-	-	-	-	(2,209)	(2,209)
Transfers	66,390	5,702	10,531	-	(82,623)	-
Balance at 30 June 2012	44,726,699	21,942,596	27,596,032	10,651,584	8,371,116	113,288,027
Balance at 1 January 2011	11,431,244	4,641,425	12,746,373	4,154,338	4,087,845	37,061,225
Acquired from business combination	55,625	7,384	26,566	11,594		101,169
Acquisitions	91,825	491,485	534,298	816,888	302,754	2,237,250
Disposals	(219,795)	(37,920)	(243,053)	(578,542)	(627,722)	(1,707,032)
Reversals	-	-	-	-	(6,607)	(6,607)
Write off	(27,968)	-	(1,972)	-	-	(29,940)
Transfers	558,443	645,260	26,675	-	(1,230,378)	-
Transfer (to)/from other assets	-	16,043	-	-	(82,389)	(66,346)
Revaluation	-	-	-	-		-
Translation difference	-	-	-	-		-
					-	
Balance at 31 December 2011	11,889,374	5,763,677	13,088,887	4,404,278	2,443,503	37,589,719

Depreciation In thousands of Naira	Leasehold improvement and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Balance at 1 January 2012	2,912,924	4,455,786	10,001,282	3,177,459	-	20,547,451
Acquired from business combination	3,636,165	12,370,196	8,976,000	4,954,281	-	29,936,642
Charge for the year	276,263	2,503,361	2,239,882	580,259	-	5,599,765
Disposal	-	(20,800)	(8,596)	(171,802)	-	(201,198)
Reversals					-	-
Translation difference	-	-	-	-	-	-
Balance at 30 June 2012	6,825,352	19,308,543	21,208,568	8,540,197	-	55,882,660
Balance at 1 January 2011	2,140,382	3,609,400	8,486,049	3,056,157	-	17,291,988
Acquired from business combination	55,937	2,687	9,017	5,314	-	72,955
Charge for the year	728,810	880,547	1,642,209	661,308	-	3,912,874
Disposal	(12,205)	(36,848)	(135,993)	(545,320)	-	(730,366)
Balance at 31 December 2011	2,912,924	4,455,786	10,001,282	3,177,459	-	20,547,451
Carrying amounts:						
Balance at 30 June 2012	37,901,347	2,634,053	6,387,464	2,111,387	8,371,116	57,405,367
Balance at 31 December 2011	8,976,450	1,307,891	3,087,605	1,226,819	2,443,503	17,042,268

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

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

34 Intangible assets

Group

In thousands of Naira	Goodwill	Purchased Software	Total
Cost			
June 2012			
Balance at 1 January 2012	1,738,148	8,317,323	10,055,471
Acquisitions	-	1,124,877	1,124,877
Disposals	-	-	-
Translation difference	-	18,732	18,732
Balance at 30 June 2012	1,738,148	9,460,932	11,199,080
December 2011			
Balance at 1 January 2011	1,738,148	2,972,013	4,710,161
Acquired through business combination	-	3,306,000	3,306,000
Acquisitions	-	484,227	484,227
Transfer from other assets	-	1,757,268	1,757,268
Disposals	-	(9,327)	(9,327)
Translation difference	-	(192,858)	(192,858)
Balance at 31 December 2011	1,738,148	8,317,323	10,055,471
Amortization and impairment losses			
Balance at 1 January 2012	687,427	6,090,436	6,777,863
Amortization for the period	-	636,358	636,358
Disposals	-	-	-
Translation difference	-	(107,434)	(107,434)
Balance at 30 June 2012	687,427	6,619,360	7,306,787
Balance at 1 January 2011	306,437	1,293,194	1,599,631
Acquired through business combination	-	2,480,000	2,480,000
Amortization for the period	-	622,308	622,308
Disposals	-	(9,327)	(9,327)
Translation difference	-	181,261	181,261
Reclassification	-	1,523,000	1,523,000
Impairment losses	380,990	-	380,990
Balance at 31 December 2011	687,427	6,090,436	6,777,863
Carrying amounts			
Balance at 31 March 2012	1,050,721	2,841,572	3,892,293
Balance at 31 December 2011	1,050,721	2,226,887	3,277,608

