Access Bank Plc

Consolidated and separate financial statements for the year ended
31 December 2016

ACCESS BANK PLC
Index to the consolidated financial statements
For the year ended 31 December 2016

Directors, officers and professional advisors

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

Directors

Mosun Belo-Olusoga	Chairman/Non-Executive Director
Herbert Onyewumbu Wigwe	GMD/Executive Director
Obinna David Nwosu	GDMD/Executive Director
Ernest Chukwuka Ndukwe	Independent Non-Executive Director
Oritsedere Samuel Otubu*	Non-Executive Director
Anthonia Olufeyikemi Ogunmefun	Non-Executive Director
Paul Usoro, SAN	Non-Executive Director
Emmanuel Chiejina	Non-Executive Director
Abba Mamman Tor Habib**	Non-Executive Director
Ajoritsedere Josephine Awosika	Independent Non-Executive Director
Victor Okenyenbunor Etuokwu	Executive Director
Roosevelt Michael Ogbonna	Executive Director
Ojinika Nkechinyelu Olaghere	Executive Director
Elias Igbinakenzua***	Executive Director
Titi Osuntoki	Executive Director

* Retired effective September 1, 2016
** Appointed effective January 28, 2016
** Resigned effective December 31, 2016

Company Secretary
Mr Sunday Ekwochi

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

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

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

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

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

Directors' Report
For the year ended 31 December, 2016

The Directors have pleasure in presenting their report on the affairs of Access Bank Plc (the "Bank") together with its subsidiaries (the "Group"), the Group and the Bank Audited Financial Statements with Auditor's Report for the Year ended 31 December 2016.

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

The Bank's principal activities incude the provision of money market products and services, retail banking, granting of loans and advances, equipment leasing, corporate finance and foreign exchange operations.
The Bank has the following international banking subsidiaries: Access Bank (Gambia) Limited, Access Bank (Sierra Leone) Limited, Access Bank (Zambia) Limited, The Access Bank (UK) Limited, Access Bank (Ghana) Plc, Access Bank Rwanda, Access Bank (D.R. Congo). The Bank also has Access Finance BV, an offshore Special Purpose Vehicle for the issuance of the U.S.$350,000,000, 7.25 Per Cent Guaranteed Notes Due 2017 guaranteed by the Bank (There are only USD237,003,000 outstanding as at period end due to an exchange of USD 112,997,000 in Oct. 2016: see note 35). The Bank also operates a Representative office in China, UAE and Lebanon.

In furtherance of the objective of bringing the Bank's activities in compliance with the provisions of the Central Bank of Nigeria's Regulation on Scope of Banking Activities and Other Ancilliary Matters, on the permitted activities for Commercial Banks with International Authorisation, the Bank is currently at the final stage of winding-up of Intercontinental Bureau de Change Limited, a subsidiary inherited from the defunct Intercontinental Bank Plc.

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

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

In thousands of Naira	**Group Dec-16**	**Group Dec-15**	**Bank Dec-16**	**Bank Dec-15**
Gross earnings	**381,320,783**	**337,404,230**	**331,000,972**	**302,061,975**
Profit before income tax	90,339,456	75,038,117	80,579,576	65,177,914
Income tax expense	(18,900,109)	(9,169,344)	(16,553,441)	(6,253,169)
Profit for the period	71,439,347	65,868,773	64,026,135	58,924,745
Other comprehensive (loss)/gain	32,060,674	338,704	12,653,178	2,396,344
Total comprehensive income for the period	103,500,021	66,207,477	76,679,313	61,321,090
Non-controlling interest	2,258,752	408,813	-	-
Profit attributable to equity holders of the Bank	101,241,270	65,798,664	76,679,313	61,321,090

In thousands of Naira	**Group Dec-16**	**Group Dec-15**	**Bank Dec-16**	**Bank Dec-15**
Earnings per share - Basic (k)	250	265	221	237
Dividend (paid):				
Interim dividend paid	7,231,993	7,231,993	7,231,993	7,231,993
Final dividend declared in 2015 and paid in 2016	-	8,678,391	-	8,678,391
Proposed final dividend declared in 2016 to be paid in 2017	11,571,189	-	11,571,189	-

In thousands of Naira	**Group Dec-16**	**Group Dec-15**	**Bank Dec-16**	**Bank Dec-15**
Total equity	454,494,580	367,801,467	421,678,620	360,428,904
Total impaired loans and advances	39,438,630	24,416,535	31,546,928	19,996,906
Total impaired loans and advances to gross risk assets (%)	2.10%	1.70%	1.80%	1.50%

Interim dividend
The Board of Directors proposed and paid an Interim Dividend of 25 Kobo per ordinary share (HY2015: 25K) each payable to shareholders on register of shareholding at the closure date. Withholding Tax was deducted at the time of payment.

Proposed dividend
The Board of Directors proposed a Final Dividend of 40 kobo (FY 2015: 30 kobo) each payable to shareholders on register of shareholding at the closure date. 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			
	31-Dec-16		31-Dec-15	
	Direct	Indirect	Direct	Indirect
M. Belo-Olusoga- Chairman	3,604,838	-	3,604,838	-
H. O. Wigwe - GMD/CEO	206,231,713	2,480,582,395	206,231,713	2,376,459,113
O. D Nwosu - GDMD	30,004,585	-	30,004,585	-
O. S. Otubu*	14,201,166	13,217,098	26,226,262	26,985,212
E. Chiejina	9,441,005	-	9,441,005	-
K. Ogunmefun	-	1,309,763	-	991,333
V.O. Etuokwu	13,579,889	-	13,579,889	-
R. C. Ogbonna - ED	28,000,558	-	28,000,558	-
O.N. Olaghere - ED	19,451,332	-	19,451,332	-
E. Igbinakenzua - ED**	18,145,477	-	18,145,477	-
T. Osuntoki - ED	28,728,854	-	28,728,854	-
P. Usoro	1,209,634	-	1,209,634	-
A. Awosika	-	-	-	-
E. Ndukwe	700,000	-	700,000	-
A. Mamman Tor Habib***	-	-	-	-

* Retired effective September 1, 2016
** Resigned effective December 31, 2016
*** Appointed effective January 28, 2016

Directors' interest in contracts

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

Related director	**Interest in entity**	**Name of company**	**Services to the Bank**
Mrs. Mosun Belo- Olusoga	Director/Shareholder	The KRC Ltd.	Training services
Mr. Oritsedere Otubu	Shareholder	Staco Insurance Plc	Insurance Services
Mr. Oritsedere Otubu	Director	Senforce Insurance Brokers Ltd	Insurance brokerage services
Mr. Oritsedere Otubu	Director	Eko Electricity Distribution Coy. Ltd.	Electricity Services
Mr. Paul Usoro	Director	Airtel Nigeria Ltd	Mobile telephone
Mr. Paul Usoro	Shareholder	Paul Usoro & Co	Legal Advisory Service
Mr. Herbert Wigwe	Shareholder	Coronation Securities Ltd.	Brokerage services
Mr. Herbert Wigwe	Shareholder	Wapic Insurance Plc	Insurance Services
Mr. Emmanuel Chiejina	Director	Sumeru Nigeria Limited	Tele-marketing
Mrs. Ojinika Olaghere	Shareholder	Wapic Insurance Plc	Insurance Services

Analysis of shareholding:

The shareholding pattern of the Bank as at 31 December 2016 was as stated below:

	31 December 2016			
Range	Number of Shareholders	% of Shareholders	Number of shares held	% of Shareholders
Domestic Shareholders				
1-5,000	660,001	80.65	617,782,180	2.14
5,001-10,000	65,876	8.05	450,728,829	1.56
10,001-50,000	70,694	8.65	1,419,116,782	4.91
50,001- 100,000	10,665	1.30	770,033,755	2.66
100,001-1,000,000	8,976	1.10	2,299,389,401	7.95
1,000,001-10,000,000	935	0.11	2,391,401,418	8.27
10,000,001 and above	176	0.02	17,539,853,849	60.63
	817,323	**99.88**	**25,488,306,214**	**88.11**
Foreign Shareholders				
1-1,000,000	978	0.12	21,437,386	0.07
1,000,001-10,000,000	4	0.00	9,647,715	0.03
10,000,001 and above	13	0.00	3,408,580,316	11.78
	995	**0.12**	**3,439,665,417**	**11.89**
Total	818,318	100.00	28,927,971,631	100.00

The shareholding pattern of the Bank as at 31 December 2015 is as stated below:

	31 December 2015			
Range	Number of Shareholders	% of Shareholders	Number of shares held	% of Shareholders
Domestic Shareholders				
1-5,000	661,151	80.53%	619,731,295	2.14%
5,001-10,000	66,302	8.08%	454,352,983	1.57%
10,001-50,000	71,310	8.69%	1,438,351,292	4.97%
50,001- 100,000	10,841	1.32%	786,936,166	2.72%
100,001-1,000,000	9,192	1.12%	2,367,118,184	8.18%
1,000,001-10,000,000	997	0.12%	2,653,702,191	9.17%
10,000,001 and above	193	0.02%	18,759,861,886	64.85%
	819,986	**99.88%**	**27,080,053,997**	**93.61%**
Foreign Shareholders				
1-1,000,000	965	0.12%	23,176,074	0.08%
1,000,001-10,000,000	5	0.00%	15,376,828	0.05%
10,000,001 and above	8	0.00%	1,809,364,732	6.25%
	978	**0.12%**	**1,847,917,634**	**6.39%**
Total	**820,964**	**100%**	**28,927,971,631**	**100%**

Substantial interest in shares

According to the register of members at 31 December 2016, the following shareholders held more than 5% of the issued share capital of the Bank as follows:

	31 December 2016		**31 December 2015**	
	Number of shares held	% of shareholding	Number of shares held	% of shareholding
Stanbic Nominees Nigeria Limited*	4,622,161,946	16.00%	4,283,583,626	14.79%
Blakeney GP	1,969,087,968	6.80%	1,763,244,933	6.08%

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

Donations and charitable gifts

The Bank identifies with the aspirations of the community and the environment in which it operates. The Bank made contributions to charitable and non-charitable organisations amounting to N285,339,153 (December 2015: N346,628,505) during the period, as listed below:

S/N	Beneficiary	Purpose	Amount
1	Malaria To Zero Initiative	Support towards eliminating malaria in Nigeria through malaria to zero initiative platform	55,000,000
2	Global Business Coalition Health	Contribution to the GBC health	39,375,000
3	Institute Of Human Virology Nigeria	Support for construction of the Institute of Human Virology Nigeria Research Center	38,823,650
4	Health And Environmental Development Agency	Support for HEDA on project safe water initiative	21,750,000
5	National Youth Service Corps	Support for national youth service corps programmes	11,913,890
6	Ikota Educational Project	Support for Ikota educational foundation project	10,000,000
7	Hacey Health Initiative	Support for code for impact initiative	10,000,000
8	Center For Youth Studies	Support for center for youth studies	9,450,000
9	Run For A Cure Africa	Support for world cancer day	9,340,265
10	Hacey Health Initiative	Support of the world AIDS day	9,000,000
11	Nigerian Stock Exchange	Sponsorship for 2016 NSE competition	7,531,500
12	United Nations Population Fund	Support for 2016 women deliver conference	7,500,000
13	UN Women	Sponsorship of UN women empowerment principles meeting	8,250,000
14	University Of Nigeria, Nsukka	Payment for ICT building renovation/UNN	6,064,848
15	Glo Initiative for Economic Empowerment (GIEE)	Support for GIEE on world environment day	5,000,000
16	Dreamland Foundation	Support for the Dreamland Foundation	5,000,000
17	Financial Nigeria International	Partnering with Financial Nigeria International	4,250,000
18	Light House Global	Support for life blood donation initiative	4,000,000
19	Nirvana Initiative	Support of the world sickle cell day initiative	4,000,000
20	HACEY's Health Initiative	Support towards world malaria day	3,500,000
21	Boys Brigade Nigeria	Support for boy's brigade Nigeria vocational training	3,000,000
22	Green Impact International	Support for green impact international initiative	3,000,000
23	Nigeria Business Coalition Against Aids (NiBUCAA)	Support for NiUBAA round table meeting	2,090,000
24	Run For A Cure Africa	Support towards breast cancer awareness campaign organized by run for a cure Africa	2,000,000
25	Care Trust International Ltd.	Support to stop child labor initiative	2,000,000
26	Centre for youths studies	Support towards Centre for Youth Studies	1,500,000
27	Kebbi State Government	Support for mass literacy for less privileged in Kebbi State	1,000,000
28	Medicaid Cancer Foundation	Sponsorship of fundraising event for medic aid cancer foundation	1,000,000
			285,339,153

Property and equipment

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

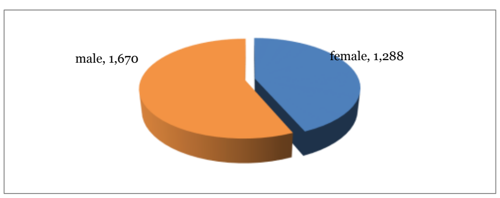
Human resources

(i) Report on Diversity in employment

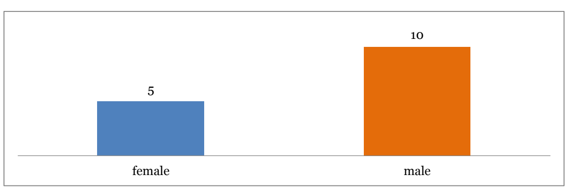
The Bank operates a non-discriminatory policy in the consideration of applications for employment. The Bank's policy is that the most qualified and experienced persons are recruited for appropriate job levels, irrespective of an applicant's state of origin, ethnicity, religion, gender or physical condition.

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

(a) Composition of employees by gender



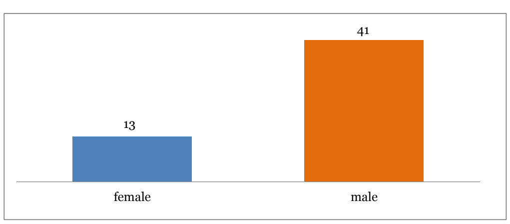
(b) Board Composition By Gender



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

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

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



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

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

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

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

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

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

Credit Ratings

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

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

Long Term Local Credit Ratings

	Long Term	**Date**
Standard & Poor's	BBB	Oct-16
FitchRatings	A	Jun-16
Agusto & Co	A+	Jun-16
Global Credit Ratings Co. (GCR)	A+	Jul-16
Moody's	Aa2	Nov-16

Long Term Counterparty Credit Ratings

	Long Term	
Standard & Poor's	B	Oct-16
FitchRatings	B	Jun-16
Moody's	B1	May-16

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

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

1	*Mr. Henry (Omatsola Aragho	-	Shareholder	Chairman
2	Mr Emmanuel Olutoyin Eleoramo	-	Shareholder	Member
3	Mr Idaere Gogo Ogan	-	Shareholder	Member
4	**Mr Oritsedere Otubu	-	Director	Member
5	Dr. Ernest Ndukwe	-	Independent Director	Member
6	Dr. (Mrs.) Ajoritsedere Awosika	-	Director	Member

* Appointed Chairman of the Committee effective July 27, 2016.
** Resigned from the Committee effective September 1, 2016 following his retirement from the Board. He was replaced by Mr. Abba Mamman Tor Habib, a Non-Executive Director

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

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

BY ORDER OF THE BOARD

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

Sunday Ekwochi
Company Secretary
FRC/2013/NBA/00000005528

CORPORATE GOVERNANCE REPORT FOR YEAR ENDED DECEMBER 31, 2016

To take tomorrow, you first have to be inspired by where you are starting from today. Or to put it another way, when you embark on a great journey together, you need to trust those who are in the driving seat.

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

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

In all of this we adhere to and strive to exceed the regulatory requirements.

That way you can be sure that a better tomorrow awaits, not just because of our vision, resources and capabilities, but because of the way we believe in getting there.

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

This report documents the Group's corporate governance practices that were in place during the Financial Year Ended December 31, 2016.

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

Performance Monitoring and Evaluation

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

The Bank's performance on Corporate Governance is continuously being monitored and reported. We carry out quarterly and semi-annual reviews of our compliance with the CBN Code and the SEC Code respectively, and render reports to the regulators. It is important to periodically obtain an independent perspective on the effectiveness of the Board and so for 2016, Accenture Limited was engaged to carry out an Independent Board Evaluation the independent consultant does not have any connection with the Group or any of its directors. The Board believes that the use of an independent consultant not only encourages directors to be more candid in their evaluation of the Board performance, but also enhances the objectivity and transparency of the evaluation process.

The result of the Board performance evaluation was presented by the independent consultant during the Board Meeting held on January 26, 2017 and is contained in the Annual Report. The evaluation was a 360 degree on-line survey covering directors' self-assessment, peer assessment and evaluation of the Board and the Committees. The effectiveness of the Independent Directors vis-à-vis the CBN's Guidelines on Independent Directors of Banks was also evaluated. The result confirmed that the individual directors and the Board continue to operate at a very high level of effectiveness and efficiency. We are glad to report that the review revealed that the Board is operating effectively, although there are some areas that could be enhanced.

In compliance with the CBN Code, the Annual Board Performance Evaluation Report for the year 2015 was presented to shareholders at the Annual General Meeting of the Bank held on April 27, 2016.

Appointment, Retirement and Re-election of Directors

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

In accordance with the Bank's Articles of Association, Mr. Emmanuel Chiejina, Mrs Anthonia Kemi Ogunmefun and Dr. (Mrs) Ajoritsedere Awosika retired at the Bank's 27th Annual General Meeting held on April 17, 2016 and being eligible were duly re-elected by shareholders. The shareholder also elected Mr. Abba Mamman Tor Habib as a Non-Executive Director who was earlier appointed by the Board. The Board confirmed that following a formal evaluation, these four Directors continued in 2016 to demonstrate strong commitment to their role as Non-Executive Directors.

In the course of the year, Mr. Oritsedere Samuel Otubu retired from the Board effective September 1, 2016, following his successful completion of the maximum 12 years term limit prescribed by the CBN Code for Non-Executive Directors of banks. Until his retirement, he was the Chairman of the Board Credit and Finance Committee and member of three other Board Committees. In the course of the year, Mr. Elias Igbinakenzua also resigned his position as director to pursue his entrepreneurial ambition. Until his resignation, he was the Executive Director, Corporate and Institutional Banking Division. The Board commends Messrs Otubu and Igbinakenzua for their outstanding contribution to the progress of the Bank and wishes them good success in their future endeavours.

The Board in recognition of the increasing size, complexity and risk associated with the Bank's products and service on October 28, 2016 appointed Dr. Gregory Ovie Jobome as Executive Director, Risk Management upon the recommendation of the Governance and Nomination Committee.

The Board also upon the recommendation of the Governance and Nomination Committee appointed two Independent Non-Executive Directors on December 16, 2016 and one Non-Executive Director on January 26, 2017. The appointments have been submitted to the CBN for approval

Mrs Belo-Olusoga joined the Board of Access Bank in November 2007. Until her recent appointment, she was the Chairperson of the Board Credit and Finance Committee and member of four other Board Committees as well as the Statutory Audit Committee. She is a thorough –bred banking professional with deep knowledge of the industry and the Bank's governance process. She had an illustrious banking career spanning nearly 3 decades. She retired from Guaranty Trust Bank in 2006 as Executive Director, Investment Banking and was at various times responsible for risk management, transaction services and settlement banking. Mrs Belo-Olusoga graduated from University of Ibadan in 1979 with a second class upper degree in Economics. She qualified as a Chartered Accountant in 1983 and is a fellow of the Institute of Chartered Accountants of Nigeria and Chartered Institute of Bankers of Nigeria.

Dr. Mahmoud Isa-Dutse resigned from the Board effective November 16, 2016 following his appointment as the Permanent Secretary, Federal Ministry of Finance. Until his resignation, he was the Chairman of the Board Risk Management Committee and member of two other Board Committees.

The Board commends Mr Oyebode and Dr. Isa-Dutse for their outstanding contribution to the progress of the Bank and wishes them good success in their future endeavours.

In accordance with the Bank's 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. In keeping with this requirement, Mrs Mosun Belo-Olusoga and Mr. Paul Usoro, SAN will retire at this Annual General Meeting and being eligible for re-election will submit themselves for re-election. The Board confirms that following a formal evaluation, these two directors continue to demonstrate commitment to their role as Non-Executive Directors. Also in line with the provisions of the Bank's Articles of Association and following Central Bank of Nigeria approval the newly appointed directors will submit themselves for election at the Annual General Meeting. The Board confirms its conviction that the directors standing for election or re-election will continue to add value to the Bank. The Board recommends that they should be elected to maintain the required balance of skill, knowledge and experience on the Board. The biographical details of the directors standing for election or re-election are set contained in the Annual Report.

Shareholders Engagement

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

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

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

The Bank has a robust Investors Communication and Disclosure Policy. As provided in the policy, the Board and management ensure that communication with the investing public about the Bank and its subsidiaries is timely, factual, broadly disseminated and accurate in accordance with all applicable legal and regulatory requirements. The Bank's reports and communication to shareholders and other stakeholders are in plain, readable and understandable format. The Bank's website www.accessbankplc.com is regularly updated with both financial and non-financial information. The details of the Investors' Communication and Disclosure Policy are available at the Investor Portal on the Bank's website.

The Board ensures that shareholders' statutory and general rights are protected at all times, particularly their right to vote at general meetings. The Board also ensures that all shareholders are treated equally regardless of the size of their shareholding and social conditions. Our shareholders are encouraged to share in the responsibility of sustaining the Bank's corporate values by exercising their rights as protected by law.

Access to Information and Resources

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

The Board

The primary function of the Board is to provide effective leadership and direction to enhance the long-term value of the Group to its shareholders and other stakeholders. It has the overall responsibility for reviewing the strategic plans and performance objective, financial plans and annual budget, key operational initiatives, major funding and investment proposals, financial performance review and corporate governance practices. The Board is the Group's highest decision-making body responsible for governance. It operates on the understanding that sound governance practices are fundamental to earning the trust of stakeholders, which is critical to sustainable growth.

Composition and Role

Up till September 1, 2016 the Board consisted of 15 members made up of 8 Non-Executive Directors and 7 Executive Directors as set out below. Two of the Non-Executive Directors are Independents and meet the criteria set by the CBN's Guidelines on Independent Directors of Banks in Nigeria.

S/n	Name	GENDER	Designation
1	Mrs Mosun Belo-Olusoga	Female	Non-Executive Director
2	*Mr Oritsedere Samuel Otubu	Male	Non-Executive Director
3	Mr Emmanuel Chiejina	Male	Non-Executive Director
4	Mrs Anthonia Kemi Ogunmefun	Female	Non-Executive Director
5	Mr Paul Usoro, SAN	Male	Non-Executive Director
6	Dr Ernest Ndukwe	Male	Independent Non-Executive Director
7	Dr (Mrs) Ajoritsedere Awosika	Female	Independent Non-Executive Director
8	Mr. Abba Mamman Tor Habib	Male	Non-Executive Director
9	Mr Herbert Wigwe	Male	Group Managing Director/Chief Executive Officer
10	Mr Obinna Nwosu	Male	Group Deputy Managing Director
11	Mr Victor Etuokwu	Male	Executive Director
12	Mrs Ojini Olaghere	Female	Executive Director
13	**Mr Elias Igbinakenzua	Male	Executive Director

14	Mr Roosevelt Ogbonna	Male	Executive Director
15	Mrs Titi Osuntoki	Female	Executive Director

*Retired September 1, 2016

** Resigned December 31, 2016

In line with best practice, the Chairman and Chief Executive Officer roles are assumed by different individuals, this ensures the balance of power and authority. The Board is able to reach impartial decisions as its Non-Executive Directors are a blend of Independent and Non-Independent Directors with no shadows or Alternate Directors which ensures that independent thought is brought to bear on decisions of the Board. The effectiveness of the Board drives from the diverse range of skills and competencies of the Executive and Non-Executive Directors who have exceptional degrees banking, financial and broader entrepreneurial experiences.

With the retirement of Mr. Oritsedere Otubu in September 2016, the Bank had 14 directors comprising equal number of Executive and Non-Executive Directors. The Board has identifying right candidates to fill the resultant vacancies whom will be presented to the shareholders for approval during the Meeting.