34 Intangible assets

Bank

In thousands of Naira	**Goodwill**	**Purchased Software**	**Total**
Cost			
June 2012			
Balance at 1 January 2012	-	2,527,369	2,527,369
Acquired through business combination	-	4,696,000	4,696,000
Acquisitions	-	1,074,762	1,074,762
Balance at 30 June 2012	-	8,298,131	8,298,131
December 2011			
Balance at 1 January 2011	-	1,991,166	1,991,166
Acquired through business combination	-	-	-
Acquisitions	-	442,935	442,935
Transfer from other assets	-	93,268	93,268
Balance at 31 December 2011	-	2,527,369	2,527,369
Amortization and impairment losses			
Balance at 1 January 2012	-	1,380,957	1,380,957
Acquired through business combination	-	3,910,245	3,910,245
Amortization for the period	-	417,775	417,775
Balance at 30 June 2012	-	5,708,977	5,708,977
Balance at 1 January 2011	-	1,037,847	1,037,847
Acquired through business combination	-	-	-
Amortization for the year	-	343,110	343,110
Impairment losses	-	-	-
Balance at 31 December 2011	-	1,380,957	1,380,957
Carrying amounts			
Balance at 31 March 2012	-	2,589,154	2,589,154
Balance at 31 December 2011	-	1,146,412	1,146,412

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

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

(b) The movement in the provision for dimunition in the value of goodwill is as follows:

In thousands of Naira	**June 2012**	**December 2011**
Balance, beginning of the period/year	687,427	306,437
Additional allowance	-	380,990
Balance, end of period/year	687,427	687,427

35 Deferred tax assets and liabilities

a Group

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

In thousands of Naira	**June 2012**			**December 2011**		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	4,353,000	(3,280,869)	1,072,131	4,353,000	(2,587,823)	1,765,177
Allowances for loan losses	878,829	(779,000)	99,829	77,000	(769,558)	(692,558)
Tax loss carry forward	683,573	-	683,573	840,000	-	840,000
Employee benefits	-	-	-	-	336,490	336,490
Others	-	-	-	786,088	(104,269)	681,819
Net defered tax assets/(liabilities)	5,915,402	(4,059,869)	1,855,533	6,056,088	(3,125,160)	2,930,928

b Bank

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

In thousands of Naira	**June 2012**			**December 2011**		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	1,262,690	-	1,262,690	-	(2,841,403)	(2,841,403)
Net defered tax assets/(liabilities)	1,262,690	-	1,262,690	-	(2,841,403)	(2,841,403)

35 Deferred tax assets and liabilities

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

In thousands of Naira	**Group June 2012**	**Group December 2011**	**Bank June 2012**	**Bank December 2011**
Balance, beginning of year	2,930,928	2,458,597	(2,841,403)	(2,582,116)
Acquired from business combination	-	2,946,095	4,104,093	-
Expense	(214,258)	(3,102,540)	-	(259,287)
Assets classified as held for sale	(722,718)	-	-	-
Translation adjustments	(138,418)	628,776	-	-
Net deferred tax assets/(liabilities)	1,855,533	2,930,928	1,262,690	(2,841,403)
Out of which				
Deferred tax assets	5,915,402	6,056,088	1,262,690	-
Deferred tax liabilities	(4,059,869)	(3,125,160)	-	(2,841,403)

36 Other assets

In thousands of Naira	Group June 2012	Group December 2011	Bank June 2012	Bank December 2011
Accounts receivable	80,583,145	63,052,414	75,363,373	9,993,671
Prepayments	9,909,280	8,186,583	8,176,940	4,975,334
Restricted deposits with central banks (see note (a)	68,514,027	76,398,814	66,532,954	33,391,194
Deferred cost	285,802	-	-	-
Subscription for investment	1,204,682	34,951	4,617,632	1,396,520
	160,496,935	147,672,762	154,690,899	49,756,719
Impairment allowance on other assets	(28,276,355)	(26,798,394)	(27,185,529)	(688,575)
	132,220,580	120,874,368	127,505,370	49,068,144

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

Movement in impairment allowance on other assets:

In thousands of Naira	Group June 2012	Group December 2011	Bank June 2012	Bank December 2011
Balance, beginning of period/year	26,798,394	833,895	688,575	727,972
Acquired through business combination	2,311,590	27,609,000	27,028,454	
Allowance during the period/year	(833,629)	89,953	(531,500)	89,953
Allowance no longer required	-	(2,325,488)	-	(100,488)
Allowance written off	-	660,184	-	(28,862)
Translation difference		(69,150)	-	
Balance, end of period/year	28,276,355	26,798,394	27,185,529	688,575

(b) Included in accounts receivable is an amount of N26,424,748,634 (31 December 2011:N25,810,000,000) which represents a receivable from Asset Management Corporation of Nigeria (AMCON) in line with the Transaction Implementation Agreement (TIA) executed on 6 July 2011 and entered with the Bank in connection with the acquisition of Intercontinental Bank. The receivable is expected to be settled via consideration bonds issued by AMCON.

37 Deposits from banks

In thousands of Naira	Group June 2012	Group December 2011	Bank June 2012	Bank December 2011
Money market deposits	167,277,635	99,856,773	140,276,649	52,167,207
Other deposits from banks	11,775,872	46,951,513	-	90,906,456
	179,053,507	146,808,286	140,276,649	143,073,663

38 Deposits from customers

In thousands of Naira	Group June 2012	Group December 2011	Bank June 2012	Bank December 2011
Term deposits	383,981,843	428,832,125	335,783,333	224,834,458
Demand deposits	595,320,557	527,492,830	522,337,594	278,226,364
Saving deposits	148,491,304	145,378,966	140,995,015	19,861,472
	1,127,793,704	1,101,703,921	999,115,942	522,922,294

39 Other liabilities

In thousands of Naira	*Note*	Group June 2012	Group December 2011	Bank June 2012	Bank December 2011
Cash settled share based payment liability (see note (a) below)		-	2,995,576	-	-
Creditors and accruals		14,456,262	7,281,103	6,458,582	139,472
Certified cheques		3,665,609	3,669,203	3,625,170	1,277,791
Recognised liability for defined benefit obligations (see note (c) below)		1,970,675	1,795,780	1,970,675	1,068,780
Liability for defined contribution obligations		190,931	80,798	190,931	80,798
Customers' deposit for foreign trade (see note (b) below)		27,240,354	18,536,179	27,240,354	14,883,179
Collections		7,437,376	37,417,417	7,437,376	37,416,565
Unclaimed dividend (see note (d) below)		-	3,148,000	-	-
Deposit for Shares		1,463,937	-	-	-
Other current liabilities		29,173,341	67,725,494	26,199,982	7,312,359
		85,598,485	142,649,550	73,123,070	62,178,944

(a) At the 22nd annual general meeting of members of Access Bank Plc held during the year ended 31 December 2011, the Directors were authorised to establish for the benefit of employees of the Bank or any of its subsidiaries, an Employee Performance Share Plan for the award of units of the Bank's shares to employees on terms and conditions that they shall consider appropriate. Thus, the cash settled share based payment scheme was replaced by a new plan called Restricted Performance Share Plan (RPSP) during the period.

Under the RPSP, 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 the date of award.

(b) This represents the Naira value of foreign currencies held on behalf of customers in various foreign accounts to cover letters of credit transactions. The corresponding balance is included in cash and balances with banks.

(c) **Defined benefit obligations**

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

In thousands of Naira	Group June 2012	Group December 2011	Bank June 2012	Bank December 2011
Long term incentive plan (see note (i) below)	1,970,675	1,068,780	1,970,675	1,068,780
Other defined benefit plans	-	727,000	-	-
Recognised liability for defined benefit obligations	1,970,675	1,795,780	1,970,675	1,068,780

(i) Long term incentive plan

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

Depending on their grade, executive staff of the Bank upon retirement are entitled to certain benefits based on their length of stay on that grade.