In line with best practice, the Chairman and Chief Executive Officer's roles in the Bank are assumed by different individuals to ensure the balance of power and authority. The Board is able to reach impartial decisions as its Non-Executive Directors are a blend of independent and non-independent directors with no shadow or Alternate Directors, which ensures that independent thought is brought to bear on decisions of the Board. The effectiveness of the Board derives from the diverse range of skills and competencies of the Executive and Non-Executive Directors who have exceptional degrees of banking, financial and broader entrepreneurial experiences.

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

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

Appointment Process, Induction and Training of Board Members

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

The Governance and Nomination Committee is responsible for both Executive and Non-Executive Directors succession planning and recommends new appointments to the Board. The Committee takes cognisance of the existing range of skills, experience, background and diversity on the Board in the context of the strategic direction of the Bank before articulating the specifications for the candidate sought. We are comfortable that the Board is sufficiently diversified to optimise its performance.

The Board ensures the regular training and education of Board members on issues pertaining to their oversight functions. Regarding new directors, there is a personalised induction programme which includes one-on-one meetings with Executive Directors and Senior Executives responsible for the Bank's key business areas. Such sessions focus on the challenges, opportunities and risks facing the business areas. The induction programme covers an overview of the strategic business units as well as Board processes and policies. A new Director receives an induction pack which includes charters of the various Board Committees, significant reports, important legislation and policies, minutes of previous Board Meetings and a Calendar of Board Activities.

The Board believes that a robust induction and continuing professional development will improve Directors' performance. It ensures that Directors have appropriate knowledge of the Bank and access to its operations. Directors are therefore required to participate in periodic, relevant continuing professional development programmes to update their knowledge. The table below provides the details of director continuing education programmes undertaken in 2016.

S/N	NAME OF DIRECTOR	TRAINING	ORGANIZER	LOCATION	DATE	Duration in Days
1	Mr. Emmanuel Chiejina	Blue Ocean Strategy	Insead,	France	May 30, June 2, 2016	4
2	Mr. Oritsedere Otubu	International Directors Programme	Insead,	France	May 30, June 2, 2016	4
3	Dr. Ajoritsedere Awosika	Business Innovation	Havard,	USA	June 22-June 25,2016	4
4	Mrs. Mosun Belo-Olusoga	Corporate Strategy	Chicago Booth,	USA	October 3-7, 2016	5
5	Mrs. Anthonia Kemi Ogunmefun	Corporate Strategy	Chicago Booth	USA	October 3-7, 2017	5
6	Mr. Roosevelt Ogbonna	IMD-CKGSB-Executive MBA	IMD	Switzerland	June 22-July 1,2016	10

In addition to the above training, the Board also held a two-day Risk Master Class on October 26-27, 2016 at Federal Palace Hotel, Lagos which was attended by all the directors.

Delegation of Authority

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

Board Meetings

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

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

The Board met 10 times in 2016. The Board also held its 8th Annual Board Retreats on February 26-27 2016 at Accra, Ghana to discuss strategic issues affecting the Bank. The Board operates a secure electronic portal, Diligent Boardbook for the circulation of board papers to members. This underscores the Board commitment to embrace environment sustainability by reducing paper usage.

Board Committees

The Board carries out its oversight function through its standing committees, each of which has a charter that clearly defines its purpose, composition, structure, frequency of meetings, duties, tenure and reporting lines to the Board. In line with best practice, the Chairman of the Board does not sit on any committees. The Board has five standing committees, namely: the Risk Management Committee, the Audit Committee, the Governance and Nomination Committee, the Remuneration Committee and the Credit and Finance Committee. The Board accepts that while the Board Committees have the authority to examine a particular issue and report to the Board with their decisions and/or recommendations, the ultimate responsibilities on all matters lies with the Board. The composition and responsibilities of the committees are set out below:

Name	BAC	BRMC	BCFC	BGNC	BRC
Mosun Belo-Olusoga[1]	-	-	-	-	-
Oritsedere Otubu[1]	M	-	M	M	C
Emmanuel Chiejina[1]	-	C	M	C	M
Anthonia Kemi Ogunmefun[1]	-	M	M	M	R
Paul Usoro[1]	M	M	M	M	M
Ernest Ndukwe[3]	C	M	M	M	M
Ajoritsedere Awosika[3]	M	-	C	M	M
Abba Mamman Tor Habib[1]	M	M	M		
Herbert Wigwe[2]	-	M	M	M	-
Obinna Nwosu [2]	-	M	M	-	-
Victor Etuokwu[2]	-	-	M	-	-
Ojinika Olaghere[2]	-	M	-	-	-
Elias Igbinakenzua[2]	-	-	M	-	-
Roosevelt Ogbonna[2]	-	-	M	-	-
Titi Osuntoki[2]	-	-	M	-	-

C Chairman of Committee

M Member

- Not a member
[1] Non- Executive

[2] Executive

[3] Independent

BAC – Board Audit Committee

BRMC – Board Risk Management Committee

BCFC – Board Credit and Finance Committee

BGNC –Board Governance and Nomination

BRM – Board Remuneration Committee

Credit and Finance Committee

The Committee considers and approves loan applications above certain limits (as defined by the Board from time to time) which have been recommended by the Management Credit Committee. It also acts as a catalyst for credit policy change and oversees the administration and effectiveness of the Bank's credit policies. The Committee met 16 times during the 2016 financial year.

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

Dr. Mrs Ajoritsedere Awosika succeeded Mr. Oritsedere Otubu as the Chairman of the Committee following the latter's completion of term limit on September 1, 2016.

Dr. Awosika is an accomplished administrator with over 3 decades experience in public sector governance. She was at various times the Permanent Secretary in the Federal Ministry of Internal Affairs, Federal Ministry of Science & Technology and Federal Ministry of Power. She is a fellow of the Pharmaceutical Society of Nigeria and the West African Postgraduate College of Pharmacy. She sits on the boards of Capital Express Assurance Ltd and Chams Plc. Dr. Awosika holds a doctorate degree in pharmaceutical technology from University of Bradford. United Kingdom. She was appointed to the Board in April 2013 and serves as the Vice Chairman of the Board Audit Committee.

Governance and Nomination Committee

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

The key decisions of the Committee in the reporting period included approval of the amendment to the Staff Handbook, approval of the 2016 Non-Executive Directors Training Plan and budget, recommendation of directors appointment; recommendation of policy on Group Grade Structure ; amendment of Staff Disciplinary Code and Staff Handbook; approval of the Bank Succession Plan and recommendation of Senior Management employees for subsidiaries boards appointment. The Committee met 6 times during the period**.**

Mr. Emmanuel Chiejina chaired the Committee. Mr. Chiejina is the Chairman and CEO of Ashbard Energy Company Ltd . He retired as Deputy Managing Director of Elf Petroleum (Total E&P) in 2007. He obtained a law degree from University of Lagos in 1975 and was called to the Nigerian Bar in 1976. Mr. Chiejina has attended Professional Development Programmes at Columbia University, Cranfield Institute of Technology, European Institute of Business Administration (INSEAD). University of London, London Business School and Harvard Business School. Mr Chiejina joined the Board of Access Bank Plc in June 2005.

Risk Management Committee

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

During the period under review the Committee considered and recommended some policies to the Board for approval. The Committee also received reports from all the risk areas and recommend the Banks'

Internal Capital Adequacy Assessment Programme and Internal Liquidity Adequacy Assessment Programme and Conduct and Compliance Group Plan for 2017 for the Board's approval. The Committee met 4 times during the period

The Committee is chaired by Mr. Emmanuel Chiejina.

Audit Committee

The Committee supports the Board in meeting its oversight responsibility relating to the integrity of the Bank's Financial Statements and the financial reporting process; the independence and performance of the Bank's Internal and External Auditors. It oversees the Bank's system of internal control and the mechanism for receiving complaints regarding the Bank's accounting and operating procedures. The Bank's Chief Internal Auditor and Chief Compliance Officer have access to the Committee and make quarterly presentations to the Committee.

The key issues considered by the Committee during the period included the review and recommendation of Audited Full Year and Interim Financial Statements, the Internal and Statutory Audit Plans, reports of the Group Internal Auditor and Internal Audit Consultants. The Committee also reviewed the whistle-blowing reports. The Committee met 7 times during the reporting period.

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

Remuneration Committee

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

The key issues considered by the Committee during the period included the review and recommendation of the amendment to the International Posting Policy to the Board for approval and consideration of Remuneration Survey reports for the Group Office and the subsidiary entities. The Committee once times during the reporting period.

Mrs. Anthonia Kemi Ogunmefun succeeded Mr. Oritsedere Otubu as the Chairman of the Remuneration Committee. She is the Managing Partner of Kemi Ogunmefun Law Office, a Canadian based private legal practice specializing in Immigration Law, Family Law, Real Estate and Corporate Law. She served as the Chairperson of Governance Committee of the Kinark Child and Family Services, a major Canadian Childcare Trust. Mrs. Ogunmefun obtained a Bachelor of Law degree from University of Lagos in 1974 and was called to Nigerian Bar in 1975 and the Law Society of Upper Canada in 2004. She was appointed to the Board in April 2011.

Attendance at Board and Board Committees meetings

The table below shows the attendance of directors to meetings during the reporting period.

	NAMES OF DIRECTORS			**Meeting**				
		GM	**BoD**	**BRMC**	**BCFC**	**BGNC**	**BRC**	**BAC**
Number of Meetings Held		**1**	**10**	**4**	**16**	**6**	**1**	**7**
Attendance:								
1	Mosun Belo-Olusoga	1	10	N/A	N/A	N/A	N/A	N/A
2	*Oritsedere Samuel Otubu	1	7	N/A	11	3	1	5
3	Emmanuel Chiejina	1	10	4	15	6	1	N/A
4	Anthonia Kemi Ogunmefun	1	10	4	16	6	1	N/A
5	Paul Usoro	1	10	4	15	6	1	6
6	Ernest Ndukwe	1	10	4	15	6	1	7
7	Ajoritsedere Awosika	1	10	NA	14	6	1	7
8	**Abba M.T Habib	1	8	2	10	N/A	N/A	4
9	Herbert Wigwe	1	10	4	15	6	N/A	N/A
10	Obinna Nwosu	1	7	4	8	N/A	N/A	N/A
11	Victor Etuokwu	1	10	N/A	13	N/A	N/A	N/A
12	Ojini Olaghere	1	9	4	N/A	N/A	N/A	N/A
13	Elias Igbinakenzua	1	9	N/A	13	N/A	N/A	N/A
14	Titi Osuntoki	1	9	N/A	13	N/A	N/A	N/A
15	Roosevelt Ogbonna	0	8	N/A	14	N/A	N/A	N/A

*- Mr. Oritsedere Otubu retired as Director effective September 1, 2016

** Mr Abba M.T Habib was appointed to the Board on January 28, 2016

GM – General Meeting

BoD – Board of Directors

BRMC – Board Risk Management Committee

BCFC – Board Credit and Finance Committee

BGNC – Board Governance and Nomination Committee

BAC – Board Audit Committee

BRC – Board Remuneration Committee

Executive Committee

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

Management Committees

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

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

Statutory Audit Committee

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

1.	Mr Henry Omatsola Aragho	(Shareholder)	Chairman
2.	Mr Emmanuel Olutoyin Eleoramo	(Shareholder)	Member
2.	Mr Idaere Gogo Ogan	(Shareholder)	Member
4.	Dr (Mrs) Ajoritsedere Awosika	(Independent Director)	Member
5.	Dr Ernest Ndukwe	(Independent Director)	Member
6.	*Mr. Oritsedere Otubu	(Director)	Member

* Resigned from the Committee on September 1, 2016 following his retirement from the Board. He was succeeded by Mr. Abba M.T Habib, Non-Executive Director.

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

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

The profiles of the shareholders' representatives in the Committee are presented below:

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

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

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

2. Mr Emmanuel O. Eleoramo holds a First Class Degree in Insurance and a Master's Degree in Business Administration (MBA), both from the University of Lagos. He is also an Associate of the Chartered Insurance Institute of London and a Fellow of the Chartered Insurance Institute of Nigeria. He has had over 36 years of varied experience in General Insurance Marketing, Underwriting and Employee Benefits Consultancy.