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

In thousands of Naira	**Group June 2012**	**Group December 2011**	**Bank June 2012**	**Bank December 2011**
Balance beginning of period	1,068,780	-	1,068,780	-
Charge for the period:				
-Current service cost	166,885	333,770	166,885	333,770
-Past service cost	735,010	735,010	735,010	735,010
Balance, end of year	1,970,675	1,068,780	1,970,675	1,068,780

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

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

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

Assumptions regarding future mortality before retirement are based on A49/52 ultimate table published by the Institute of Actuaries of United Kingdom.

The rate of return used to discount future benefit payments was 14%.

(d) Unclaimed dividend was transferred to the Bank's registrar, United Securities Limited, during the period and amount is included in deposit from customers.

40 Claims payable

In thousands of Naira	**Group June 2012**	**Group December 2011**	**Bank June 2012**	**Bank December 2011**
Balance, beginning of period	450,000	-	-	-
Acquired from business combination	-	358,000	-	-
Additions during the period	-	92,000	-	-
Payment during the period	(155,014)		-	-
Balance, end of period	294,986	450,000	-	-

41 Liabilities on investment contracts

In thousands of Naira	**Group June 2012**	**Group December 2011**	**Bank June 2012**	**Bank December 2011**
Deposit administration funds	63,432	61,000	-	-
	63,432	61,000	-	-

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

42 Liabilities on insurance contracts

In thousands of Naira	**Group June 2012**	**Group December 2011**	**Bank June 2012**	**Bank December 2011**
Life assurance contracts	1,678,305	1,032,000	-	-
Non-life insurance contracts	1,640,008	1,671,000	-	-
	3,318,313	2,703,000	-	-

43 Interest bearing loans and borrowings

In thousands of Naira	**Group June 2012**	**Group December 2011**	**Bank June 2012**	**Bank December 2011**
European Investment Bank (see note (a))	660,809	511,220	660,809	511,088
African Development Bank (see note (b))	3,737,436	644,336	3,737,436	644,336
Nigeria Export Import Bank	-	12,993	-	-
Central Bank of Nigeria under the Commercial			-	
Agriculture Credit Scheme (see note (c))	8,276,630	7,186,128	8,276,630	7,184,667
Bank of Industry-Intervention Fund for SMEs (see note (d))	24,068,062	17,449,100	24,068,062	17,453,727
Bank of Industry-Power & Airline Intervention Fund(see note (e))	14,290,619	3,454,496	14,290,619	3,450,000
Belgian Investment Company	408,017	-	408,017	-
Finnish Fund- Industrial Cooperation	750,751	-	750,751	-
International Finance Corporation	1,224,051	-	1,224,363	-
Other loans and borrowings	125,032	-		-
	53,541,406	29,258,273	53,416,686	29,243,818

(a) The amount of N660,809,000 (USD 4,059,000) represents outstanding balance in the on-lending facility granted to the Bank by EIB (European Investment Bank) in September 2005 for a period of 9 years. Principal and interest are repayable quarterly and semi-annually based on the terms of the facilities with the obligor. Interest is reset every 90 days at 2.2% - 2.9% above LIBOR. The Bank provided negative pledge as a security for this facility.

(b) The amount of N3,737,436,000 (USD 22,957,000) represents the outstanding balance in the on-lending facility granted to the Bank by ADB (Africa Development Bank) in May 2007 for a year of 7 years. The principal amount is repayable semi-annually from 2012 while interest is paid semi annually at 3% above 6 months LIBOR.

(c) The amount of N8,276,630,000 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.

(d) The amount of N24,068,062,000 represents an intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria for the purpose of refinancing or restructuring existing loans to Small and Medium Scale Enterprises (SMEs) and manufacturing companies. The total has a 15 year tenor. A management fee of 1% deductible at source is paid by the Bank under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. Though the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers.