   He is a key player in the Nigerian Insurance industry and a past President of the Chartered Insurance Institute of Nigeria. He was the Managing Director/Chief Executive Officer of Nigerian French Insurance Company Ltd and later Whispering Hope Insurance Company Ltd (now Sterling Assurance Nigeria Ltd) before his appointment as the Managing Director/Chief Executive Officer of Nigerian Life and Pensions Consultants Limited (now Nigerian Life and Provident Company Limited).

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

Record of Attendance at Statutory Audit Committee Meetings

Name	**January 27, 2016**	**July 27, 2016**
Emmanuel O. Eleoramo	✓	✓
Idaere Gogo Ogan	✓	✓
Henry Omatsola Aragho	✓	✓
*Oritsedere Otubu	✓	✓

Ajoritsedere Awosika	✓	✓
Ernest Ndukwe	✓	✓

* *Retired from the Committee with effect from September 1, 2016 following his retirement from the Board and was succeeded by Mr. Abba M.T Habib*

Going Concern

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

Succession planning

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

Code of Ethics

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

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

Dealing in Company Securities

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

Remuneration Policy

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

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

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

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

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

The Bank's long term incentive programme rewards Executive Officers for loyal service to the Bank for a period up to 10 years. This is to ensure that they share in the Bank's success and focus on its long term sustainability. The justification for a long term incentive plan for 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.

Whistle-Blowing Procedure

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

Telephone

Internal: +234-1-2712065

External: KPMG Toll free lines: 0703-000-0026; 0703-000-0027; 0808-822-8888;

E-Mail

Internal: whistleblower@accessbankplc.com

External: kpmgethicsline@ng.kpmg.com

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

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

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

The Company Secretary

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

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

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

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

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

Customer Complaints and Resolution

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

Statement of Compliance

The Bank during the 2016 Financial Year complied with the relevant provisions of the SEC and the CBN Codes of Corporate Governance, except for the provision of CBN Code requiring banks to have an Executive Director in charge of Risk Management. The Bank has however on January 17, 2017 received CBN's approval for the appointment of Dr. Gregory Jobome as Executive Director, Risk Management who has since assumed duty.

In the event of any conflict between the provisions of the two codes regarding any matter, the Bank will defer to the provisions of the CBN Code as its primary regulator.

Statement of Directors' Responsibilities in relation to the Consolidated Financial Statements for the year ended 31 December 2016

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

I. Keep proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and Group and comply with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act;

II. Establish adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

III. Prepare financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied.

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

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

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

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Herbert Wigwe	**Obinna Nwosu**
Group Managing Director	**Group Deputy Managing Director**
FRC/2013/ICAN/00000001998	**FRC/2016/IODN/00000014028**

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 annual financial statements for the year 31 December 2016 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 year ended 31 December 2016 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 N2,693,131,022 (December 2015: N2,319,798,428) was outstanding as at 31 December 2016 which was performing as at 31 December 2016 (see note 44)

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

Mr. Henry Omatsola Aragho
Chairman, Audit Committee
26 January 2017

Members of the Audit Committee are:

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

* Appointed Chairman of the Committee effective July 27, 2016.

** Resigned from the Committee effective September 1, 2016 following his retirement from the Board. He was replaced by Mr. Abba Mamman Tor Habib a Non-Executive Director

In attendance:
Sunday Ekwochi – Company Secretary

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

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

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

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

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

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

ACCESS BANK PLC CUSTOMER'S COMPLAINTS FOR THE YEAR ENDED DECEMBER 31, 2016

	NAIRA						
S/N	**DESCRIPTION**	**NUMBER**		**AMOUNT CLAIMED (NAIRA)**		**AMOUNT REFUNDED (NAIRA)**	
		2016	**2015**	**2016**	**2015**	**2016**	**2015**
1	Pending compliants B/F	132,396	1,152	623,867,921	-	-	-
2	Received Complaints	204,773	234,188	31,382,190,881	3,363,924,012	-	-
3	Resolved complaints	328,511	102,944	30,772,621,392	2,740,056,091	3,058,341,677	534,897,186
4	Unresolved Complaints escalated to CBN for intervention	-	-	-	-	-	-
5	Unresolved complaints pending with the bank C/F	8,658	132,396	1,233,437,410	623,867,921	-	-

	USD						
S/N	**DESCRIPTION**	**NUMBER**		**AMOUNT CLAIMED (USD)**		**AMOUNT REFUNDED (USD)**	
		2016	**2015**	**2016**	**2015**	**2016**	**2015**
1	Pending compliants B/F	116	14	-	-	-	-
2	Received Complaints	1618	959	69,878,941	1,594,251	-	-
3	Resolved complaints	1656	857	68,184,828	873,196	118,688	155,747
4	Unresolved Complaints escalated to CBN for intervention	-	-		-	-	-
5	Unresolved complaints pending with the bank C/F	78	116	1,694,114	721,055	-	-

	GBP						
S/N	**DESCRIPTION**	**NUMBER**		**AMOUNT CLAIMED (GBP)**		**AMOUNT REFUNDED (GBP)**	
		2016	**2015**	**2016**	**2015**	**2016**	**2015**
1	Pending compliants B/F	6	2	7,000	-	-	-
2	Received Complaints	93	28	786,508	7,000	-	-
3	Resolved complaints	96	24	793,508	-	5,024	-
4	Unresolved Complaints escalated to CBN for intervention	-	-	-	-	-	-
5	Unresolved complaints pending with the bank C/F	3	6	-	7,000	-	-

	EUR						
S/N	**DESCRIPTION**	**NUMBER**		**AMOUNT CLAIMED (EUR)**		**AMOUNT REFUNDED (EUR)**	
		2016	**2015**	**2016**	**2015**	**2016**	**2015**
1	Pending compliants B/F	2	0	-	-	N/A	-
2	Received Complaints	61	32	1,528,345	-	N/A	-
3	Resolved complaints	60	30	1,528,345	-	1,720	-
4	Unresolved Complaints escalated to CBN for intervention	0	0	-	0.00	N/A	-
5	Unresolved complaints pending with the bank C/F	3	2	-	-	N/A	-

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

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

OTHER RISKS MANAGEMENT

Risk management in 2016 could be described as a kaleidoscope of opportunities hidden within an intricate web of uncertainties. The macroeconomic headwinds continued to create multiplicity of known and unknown risks, causing the average Nigerian risk manager to delicately navigate the risk minefields like a bomb detonating expert. The carryover of the sharp downward spiral in oil prices (on the back of a global glut spurred by weakened demand and expanded supply) continued to impact the national economy in an unprecedented ways. This negatively impacted foreign reserves and prompted the devaluation of the naira – with a threat of potential further devaluation. These developments have opened up a challenge for the current administration: how to conserve foreign reserves, curb rising inflation and unemployment and shore up productive capacity as the import-content of manufacturing and general commerce instigates drop in production and rising cost of production. For many firms, survival depended on their capacity to access dollars and transfer the costs to the ultimate consumers – who already faced a diminished purchasing power. In addition, many states had to be bailed out as they could no longer pay staff salaries.

In summary, the country's political risk was once again significantly elevated, as various foreign investors and foreign bank became more circumspect and wary in transacting with Nigeria. Various policy responses were adopted to curb dollar demand and slow down the rate of Naira depreciation especially in the parallel market. Given the current difference between the official and parallel foreign exchange markets, it is difficult to infer that these measures the monetary authorities have employed in stabilizing the Naira have worked.

What did all of these mean for banking and risk management 2016? It has been a year in which the expected credit risk (asset quality concerns) was compounded by heightened market risks, currency risk and liquidity risk. A period in which compliance risk also took front seat as regulators stepped up enforcement actions and political exposure received closer attention.

For Access Bank, our analytical and reporting processes had anticipated many of these issues to varying degrees, and had taken proactive steps to mitigate them. Beyond taking pre-emptive mitigating steps, the outlook was viewed as an opportunity to further optimize our risk and governance processes and position the Bank to benefit from market and regulatory developments. In summary, it has been a very engaging year of risk management. Various risk management initiatives came to fruition during the period which added to the range of risk management tools/processes that assisted the bank in managing risk over the period. Some of these include:

- Implementation of our risk-based SBU monthly performance management system, which fostered robust alignment between risk-taking, financial performance and remuneration.

- Kick-off of our trail-blazing risk culture assessment process - a first for the banking industry, and the launch of the first formal Risk Culture Statement – a signal of the bank's expressed risk values and attitudes in support of our moderate Risk Appetite.

- Full automation of our operational risk workflow and risk/capital measurement, which is part of our Governance, Risk and Compliance implementation journey.

- Automation of capital computation under Basle II principles.

- Automation of our Environmental and Social Risk reviews and reporting process, including automation of our Nigerian Sustainable Banking Principles reporting system.

- Introduction of our automated document management system.

- Revamp of our stress testing menu to incorporate subsectors, industry margins and product/service elasticities.

The above remain pivotal in supporting the Bank's risk optimization in the course of the first half of the year, as well as being critical strategic investments in the Bank's medium and long-term sustainability. Further details on some of the above, and other key developments are provided in what follows below.

Compliance Risk Management

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

The implementation of our compliance function transformation which we commenced in 2015 has reached an advanced stage. A new governance structure designed to enhance our competitiveness has been established and the re-designation and migration of some activities/functions has begun. We are happy to note that the Central bank of Nigeria has approved our Cluster Branch Compliance structure which has significantly impacted on the way the compliance monitoring activities are carried out in the Bank.

The compliance function has redefined its approach from its traditional inspectorate function into an advisory role with intense focus on regulatory intelligence gathering and closer cooperation with business units within the Bank, and the group acting as a contact point within the bank for compliance queries from staff members

Furthermore, activities such as the gradual empowerment of the first line of defence, joint visitation calls & AML/CFT evaluation of our FI customers and the realignment of the Compliance function to incorporate conduct risk has been carried out.

The strategy of the Conduct and Compliance group is to align the bank's processes with best practice; promote 'Positive Culture'; and closely provide regular advisory services to business units in order to achieve the business objectives of the bank without exposing the bank or any of its stakeholders to any regulatory or reputational risks.

Measurement, monitoring and management of compliance risk

In Access Bank, compliance risk is:

• ***measured by*** reference to identified metrics, incident assessments (whether affecting Access Bank or the wider industry), regulatory feedback and the judgment of our external assessors as it relates to AML/CFT and other compliance vulnerabilities;

• ***monitored against*** our compliance risk assessments and metrics, the results of the continuous monitoring and reporting activities of the compliance function and the results of internal and external audits and regulatory inspections; and

• ***managed by*** establishing and communicating appropriate policies and procedures, training employees on them, and monitoring activity to assure their observance.

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

Effective compliance risk management of Access Bank Plc and its subsidiaries is coordinated in the following manner:

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

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

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

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

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

Our Compliance Risk Appetite

Access Bank Plc aims to be compliant with all applicable laws and regulations, internal company rules and policies governing its operations and established good business practices. Access Bank Plc ensures that this requirement is embedded in the ***culture*** of its business operations. Enhanced global AML and sanctions policies, incorporating the bank's risk appetite, were approved by the Board in January 2014. The policies adopt and seek to enforce the highest or most effective standards globally, including a globally consistent approach to knowing our customers.

With respect to Compliance risk, the bank's appetite for Compliance Risk is defined as follows;

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

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

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

Our AML Program

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

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

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

The Bank has designated a non-executive director who is responsible for the Access Bank Plc Anti Money Laundering / Combating Financing of Terrorism (AML/CFT) program.

With the escalation protocol for compliance risk in place, the Enterprise Risk Management Committee (ERMC) and the Board via the Board Risk Management Committee (BRMC) serves as a medium for reporting compliance risk.

Anti-Bribery & Corruption Implementation

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

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

In 2015, the Bank commenced and completed the Anti-bribery risk assessment of selected high risk areas within the Group office. The bank becomes one of the first banks in the country to successfully achieve this. The bank has also begun the second phase of the ABC risk assessment with three (3) groups assessed for Anti-Bribery & Corruption vulnerabilities in the first half of 2016.

Conduct Risk Implementation

Conduct Risk: Detriment caused to our customers, clients, counterparties, or the Bank and its employees through inappropriate judgment in execution of business activities.

We have reviewed and improved how conduct risk is assessed and reported throughout our business. The Bank is committed to putting customers' at the heart of the decisions, treating customers' fairly and resolving customer complaints within the shortest possible time.
The Conduct Risk Framework is being embedded throughout the bank with focus on delivering positive customer and client outcomes. The roll-out of the conduct risk management framework has seen the adoption of Conduct Risk parameters as part of the formal KPIs for all staff of the Bank.

Strategic Alliance & Partnership

As part of our contribution towards the enhancement of the financial industry's existing framework and initiatives to combat financial crimes and terrorist financing, the Conduct and Compliance Group during the first half of 2016 collaborated with the Financial Institutions Training Centre (FITC) to organize a training session on compliance risk management where compliance issues such as emerging risk regulations and standards, new International and regulatory landscape where discussed.

The Association of Certified Compliance Professionals in Africa (ACCPA) which is a continental network of experienced and certified Anti-Money Laundering (AML) and Anti-Terrorist Financing (ATF) professionals working on the ground in Sub-Saharan Africa recently conferred the award for Africa AML Professional of the year on the Chief Conduct and Compliance Officer, Mr. Pattison Boleigha.

The Bank was also invited to contribute to 'The Leaders' Anti-Corruption Manifesto', a collection of high-level statements against corruption which will be published online, printed in hard copy, and launched at the *Tackling Corruption Together* conference. The conference which preceded the Global Anti-Corruption summit was hosted by the former Prime Minister of the UK Mr. David Cameron was held on May 11, 2016 in the United Kingdom.

Operational Risk Management

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

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

This framework includes:

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

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

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

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

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

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

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

Level 2 refers to the management function carried out by operational risk management group. It has direct responsibility for formulating and implementing the Bank's operational risk management framework including methodologies, policies and procedures approved by the Board.
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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 where appropriate. Events of material significance are limited and the Group seeks to reduce the risk from these extreme events in a framework consistent with its agreed risk appetite. Processes are in place to monitor the management and future mitigation of such events.

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

Management and control responsibilities

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

Measuring and managing operational risk

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

Risk event data collection and reporting

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

Risk and control self-assessments (RCSA)

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

Key risk indicators (KRIs)

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

Reporting

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

Allocating Capital to Business Units

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

Insurance mitigation

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

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

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

Information Security and Continuity of Business

Information security and the protection of confidential and sensitive customer data are a priority of Access Bank. The Bank has developed and implemented an Information Security Risk Management framework that is in line with best practice. The framework is reviewed and enhanced regularly to address emerging threats to customers' information.

The Bank mitigates business continuity risks by reviewing and testing recovery procedures. In 2014, the Bank obtained ISO certification in Business Continuity. Regular bank wide awareness campaigns are also used to drive information security and business continuity culture in the bank.

Strategic Risk Management

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

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

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

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

The strategic risk management functions support the Board and senior management in managing strategic risk and other related processes in the Bank.

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

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

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

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

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

Reputational Risk Management

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

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

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

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

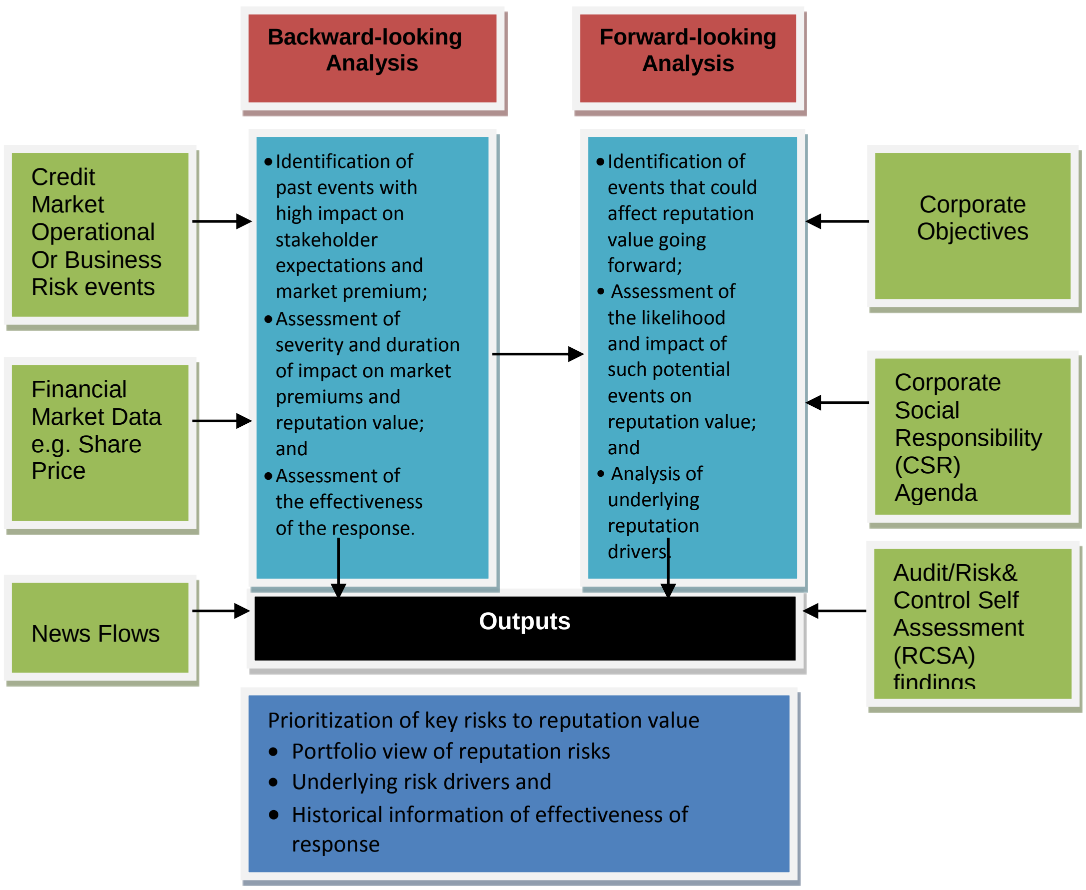
- Loss of current or future customers;
- Loss of public confidence;
- Loss of employees leading to an increase in hiring costs, or staff downtime;
- Reduction in current or future business partners;
- Increased costs of capitalization via credit or equity markets;
- Regulatory sanctions;
- Increased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

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

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

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

Key Drivers of Reputational Risk



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

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

Compilation of Trigger Events

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

RISK MANAGEMENT FRAMEWORK

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

Events data analysis

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

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

Approach to managing reputation events

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

Post reputation event reviews

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

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

Capital management objectives:

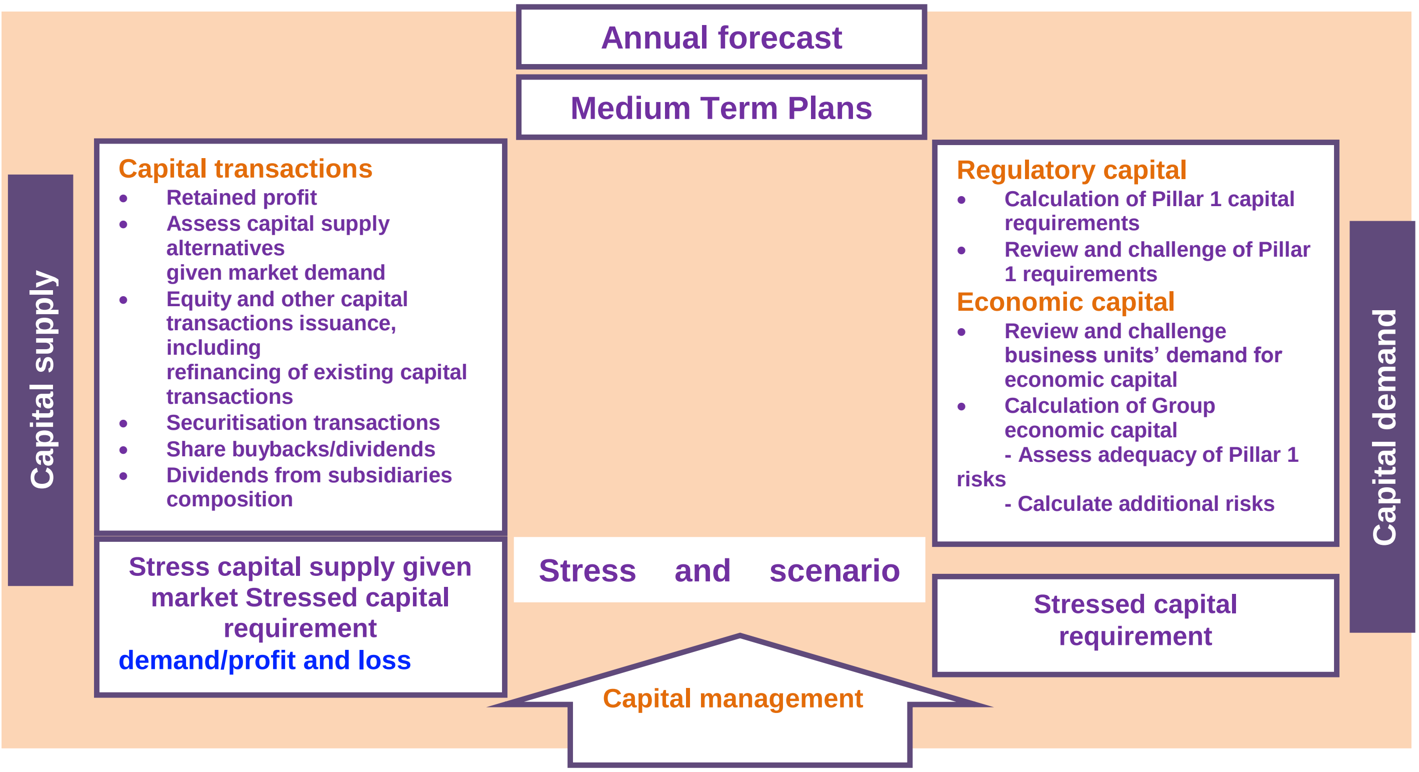
The Group has a number of capital management objectives:

- to meet the capital ratios required by its regulators and the Group's Board;
- to maintain an adequate level of available capital resources as cover for the economic capital (EC) requirements calculated at a 99.95% confidence level;
- to generate sufficient capital to support asset growth;
- to maintain an investment grade credit rating; and
- to achieve a return above the cost of equity.

Capital management strategy:

The Group's capital management strategy is focused on maximizing shareholder value by optimizing the level and mix of capital resources. Decisions on the allocation of capital resources are based on a number of factors including return on economic capital (EC) and on regulatory capital (RC), and are part of the internal capital adequacy assessment process (ICAAP).

Capital management process



Importance of capital management

Capital is managed as a Board level priority in the Group which reflects the importance of capital planning. The Board is responsible for assessing and approving the Group's capital management policy, capital target levels and capital strategy.

A capital management framework provides effective capital planning, capital issuance, Basel II alignment, EC utilisation and economic profit (EP) performance measurement criteria. The above diagram illustrates the process the Group follows to ensure end-to-end integration of the Group's strategy, risk management and financial processes into the capital management process. The purpose is to ensure that capital consumption in the business divisions has an impact on performance measurement, which in turn translates into management performance assessment and product pricing requirements and achievement of the overall strategy within risk appetite.

Independent auditor's report

To the members of Access Bank Plc

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Access Bank Plc ("the bank") and its subsidiaries (together "the group") as at 31 December 2016, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act.

What we have audited

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

- the consolidated and separate statements of financial position as at 31 December 2016;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

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

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter

Impairment assessment of loans and advances to customers

Management exercises significant judgment when determining both when and how much to record as impairment on loans and advances to customers.

We focused on this area because of the significance of the judgements involved and the size of the loans and advances portfolio. At 31 December 2016, the total gross loans and advances was N 1.8 trillion against which allowance for impairment provisions of N 35.7 billion were recorded. Judgement is applied to determine appropriate parameters and assumptions used to calculate impairment.