(e) The amount of N14,290,619,000 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.

44 Contingent settlement provisions

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

45 Capital and reserves

Share capital

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

	In thousands of Naira	**Group June 2012**	**Group December 2011**	**Bank June 2012**	**Bank December 2011**
(b)	Issued and fully paid-up : 22,888,251,478 Ordinary shares of 50k each				
	(31 December 2011: 17,888,251,478 of 50k each) (see note (c) below)	11,444,126	8,944,126	11,444,126	8,944,126

Ordinary shareholding:
The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Bank. All ordinary shares rank pari-passu with the same rights and benefits at meetings of the Bank.

Preference shareholding:
Preference shares do not carry the right to vote. Preference shareholders have priority over ordinary shareholders with regard to the residual assets of the Bank and participate only to the extent of the face value of the shares plus any accrued dividends. No preference shares were in issue as at the end of the reporting period.

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

	In thousands of Naira	**Group June 2012**	**Group December 2011**	**Bank June 2012**	**Bank December 2011**
(c)	Balance, beginning of period	8,944,126	8,944,126	8,944,126	8,944,126
	Issue of shares to existing shareholders (see note (i) below)	625,000	-	625,000	-
	Bonus shares to existing shareholders (see note (ii) below)	1,875,000	-	1,875,000	-
	Transfer from bonus issue reserve				-
	Balance, end of period	11,444,126	8,944,126	11,444,126	8,944,126

(i) During the period, the Bank issued 1,250,000,000 ordinary shares of 50k each to the shareholders of former Intercontinental Bank as part of the merger arrangement with Intercontinental Bank Plc.

(ii) During the period, the Bank issued bonus of 3,750,000,000 ordinary shares of 50k each to the existing shareholders of Access Bank Plc.

	In thousands of units	**Group June 2012**	**Group December 2011**	**Bank June 2012**	**Bank December 2011**
(d)	Balance, beginning of period	17,888,251	17,888,251	17,888,251	17,888,251
	Issue of shares	5,000,000	-	5,000,000	-
	Balance, end of period	22,888,251	17,888,251	22,888,251	17,888,251

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

In thousands of units	**Group June 2012**	**Group December 2011**	**Bank June 2012**	**Bank December 2011**
Balance, beginning of period	146,160,837	146,160,837	146,160,837	146,160,837
Premium on shares issued during the period	19,026,233	-	19,026,233	-
Balance, end of period	165,187,070	146,160,837	165,187,070	146,160,837

Other regulatory reserves
The other regulatory reserve includes movements in the statutory reserves and the small and medium scale industries reserve.

(i) **Statutory Reserves:** Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S.16(1) of the Banks and Other Financial Institution Act of Nigeria, an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital. The Bank made no transfer to statutory reserves as at period end (June 2011: 30%).

(ii) **Small and Medium Scale Industries Reserve (SMEEIS):** The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 years but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this is no longer mandatory. The small and medium scale industries equity investment scheme reserves are non-distributable.

(iii) Treasury shares

Treasury shares represent the Bank's shares of 532,152,956 (31 December 2011: 832,375,863) held by the Staff Investment Trust scheme as at 30 June 2012.

(iv) Fair value reserve

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

(v) Regulatory risk reserve

The regulatory risk reserves warehouses the difference between the impairment 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.

(vi) Retained earnings

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

(vii) Non-controlling interest

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

In thousands of Naira	**Group June 2012**	**Group December 2011**	**Bank June 2012**	**Bank December 2011**
Access Bank, Gambia	(100,978)	(138,355)	-	-
Access Bank, Sierra Leone	17,353	(8,224)	-	-
Access Bank, Zambia	-	229,780	-	-
Access Bank, Rwanda	458,837	420,472	-	-
Access Bank, Burundi	149,576	(190,425)	-	-
Omni Finance Bank, Cote D'Ivoire	(143,528)	8,480	-	-
Intercontinental Bank	-	22,235,522	-	-
Access Bank, Ghana	1,066,588	497,591	-	-
Intercontinental Wapic Insurance Plc	3,389,814	-	-	-
Intercontinental Capital Markets Limited	(411,861)	-	-	-
Intercontinental Homes and Savings Limited	2,264,743	-	-	-
Intercontinental Securities Limited	(78,144)	-	-	-
	6,612,400	23,054,841	-	-

46 Dividends

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

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

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 to satisfy these leases are treated as equipment in the Group's financial statements and are generally disposed of at the end of the lease term.

As lessee

Operating lease commitments

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

In thousands of Naira	Group June 2012	Group December 2011	Bank June 2012	Bank December 2011
Less than one year	1,557,807	1,286,987	1,285,471	782,157
Over one year	8,351,473	6,899,596	6,891,469	4,193,177
	9,909,280	8,186,583	8,176,940	4,975,334

48 Contingencies

Claims and litigation

The Bank, in its ordinary course of business, is presently involved in 958 cases as a defendant (31 December 2011: 171) and 505 cases as a plaintiff (31 December 2011: 95). The total amount claimed in the 958 cases against the Bank is estimated at N484,105,674,175 (31 December 2011: N34,495,605,294.84) while the total amount claimed in the 505 cases instituted by the Bank is N174,740,075,367 (31 December 2011: N30,555,665,378.43). The Directors having sought the advice of professional legal counsel are of the opinion that based on the advice received, no significant liability will crystallize from these cases. No provisions are therefore deemed necessary for these claims.

In the normal course of business, the group is a party to financial instruments with off-balance sheet risks. These instruments are issued to meet the credit and other financial requirements of customers. The total off-balance sheet assets for the group was N315,170,186,000 (31 December 2011: N414,981,761,000) and N248,323,276,000 (31 December 2011: N231,817,991,000) was for the Bank.

Contingent liabilities and commitments
In common with other banks, the Group conducts business involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise acceptances, endorsements, guarantees and letters of credit.

Nature of instruments
An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Group expects most acceptances to be presented, but reimbursement by the customer is normally immediate. Endorsements are residual liabilities of the Group in respect of bills of exchange, which have been paid and subsequently rediscounted.

Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Group will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

Other contingent liabilities include transaction related customs and performances bonds and are, generally, short-term commitments to third parties which are not directly dependent on the customer's creditworthiness. Commitments to lend are agreements to lend to a customer in the future, subject to certain conditions. Such commitments are either made for a fixed period, or have no specific maturity dates but are cancellable by the lender subject to notice requirements. Documentary credits commit the Group to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers.

The following tables summarise the nominal principal amount of contingent liabilities and commitments with off-financial position risk:

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

a. These comprise:

In thousands of Naira	**Group June 2012**	**Group December 2011**	**Bank June 2012**	**Bank December 2011**
Contingent liabilities:				
Acceptances and guaranteed commercial papers	-	4,948,078	-	-
Transaction related bonds and guarantees	124,091,059	155,751,527	118,691,560	51,483,791
Guaranteed facilities	37,580,894	20,072,848	36,454,194	10,790,544
	161,671,953	180,772,453	155,145,754	62,274,335
Commitments:				
Clean line facilities for letters of credit and other commitments	153,498,233	234,209,308	93,177,522	169,543,656
	153,498,233	234,209,308	93,177,522	169,543,656