The accounting policies and critical judgements relating to the calculation of the impairment on loans and advances to customers are summarised in Note 3.9g and Note 4.0 to the consolidated financial statements respectively.

We comment on the most judgemental aspects, which we consider to be key audit matters below.

Impairment on individually and collectively assessed facilities – N 35.7 billion (refer to note 23)

The Group uses two categories in its calculations of impairment provisions on loans and advances:

- Individual impairment assessment
- Collective impairment assessment

The individual impairment assessment is performed by the Group's Credit Risk Unit in order to determine whether there exists any objective evidence that a loan is impaired.

Where an objective evidence of impairment is identified, these facilities are assessed based on their recoverable amounts i.e. present value of expected future cash flows discounted at the original effective interest rate, or the fair value of the collateral.

Management uses external valuers to determine the fair value of collaterals.

We understood and evaluated the design and operating effectiveness of the controls over loan loss impairment assessment across the Group to determine the extent of substantive testing required.

We evaluated management's assessment of impairment triggers and reviewed their determination of impairment on individually significant facilities.

We applied a risk based target testing approach in selecting a sample of customer facilities for detailed reviews of customer files and account statements to determine whether or not the customers met with their contractual obligations as well as identify other indicators of impairment.

Where the recoverable amount is less than the carrying value of the facilities, management determines impairment loss as the difference between the carrying value and the recoverable amount.

Allowances against all loans and advances not assessed individually and those assessed individually for which recoverable amount was higher than the carrying value are done on a collective basis.

Impairment allowances on the loans to be assessed collectively is done using a modelled basis for different portfolios with common features and allowances are adjusted accordingly based on the judgement of management.

Primary data fundamental to the assessment of collective impairment is the Probability of Default (PD), the Loss Given Default (LGD) and the exposure at default (EAD); which are all obtained using the bank's historical data, prevailing economic and credit conditions and loss experiences on how:

- Facilities have migrated between risk ratings over the periods (PD);
- Portion of the loan facilities determined to be irrecoverable at the time of default (LGD); and
- Loan amount at the time of default (EAD).

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

In particular we focused on the identification of loss events in line with IAS 39 paragraph 59.

We further reviewed management's assessment of the individually significant facilities where the fair value of the collateral sufficiently covered the total exposure. We reviewed to determine that these category of facilities were assessed for collective impairment.

For a sample of collateral valuation reports supporting significant facilities, we evaluated the competence, independence and objectivity of management valuation experts used for the valuation of collaterals and the methodology used.

We applied a risk based targeted testing approach in performing a review of the collateral valuation reports. The details of the reports were agreed to the contract agreement between the bank and the customer to assess the bank's legal rights over the collateral.

For the collective impairment assessment, we evaluated the reasonableness of management's assumptions with respect to the inputs into the collective impairment model.

We assessed the reasonableness of the probability of default (PD) by estimating how loan customers have migrated from the performing grade to the impaired assets grade in prior periods and determined an average risk rating per grade. This was compared to the PD determined by management and we challenged management where our assessment differed from theirs.

We evaluated the reasonableness of the Loss Given Default (LGD) by comparing it with the bank's historical data and supporting documents.

Valuation of available for sale investment securities

We focused on this area because of the nature of the transactions and the level of judgment, estimates and assumptions used in determining the valuation.

Notes 25 to the financial statements describes the elements that make up the available for sale investment securities balance. The most judgemental aspect of available for sale investment securities relate to the valuation of level 3 financial instruments (*N 50.1 billion - refer to note 4.1.1*), which we consider to be a key audit matter below.

We identified and assessed the following risks that could lead to inaccurate fair values: • The equity securities are not quoted on a recognised stock exchange and their fair values are not readily determined by reference to an active market. • Whilst some of the model inputs used for determining fair values are observable, there are unobservable inputs (such as illiquidity discount rate and hair cut) which could lead to valuation variances. • The Group uses a number of model types to value its level 3 financial instruments. Model deficiencies or inaccurate model parameters could lead to material misstatements of the financial statements. Inputs into the fair value approach could include the ratio of Enterprise Value (EV) to Earnings Before Interest Tax, Depreciation and Amortisation (EBITDA), Price Earnings (P/E) ratios and Price to Book (P/B) ratios. This matter is considered a key audit matter in both the consolidated and separate financial statements.	We performed detailed evaluation of the validity and reasonableness of the techniques, inputs and the assumptions used by management. We confirmed the valuation technique used to determine the fair values of unquoted equity instruments to be "the market approach" which is in line with the techniques prescribed by the applicable standard "IFRS 13, Fair value measurement". We verified the inputs i.e. EV/EBITDA, PE ratios and P/B ratios by comparing them to independent sources. We evaluated the principal assumptions against independent sources for reasonableness. We assessed the valuation methodology and models for consistency by comparing to prior periods. We also reviewed the disclosure and applied the IFRS checklist for compliance with the relevant standards.

Valuation of derivative financial instruments (refer to note 21)

N 156 billion (Derivative financial assets)

N 30 billion (Derivative financial liabilities)

We focused on this area because of the nature of the transactions and the level of judgment, estimates and assumptions used in determining the valuation.

Due to the significance of derivative financial instruments and the related estimation uncertainty, this is considered a key audit matter.	We obtained understanding of the valuation techniques and inputs used by management.

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

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

- Forward contracts
- Swap contracts
- Non deliverable forward contracts

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

For long term swap contracts, the input for the valuation is not readily available from a quoted market. Management obtains a confirmation of the long tenured contracts from an independent source and performs a fair valuation similar to the procedure described above.

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

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

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

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

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

For the long term swap contracts, we have assessed the reasonableness of management's fair value estimation using the methodology similar to above. However, we have independently obtained the market rates for contracts with maturities greater than one year and challenged management's estimation where necessary.

With respect to non-deliverable forward contracts, we have determined the fair values by reference to a market rate differential between the contracted exchange rate and the spot exchange rates at the date of the valuations.

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

Other information

The directors are responsible for the other information. The other information comprises: *Directors' report, Corporate governance report, Statement of director's responsibilities, Report of the statutory audit committee, Statement of value added and Five year financial summary*(but does not include the consolidated and separate financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and: *Business and financial highlights, Locations and offices, Reports of the external* *consultants, Business Review (Business banking, Commercial banking, Personal banking and Corporate and Investment banking, Digital banking and Operations & IT), Sustainability Report, Risk Management and associated reports, Chairman's statement and Chief Executive's Review* which are expected to be made available to us after that date.

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

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

When we read the complete annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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Report on other legal and regulatory requirements

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

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

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

iii) the bank's statements of financial position and statements of comprehensive income are in agreement with the books of account;

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

v) except for the contraventions disclosed in Note 41 to the financial statements, the bank has complied with the requirements of the relevant circulars issued by the Central Bank of Nigeria.

Anthony Oputa

For: PricewaterhouseCoopers
Chartered Accountants
Lagos, Nigeria
Engagement Partner: Anthony Oputa
FRC/2013/ICAN/00000000980

4 March 2017

Consolidated statement of comprehensive income

In thousands of Naira	*Notes*	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
Interest income	8	247,286,635	207,802,768	210,794,456	184,047,834
Interest expense	8	(108,138,875)	(102,421,118)	(94,777,050)	(94,001,878)
Net interest income		139,147,760	105,381,650	116,017,406	90,045,956
Net impairment charge	9	(21,952,819)	(14,224,715)	(17,641,127)	(13,287,613)
Net interest income after impairment charges		117,194,941	91,156,935	98,376,279	76,758,343
Fee and commission income	10	55,440,500	33,463,887	45,992,484	25,892,284
Fee and commission expense		(576,697)	(151,118)	-	-
Net fee and commission income		54,863,803	33,312,769	45,992,484	25,892,284
Net gains on investment securities	11a,b	55,051,078	62,738,014	54,968,917	62,699,600
Net foreign exchange income/(loss)	12	3,597,591	26,501,682	(94,434)	23,205,265
Other operating income	13	19,944,978	6,897,879	19,339,549	6,216,992
Personnel expenses	14	(51,795,538)	(42,346,952)	(42,153,587)	(35,699,471)
Rent expenses		(2,810,090)	(1,739,857)	(1,632,377)	(1,405,715)
Depreciation	28	(9,106,886)	(8,615,137)	(7,774,591)	(7,762,291)
Amortization	29	(2,186,905)	(1,483,193)	(1,854,437)	(1,324,075)
Other operating expenses	15	(94,413,516)	(91,384,023)	(84,588,227)	(83,403,018)
Profit before tax		90,339,456	75,038,117	80,579,576	65,177,914
Income tax	16	(18,900,109)	(9,169,344)	(16,553,441)	(6,253,169)
Profit for the year		**71,439,347**	**65,868,773**	**64,026,135**	**58,924,745**
Other comprehensive income (OCI) net of income tax :					
items that will not be subsequently reclassified to income statement:					
Remeasurements of post-employment benefit obligations		2,590,139	(1,061,292)	2,590,139	(1,061,292)
Items that may be subsequently reclassified to the income statement:					
Foreign currency translation differences for foreign subsidiaries					
- Realised gains during the year		-	-	-	-
- Unrealised gains /(losses) during the year		19,458,036	(1,987,684)	-	-
Net changes in fair value of AFS financial instruments					
-Fair value changes during the year		10,012,499	3,387,680	10,063,039	3,457,636
Other comprehensive gain, net of related tax effects:		32,060,674	338,704	12,653,178	2,396,344
Total comprehensive income for the year		**103,500,021**	**66,207,477**	**76,679,313**	**61,321,089**
Profit attributable to:					
Owners of the bank		71,117,025	65,332,540	64,026,135	58,924,745
Non-controlling interest		322,322	536,233	-	-
Profit for the year		**71,439,347**	**65,868,773**	**64,026,135**	**58,924,745**
Total comprehensive income attributable to:					
Owners of the bank		101,241,269	65,798,664	76,679,313	61,321,089
Non-controlling interest		2,258,752	408,813	-	-
Total comprehensive income for the year		**103,500,021**	**66,207,477**	**76,679,313**	**61,321,089**
Earnings per share attributable to ordinary shareholders					
Basic (kobo)	17	250	265	221	237
Diluted (kobo)	17	246	262	221	237

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

Consolidated statement of financial position
As at 31 December 2016

In thousands of Naira	*Notes*	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
Assets					
Cash and balances with banks	18	713,889,105	478,409,336	517,997,249	405,998,636
Investment under management	19	14,871,247	10,403,608	14,871,247	10,403,608
Non pledged trading assets	20	44,629,579	52,298,422	44,629,579	52,298,422
Derivative financial assets	21	156,042,984	77,905,020	155,772,662	77,852,349
Loans and advances to banks	22	45,203,002	42,733,910	104,006,574	60,414,721
Loans and advances to customers	23	1,809,459,172	1,365,830,831	1,594,562,345	1,243,215,309
Pledged assets	24	314,947,502	203,715,397	314,947,502	200,464,624
Investment securities	25	229,113,772	186,223,126	161,200,642	155,994,798
Other assets	26	63,255,054	83,014,503	50,594,480	78,623,381
Investment in subsidiaries	27b	-	-	59,239,252	45,439,246
Property and equipment	28	84,109,052	73,329,927	71,824,472	65,900,384
Intangible assets	29	6,939,555	6,440,616	5,173,784	4,977,908
Deferred tax assets	30	1,264,813	10,845,612	-	10,180,832
		3,483,724,837	2,591,150,308	3,094,819,788	2,411,764,218
Asset classified as held for sale	31	140,727	179,843	140,727	179,843
Total assets		**3,483,865,564**	**2,591,330,151**	**3,094,960,515**	**2,411,944,061**
Liabilities					
Deposits from financial institutions	32	167,356,583	72,914,421	95,122,188	63,343,785
Deposits from customers	33	2,089,197,286	1,683,244,320	1,813,042,872	1,528,213,883
Derivative financial liabilities	21	30,444,501	3,077,927	30,275,181	2,416,378
Current tax liabilities	16	5,938,662	7,780,824	5,004,160	6,442,311
Other liabilities	34	113,571,240	69,355,947	107,538,941	64,094,358
Deferred tax liabilities	30	3,699,050	266,644	3,101,753	-
Debt securities issued	35	316,544,502	149,853,640	243,952,418	78,516,655
Interest-bearing borrowings	36	299,543,707	231,467,161	372,179,785	302,919,987
Retirement benefit Obligation	37	3,075,453	5,567,800	3,064,597	5,567,800
Total liabilities		**3,029,370,984**	**2,223,528,684**	**2,673,281,895**	**2,051,515,157**
Equity					
Share capital and share premium	38	212,438,802	212,438,802	212,438,802	212,438,802
Retained earnings		93,614,030	51,730,369	93,329,188	49,459,102
Other components of equity	38	142,194,720	99,732,330	115,910,630	98,531,000
Total equity attributable to owners of the Bank		**448,247,552**	**363,901,501**	**421,678,620**	**360,428,904**
Non controlling interest	38	6,247,028	3,899,966	-	-
Total equity		**454,494,580**	**367,801,467**	**421,678,620**	**360,428,904**
Total liabilities and equity		**3,483,865,564**	**2,591,330,151**	**3,094,960,515**	**2,411,944,061**

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

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

GROUP DEPUTY MANAGING DIRECTOR
Obinna Nwosu
FRC/2016/IODN/00000014028

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

Consolidated statement of changes in equity

In thousands of Naira

Group

	Attributable to owners of the Bank												
	Share capital	**Share premium**	**Regulatory risk reserve**	**Other regulatory reserves**	**Share scheme reserve**	**Treasury Shares**	**Capital reserve**	**Fair value reserve**	**Foreign currency translation reserve**	**Retained earnings**	**Total**	**Non Controlling interest**	**Total Equity**
Balance at 1 January 2016	**14,463,986**	**197,974,816**	**39,625,042**	**50,097,911**	**554,898**	**(1,732,771)**	**3,489,080**	**13,268,889**	**(5,570,719)**	**51,730,369**	**363,901,501**	**3,899,966**	**367,801,467**
Total comprehensive income for the year:													
Profit for the year										71,117,025	71,117,025	322,322	71,439,347
Other comprehensive income, net of tax													
Unrealised foreign currency translation difference	-	-	-	-	-	-	-	-	17,562,744	-	17,562,744	1,895,292	19,458,036
Actuarial gain on remeasurement of retirement benefit (net of tax)	-	-	-	-	-	-	-	-	-	2,590,139	2,590,139	-	2,590,139
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	-	9,971,361		-	9,971,361	41,138	10,012,499
Total other comprehensive gain	-	-	-	-		-	-	**9,971,361**	**17,562,744**	**2,590,139**	30,124,244	1,936,430	**32,060,674**
Total comprehensive (loss)/income	-	-	-	-	-	-	-	**9,971,361**	**17,562,744**	**73,707,164**	101,241,269	2,258,752	**103,500,021**
Transactions with equity holders, recorded directly in equity:													
Transfers during the year	-	-	3,307,508	12,517,301	-	-	-	-	-	(15,824,809)	-	-	-
Deemed disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(88,310)	(88,310)	88,310	-
Scheme shares	-	-	-	-	1,061,070	(1,553,604)	-	-	-	-	(492,534)	-	(492,534)
Vested shares	-	-	-	-	(403,990)		-	-	-	-	(403,990)	-	(403,990)
Dividend paid to equity holders	-	-	-	-	-	-	-	-	-	(15,910,384)	(15,910,384)	-	(15,910,384)
Total contributions by and distributions to equity holders	-	-	**3,307,508**	**12,517,301**	**657,080**	**(1,553,604)**	-	-	-	**(31,823,503)**	**(16,895,218)**	**88,310**	**(16,806,908)**
Balance at 31 December 2016	**14,463,986**	**197,974,816**	**42,932,550**	**62,615,212**	**1,211,978**	**(3,286,375)**	**3,489,080**	**23,240,250**	**11,992,025**	**93,614,030**	**448,247,552**	**6,247,028**	**454,494,580**

Consolidated statement of changes in equity

In thousands of Naira

Group

	Attributable to owners of the Bank												
	Share capital	**Share premium**	**Regulatory risk reserve**	**Other regulatory reserves**	**Share Scheme reserve**	**Treasury Shares**	**Capital reserve**	**Fair value reserve**	**Foreign currency translation reserve**	**Retained earnings**	**Total**	**Non Controlling interest**	**Total Equity**
Balance at 1 January 2015	**11,441,460**	**161,036,211**	**21,205,031**	**37,078,604**	**295,419**	**(976,127)**	**3,489,080**	**9,881,402**	**(3,710,648)**	**34,139,453**	**273,879,885**	**3,530,843**	**277,410,728**
Total comprehensive income for the year:													
Profit for the year										65,332,540	65,332,540	536,233	65,868,773
Other comprehensive income, net of tax													
Unrealised foreign currency translation difference	-	-	-	-	-	-	-	-	(1,860,071)	-	(1,860,071)	(127,613)	(1,987,684)
Realised foreign currency translation difference									-	-	-	-	-
Actuarial loss on remeasurement of retirement benefit (net fo tax)	-	-	-	-	-	-	-	-	-	(1,061,292)	(1,061,292)	-	(1,061,292)
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Fair value changes on AFS financial instruments from associates	-	-	-	-	-	-	-	3,387,487	-	-	3,387,487	193	3,387,680
Total other comprehensive gain/(loss)	-	-	-	-	-	-	-	**3,387,487**	**(1,860,071)**	**(1,061,292)**	**466,124**	**(127,420)**	**338,704**
Total comprehensive (loss)/income	-	-	-	-	-	-	-	**3,387,487**	**(1,860,071)**	**64,271,248**	**65,798,664**	**408,813**	**66,207,477**
Transactions with equity holders, recorded directly in equity:													
Transfers during the year	-	-	18,420,011	13,019,307	-	-	-	-	-	(31,439,318)	-	-	-
Additonal shares	-	-	-	-	-	(1,061,058)	-	-	-	-	(1,061,058)	-	(1,061,058)
Scheme shares	-	-	-	-	563,893	-	-	-	-	-	563,893	-	563,893
Vested Shares	-	-	-	-	(304,414)	304,414	-	-	-	-	-	-	-
Proceed from right issue	3,022,526	36,938,605	-	-	-	-	-	-	-	-	39,961,131	-	39,961,131
Dividend paid to equity holders	-	-	-	-	-	-	-	-	-	(15,241,014)	(15,241,014)	(39,690)	(15,280,704)
Total contributions by and distributions to equity holders	**3,022,526**	**36,938,605**	**18,420,011**	**13,019,307**	**259,479**	**(756,644)**	-	-	-	**(46,680,332)**	**24,222,952**	**(39,690)**	**24,183,262**
Balance at 31 December 2015	**14,463,986**	**197,974,816**	**39,625,042**	**50,097,911**	**554,898**	**(1,732,771)**	**3,489,080**	**13,268,889**	**(5,570,719)**	**51,730,369**	**363,901,501**	**3,899,966**	**367,801,467**

Statement of changes in equity
In thousands of Naira

Bank	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Share Scheme reserve	Capital Reserve	Fair value reserve	Retained earnings	Total Equity
Balance at 1 January, 2016	**14,463,986**	**197,974,816**	**37,826,382**	**43,397,152**	**527,331**	**3,489,081**	**13,291,054**	**49,459,102**	**360,428,904**
Total comprehensive income for the year:									
Profit for the year	-	-	-	-	-	-	-	64,026,135	**64,026,135**
Other comprehensive income, net of tax									
Actuarial gain on remeasurement of retirement benefit	-	-	-	-	-	-	-	2,590,139	**2,590,139**
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	10,063,039	-	**10,063,039**
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**10,063,039**	**2,590,139**	**12,653,178**
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**10,063,039**	**66,616,274**	**76,679,313**
Transactions with equity holders, recorded directly in equity:									
Transfers for the year	-	-	(2,768,116)	9,603,920	-	-	-	(6,835,804)	**-**
Dividend paid to equity holders	-	-	-	-	-	-	-	(15,910,384)	**(15,910,384)**
Scheme shares	-	-	-	-	884,777	-	-	-	**884,777**
Vested shares	-	-	-	-	(403,990)	-	-	-	**(403,990)**
Total contributions by and distributions to equity holders	**-**	**-**	**(2,768,116)**	**9,603,920**	**480,787**	**-**	**-**	**(22,746,188)**	**(15,429,597)**
Balance at 31 December 2016	**14,463,986**	**197,974,816**	**35,058,266**	**53,001,072**	**1,008,118**	**3,489,081**	**23,354,093**	**93,329,188**	**421,678,620**

Statement of changes in equity
In thousands of Naira

Bank	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Share Scheme reserve	Capital Reserve	Fair value reserve	Retained earnings	Total Equity
Balance at 1 January, 2015	**11,441,460**	**161,036,211**	**17,001,981**	**34,558,437**	**295,419**	**3,489,081**	**9,833,418**	**36,499,779**	**274,155,786**
Total comprehensive income for the year:									
Profit for the year	-	-	-	-	-	-	-	58,924,745	**58,924,745**
Other comprehensive income, net of tax									
Actuarial loss on remeasurement of retirement benefit	-	-	-	-	-	-	-	(1,061,292)	**(1,061,292)**
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	3,457,636	-	**3,457,636**
Total other comprehensive gain/(loss)	**-**	**-**	**-**	**-**	**-**	**-**	**3,457,636**	**(1,061,292)**	**2,396,344**
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**3,457,636**	**57,863,453**	**61,321,089**
Transactions with equity holders, recorded directly in equity:									
Transfers for the year	-	-	20,824,401	8,838,715	-	-	-	(29,663,116)	**-**
Dividend paid to equity holders	-	-	-	-	-	-	-	(15,241,014)	**(15,241,014)**
Proceed from right issue	3,022,526	36,938,605	-	-	-	-	-	-	**39,961,131**
Scheme shares	-	-	-	-	536,326	-	-	-	**536,326**
Vested Shares	-	-	-	-	(304,414)	-	-	-	**(304,414)**
Total contributions by and distributions to equity holders	**3,022,526**	**36,938,605**	**20,824,401**	**8,838,715**	**231,912**	**-**	**-**	**(44,904,130)**	**24,952,029**
Balance at 31 December 2015	**14,463,986**	**197,974,816**	**37,826,382**	**43,397,152**	**527,331**	**3,489,081**	**13,291,054**	**49,459,102**	**360,428,904**