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

49 Group entities

i Significant subsidiaries

		Nature of business	Country of incorporation	Ownership interest June 2012	Ownership interest December 2011
(a)	Access Bank Gambia Limited	Banking	Gambia	87%	87%
	Access Bank Sierra Leone Limited	Banking	Sierra Leone	98%	98%
	Access Bank Rwanda Limited	Banking	Rwanda	75%	75%
	FinBank Burundi	Banking	Burundi	87%	87%
	Omni Finance Bank, Cote d'Ivoire	Banking	Cote d'Ivoire	94%	94%
	Access Bank Zambia	Banking	Zambia	100%	100%
	The Access Bank UK	Banking	United Kingdom	100%	100%
	Access Bank (R.D. Congo)	Banking	Congo	100%	100%
	Access Bank Ghana	Banking	Ghana	92%	95%
	Access Investment and Securities	Investment management & securities dealing	Nigeria	100%	100%
	Intercontiental Bank (see note (b) below)	Banking	Nigeria	-	75%
	Intercontinental Wapic Insurance Plc	Insurance	Nigeria	58%	-
	Intercontinental Capital Markets Limited	Financial Services	Nigeria	63%	-
	Intercontinental Homes and Savings Limited	Financial Services	Nigeria	52%	-
	Intercontinental Properties Limited	Real estate	Nigeria	100%	-
	Intercontinental Finance and Investment Limited	Financial Services	Nigeria	100%	-
	Intercontinental Registrars Limited	Secretarial services	Nigeria	100%	-
	Intercontinental Trustees Limited	Trusteeship	Nigeria	100%	-
	Intercontinental Securities Limited	Asset Management	Nigeria	51%	-
	Intercontinental Bank (UK) Plc	Banking	United Kingdom	100%	-
	Flexmore Technologies Limited	IT Services	Nigeria	100%	-

(b) The subsidiaries of Intercontinental Bank (now integrated into the operations of Access Bank Plc) are consolidated in these interim financial statements as they are now direct subsidiairies of Access Bank Plc.

			Country of incorporation	June 2012	December 2011
(ii)	Special purpose entities:				
	Staff Investment Trust		Nigeria	-	100%
	Access Finance B.V.		Netherlands	100%	100%
	Project Star Investment Limited		Nigeria	100%	100%
(iii)	**Associates**				
	Associated Discount House Limited	Financial services	Nigeria	38%	-
	Blue Microfinance Limited	Financial services	Nigeria	35%	-

50 Related parties

Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes subsidiaries, associates, joint ventures and the Group's pension schemes, as well as key management personnel.

Parent

The parent company, which is also the ultimate parent company, is Access Bank Plc.

Transactions with key management personnel

The Group's key management personnel, and persons connected with them, are also considered to be related parties. The definition of key management includes the close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the Group. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Access Bank Plc and its subsidiaries.

Key management personnel and their immediate relatives engaged in the following transactions with the Group during the period:

Loans and advances: *In thousands of Naira*	**June 2012**	**December 2011**
Secured loans and advances	94,220,827	90,005,623

Deposits: *In thousands of Naira*	**June 2012**	**December 2011**
Total deposits	37,999,773	30,318,978

Interest rates charged on balances outstanding are at rates that would be charged in the normal course of business. The secured loans granted are secured over real estate, equity and other assets of the respective borrowers. No impairment losses have been recorded against balances outstanding during the year/period with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at the period end.

Key management personnel compensation for the period comprises:

Directors' remuneration

In thousands of Naira	**June 2012**	**June 2011**
Fees as directors	39,000	7,350
Other emoluments:		
Executive directors	72,550	72,550
Other directors	162,291	87,968
	273,841	167,868

Analysis of loans and advances to key management personnel

In thousands of naira

S/N	Name of borrower	Relationship to reporting institution	Name of related Directors	Facility type	Outstanding credit	Status	Nature of security
1	Aluko and Oyebode	Chairman	Mr Gbenga Oyebode	Term Loan	2,083	Performing	Personal Guarantee
2	Timbuktu Media Limited	Chairman	Mr Gbenga Oyebode	Term Loan	195,000	Performing	Personal Guarantee
			& Mr Tunde Folawiyo	Overdraft	60,960	Performing	Personal Guarantee
3	Combined Industrial Agro Consult.Ltd	Chairman	Mr Gbenga Oyebode	Overdraft	117,555	Performing	Personal Guarantee
4	Asset Managemet Group	Chairman	Mr Gbenga Oyebode	On Lending	614,626	Performing	Legal Mortgage
				Term Loan	1,534,334	Performing	Legal Mortgage
5	MTN Communications	Chairman	Mr Gbenga Oyebode	Time Loan	20,000,000	Performing	Negative Pledge
6	Yinka Folawiyo & Sons Limited	Director	Mr. Tunde Folawiyo	Term Loan	100,008	Performing	Legal Mortgage Cash Backed Lien on shares
7	ENYO Trading	Director	Mr. Tunde Folawiyo	Overdraft	19,470,003	Performing	All Asset Debenture, Lien on Deposit
8	DTD Services Limited	Director	Mr. Tunde Folawiyo	Term Loan	1,293,717	Performing	Mortgage on Aircraft All Asset Debenture
				Auto Loan	6,341	Performing	Vehicle Financed
9	Aries Exploration and Production Coy Ltd	Director	Mr. Tunde Folawiyo	Term loan	11,803,000	Performing	All Asset Debenture, Lien on Deposit
10	Neconde Energy Limited	Director	Mr. Tunde Folawiyo	Term loan	6,512,000	Performing	All Asset Debenture
				Overdraft	152,272	Performing	All Asset Debenture
11	Standand Trust Assurance Plc.	Director	Mr. Dere Otubu	Overdraft	70,927	Performing	Lien on Deposit
12	SIC Property and Investment Company	Director	Mr. Dere Otubu	Term Loan	3,100,000	Performing	Debenture, Legal Mortgage
				Overdraft	60,000	Performing	Debenture, Legal Mortgage
13	Blatech	Director	Mr. Dere Otubu	Time Loan	91,000	Performing	Personal Guarantee, Lien on deposit
				Time Loan	400,000	Performing	Corporate Guarantee
14	Coscharis Motors limited	Director	Dr. Cosmas Maduka	Overdraft	21,956,479	Performing	Legal Mortgage
				USANCE	928.704	Performing	Debenture
				Term Loan	1,125,000	Performing	Corporate Guarantee
15	Coscharis Technologies limited	Director	Dr. Cosmas Maduka	USANCE	128,840	Performing	Corporate Guarantee
16	C.G Biostadt Limited.	Director	Dr. Cosmas Maduka	Overdraft	118,354	Performing	Corporate Guarantee
				USANCE	14,974	Performing	Corporate Guarantee
				Term Loan	880,000	Performing	Corporate Guarantee
17	Swiss Biostadt Limited	Director	Dr. Cosmas Maduka	USANCE	22,662	Performing	Corporate Guarantee
				Overdraft	5,413	Performing	Corporate Guarantee
18	Marina Securities Limited	Director	Mr Aigboje Imoukhuede	Overdraft	2,539,910	Performing	Lien on Shares, Lien on Deposit
				Term loan	916,667	Performing	All Asset Debenture and Legal Mortgage
	Balance, end of period				**94,220,827**		

Analysis of off balance sheeet exposures to key management personnel

In thousands of naira

Name of company/individual	Relationship to reporting institution	Name of the director	Facility type	Outstanding credit	Status	Nature of security
Yinka Folawiyo & Sons Limited	Director	Mr. Tunde Folawiyo	Custom Bond	350	Performing	Legal Mortgage Cash Backed Lien on shares
DTD Services Limited	Director	Mr. Tunde Folawiyo	Custom Bond	126,070	Performing	
Coscharis Motors limited	Director	Dr. Cosmas Maduka	Custom Bond	6,101	Performing	Legal Mortgage, Debenture, Corporate Guarantee
			Confirmation Line	6,705,376	Performing	
Coscharis Technologies limited	Director	Dr. Cosmas Maduka	Confirmation Line	340,799	Performing	Corporate Guarantee
Swiss Biostadt Limited	Director	Dr. Cosmas Maduka	Confirmation Line	20,269	Performing	
Balance, end of period				**7,198,965**		

51 Events after the end of the reporting period

Subsequent to period end the Board of Directors proposed an interim dividend of 25 kobo each on the issued share capital of 22,888,251,478 ordinary shares of 50kobo each as at 30 June 2012. There are no other post balance sheet event that required disclosure in these consolidated interim financial statements.