Consolidated statement of cash flows

In thousands of Naira	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
Cash flows from operating activities				
Profit before income tax and discontinued operations	90,339,456	75,038,117	80,579,576	65,177,914
Adjustments for:				
Depreciation of property and equipment	9,106,886	8,615,137	7,774,591	7,762,291
Amortization of intangible assets	2,186,905	1,483,193	1,854,437	1,324,075
Gain on disposal of property and equipment	(167,340)	(151,937)	(143,985)	(138,975)
Loss/(Gain) on disposal of investment securities	(17,894,577)	2,014,413	(17,894,577)	2,014,249
Fair value loss on assets held for sale	-	741,360	-	741,357
Impairment on financial assets	22,545,465	14,224,715	17,711,068	13,287,613
Additional gratuity provision	(2,492,347)	784,305	(2,503,203)	784,305
Equity share-based payment expense	684,647	536,326	480,787	536,327
Property and equipment written off	807,748	571,196	155,143	58,394
Net interest income	(139,269,885)	(94,381,272)	(114,689,035)	(90,045,956)
Unrealised foreign exchange loss on revaluation	5,246,704	4,679,257	5,326,545	16,040,232
Dividend income	(860,339)	(3,734,392)	(860,339)	(4,190,824)
	(29,766,677)	10,420,418	(22,208,991)	13,351,002
Changes in operating assets				
Non-pledged trading assets	7,668,843	(23,886,778)	7,668,843	(23,886,778)
Derivative financial instruments	(53,944,907)	(51,949,881)	(50,061,509)	(53,486,956)
Pledged assets	(111,232,105)	(116,643,250)	(114,482,878)	(115,281,271)
Restricted deposits	(130,490,427)	7,427,992	(129,978,902)	7,211,760
Loans and advances to banks and customers	(357,203,559)	(279,812,242)	(324,042,139)	(224,681,237)
Other assets	17,329,372	(14,804,294)	26,706,965	(15,255,636)
Changes in operating liabilities				
Deposits from banks	92,591,390	(41,152,364)	32,098,779	(71,650,088)
Deposits from customers	400,384,383	297,556,876	279,424,380	201,866,013
Other liabilities	44,215,294	55,607,305	43,444,582	47,224,229
Interest paid on deposits to banks and customers	(77,202,482)	(162,225,080)	(62,659,950)	(76,485,997)
Interest received on loans and advances	176,661,099	148,061,291	161,920,542	133,954,047
	(20,989,776)	(171,400,007)	(152,170,280)	(177,120,912)
Income tax paid	(8,007,140)	(6,259,617)	(5,222,302)	(4,125,701)
Net cash generated from operating activities	(28,996,915)	(177,659,624)	(157,392,582)	(181,246,613)
Cash flows from investing activities				
Acquisition of investment securities	(514,748,949)	(587,338,468)	(441,729,917)	(572,059,332)
Interest received on investment securities	38,148,395	76,711,827	23,716,900	35,576,603
Investment under management	(1,606,644)	-	(1,606,644)	-
Dividend received	860,339	3,734,392	860,339	4,190,824
Acquisition of property and equipment	(18,042,759)	(13,895,033)	(14,703,152)	(10,592,121)
Proceeds from the sale of property and equipment	10,905,226	1,194,234	436,417	1,170,354
Acquisition of intangible assets	(2,537,024)	(2,146,643)	(2,050,313)	(1,865,169)
Proceeds from matured investment securities	138,685,918	194,615,198	110,725,856	177,242,121
Proceeds from disposal of asset held for sale	39,116	-	39,116	-
Additional investment in subsidiary of subsidiaries	-	-	(13,800,006)	(4,572,450)
Proceeds from sale of investment securities	384,844,391	435,616,351	384,844,391	459,439,815
Proceeds from sale of equity investments	16,347,587	-	16,347,587	-
Net cash generated from investing activities	**52,895,595**	**108,491,858**	**63,080,575**	**88,530,645**
Cash flows from financing activities				
Interest paid on borrowings and debt securities issued	(25,791,092)	(20,522,742)	(24,892,489)	(14,930,520)
Proceeds from interest bearing borrowings	70,221,956	163,229,774	62,966,264	162,647,155
Repayment of interest bearing borrowings	(28,680,497)	(15,331,150)	(28,680,497)	(15,331,150)
Proceeds from right issues	-	39,961,131	-	39,961,131
Purchase of own shares	(1,581,171)	(1,033,492)	-	(1,033,490)
Dividends paid to owners	(15,910,384)	(15,280,704)	(15,910,384)	(15,241,014)
Debt securities issued	86,899,697	-	86,899,697	-
Net cash provided by financing activities	**85,158,509**	**151,022,818**	**80,382,590**	**156,072,112**
Net increase/(decrease) in cash and cash equivalents	109,057,189	81,855,052	(13,929,416)	63,356,144
Cash and cash equivalents at end of year	343,075,964	234,044,111	149,467,972	163,405,749
Cash and cash equivalents at beginning of year	234,044,111	152,748,398	163,405,749	100,897,058
Effect of exchange rate fluctuations on cash held	(25,336)	(559,339)	(8,360)	(847,452)
Net increase/ (decrease) in cash and cash equivalents	109,057,189	81,855,052	(13,929,417)	63,356,144

1.0 General information

Access Bank Plc ("the Bank") is a company domiciled in Nigeria. The address of the Bank's registered office is Plot 999c, Danmole Street, off Adeola Odeku/Idejo Street, Victoria Island, Lagos (formerly Plot 1665, Oyin Jolayemi, Victoria Island, Lagos). The consolidated financial statements of the Bank for the period ended 31 December 2016 comprise the Bank and its subsidiaries (together referred to as "the Group" and separately referred to as "Group entities"). The Group is primarily involved in investment, corporate, commercial and retail banking and is listed on the Nigerian Stock Exchange.
These financial statements were authorised for issue by the Board of Directors on 26 January 2017. The directors have the power to amend and reissue the financial statements.

2.0 Statement of compliance with International Financial Reporting Standards

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

3.0 Basis of preparation

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

3.1 Summary of significant accounting policies

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

(a) Functional and presentation currency

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

(b) Basis of measurement

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

- derivative financial instruments are measured at fair value.
- non-derivative financial instruments at fair value through profit or loss are measured at fair value.
- available-for-sale financial assets are measured at fair value.
- the liability for defined benefit obligations is recognised as the present value of the defined benefit obligation and related current service cost
- non-current assets held for sale measured at fair value less costs to sell. Investment property classified as non-current asset held for sale are measured at fair value, gain or loss arising from a change in the fair value of investment property is recognised in income statement for the period in which it arise.
- share based payment at fair value or an approximation of fair value allowed by the relevant standard.

(c) Use of estimates and judgments

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Information about significant areas of estimation uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated and separate financial statements are described in note 4.

3.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the group

Below are the IFRSs and International Financial Reporting Interpretations Committee (IFRIC) interpretations that are effective for the first time for the financial year beginning on or after 1 January 2016 that are relevant to the group.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Bank is currently at the impact assessment phase of the IFRS 9 journey. The focus is on understanding the IFRS 9 financial and operational implications, with outcomes being key inputs to the design and implementation phases. Also, the phase will help the bank identify any gaps with the implementation of IFRS 9, especially in terms of the people, processes, technology and controls that will be necessary to drive an effective implementation.

The Bank expects to enter the Design phase by Q1, 2017. This phase will involve obtaining information from current systems, adjusting the IT systems to capture the additional data requirements and determination of what constitutes a default and significant credit loss. By Q2 2017, will be ready for a parallel run of the IFRS 9 and IAS 39 standards.

IFRS 16 Leases (effective 1 January 2019)

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

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

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

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

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

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

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

Other IFRS that are relevant to the group include:

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

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

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

3.3 Basis of consolidation

(a) Subsidiaries

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

The Group reassess periodically whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed. The existence and effect of potential voting rights are considered when assessing whether the group controls another entity.
The Group assesses existence of control where it does not have more than 50% of the voting power i.e when it holds less than a majority of the voting rights of an investee. A group considers all relevant facts and circumstances in assessing whether or not it's voting rights are sufficient to give it power, including:

[i] a contractual arrangement between the group and other vote holders
[ii] rights arising from other contractual arrangements
[iii] the group's voting rights (including voting patterns at previous shareholders' meetings)
[iv] potential voting rights

The subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

(b) Business combinations

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

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights.
The Group measures goodwill at the acquisition date as the total of:
- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

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

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

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

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

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

(c) Loss of control

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

(d) Disposal of subsidiaries

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

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

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

(f) Transactions eliminated on consolidation

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

3.4 Segment reporting

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

3.5 Foreign currency translation

(a) Functional and presentation currency

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

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

(b) Transactions and balances

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

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

(c) Group companies

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

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

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

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

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

3.6 Operating income

(a) Interest income and expense

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

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

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

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

- interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest
- interest on available-for-sale investment securities calculated on an effective interest basis

(b) Fees and commission

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

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

Fee and commission presented in the income statement includes:

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

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

- Current account maintenance fees (formerly Commission on Turnover): This fee is charged as N1 on every N1,000 in respect of all customer induced debit transactions. This fee is recognised one-off by the bank.
- Other fees and commission income, includes card related commissions, commission on letters of credit, account servicing fees, investment management and other fiduciary activity fees, sales commission, placement fees and syndication fees. These fees and commissions are recognised as the related services are performed

(c) Net gains on investment securities

Net gains on investment securities comprise of the following:

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

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

(d) Foreign exchange income

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

(e) Other operating income

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

- Dividend on available for sale equity securities: This is recognised when the right to receive payment is established. Dividends are reflected as a component of other operating income.

3.7 Lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

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

3.8 Income tax

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

(a) Current tax

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

(b) Deferred tax

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

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

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

3.9 Financial assets and liabilities

In accordance with IAS 39, all financial assets and liabilities (which include derivative financial instruments) have to be reocognised in the consolidated statement of financial position and measured in accordance with their assigned category.
The table below reconciles classification of financial instruments to the respective IAS 34/39 category.

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

	Category (as defined by IAS 39)		**Class (as determined by the Group)**
Financial liabilities	Financial liabilities at fair value through profit or loss		Derivatives
	Financial liabilities at amortised cost		Deposits from banks
			Deposits from customers
			Interest bearing borrowings
			Debt securities issued
			Other liabilities

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

(a) Financial assets

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

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

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

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

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

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

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

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

[ii] Loans and receivables

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

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

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

Loans and receivables are initially recognised at fair value – which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date – and measured subsequently at amortised cost using the effective interest rate method. Loans and receivables are reported in the consolidated statement of financial position as loans and advances to banks or customers or as investment securities. Interest on loans is included in the consolidated income statement and is reported as 'Interest income'. In the case of an impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognised in the consolidated income statement under "net impairment loss on financial assets"

[iii] Held-to-maturity

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

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

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

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

[iv] Available-for-sale

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

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

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

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

Availabe for sale instruments include investment securities.

[v] Investments under management

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

The investment decision made by the Asset management within an agreed portfolio of high quality Nigerian fixed income and money market instruments which are usually short tenured.

The investments are carried as available-for-sale and accounting policy (3.9) (a) [iv] applies.

(b) Financial liabilities

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

[i] Financial liabilities at amortised cost

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

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

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

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

[ii] Financial liabilities at fair value

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

(c) De-recognition

[i] Financial assets

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

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

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

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

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

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

[ii] Financial liabilities

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

(d) Offsetting

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

Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity. See note 5.1.5

(e) Sale and repurchase agreements

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

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

(f) Measurement

[i] Amortised cost measurement

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

[ii] Fair value measurement

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

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

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

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases, the fair value of a financial instrument on initial recognition may be different to its transaction price. If such fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in the income statement on initial recognition of the instrument. In other cases the difference is not recognised in the income statement immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

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

(g) Identification and measurement of impairment

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

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

[i] Loans and receivables

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

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

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

[ii] Available for sale securities

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

For debt securities, the group uses the criteria referred to in (i) above to assess impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. For equity, a prolonged decline in the fair value of the security below its cost is also evidence that the asset is impaired. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through the income statement; otherwise, any increase in fair value is recognised through OCI. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is always recognised in OCI.

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

(h) Cash and balances with banks

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

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

(i) Repossessed collateral

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

(j) Derivative financial instruments

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

The Group mitigates the credit risk of derivatives by holding collateral in the form of cash.

(k) Reclassification of financial assets

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

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

(l) Pledged assets

Financial assets transferred to external parties that do not qualify for de-recognition are reclassified in the statement of financial position from financial assets held for trading or investment securities to assets pledged as collateral, if the transferee has received the right to sell or re-pledge them in the event of default from agreed terms.

Initial recognition of assets pledged as collateral is at fair value, whilst subsequent measurement is based on the classification of the financial asset. Assets pledged as collateral are either designated as held for trading, available for sale or held to maturity. Where the assets pledged as collateral are designated as held for trading, subsequent measurement is at fair value through profit and loss, whilst assets pledged as collateral designated as available for sale are measured at fair-value through equity. Assets pledged as collateral designated as held to maturity are measured at amortized cost.

3.10 Investment properties

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

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

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

3.11 Property and equipment

(a) Recognition and measurement

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

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

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

(b) Subsequent costs

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

(c) Depreciation

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

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

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

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

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

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

(d) De-recognition

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

3.12 Intangible assets

(a) Goodwill

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

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

(b) Software

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

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

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

3.13 Leases

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

A group company is the lessee

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

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

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

3.14 Impairment of non-financial assets

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

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

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

3.15 Discontinued operations

The Group presents discontinued operations in a separate line in the consolidated income statement if an entity or a component of an entity has been disposed of or is classified as held for sale and:
(a) Represents a separate major line of business or geographical area of operations;
(b) Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of

operations; or
(c) Is a subsidiary acquired exclusively with a view to resale (for example, certain private equity investments).

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

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

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

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

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

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

Investment property classified as non-current asset held for sale are measured at fair value, gain or loss arising from a change in the fair value of investment property is recognised in income statement for the period in which it arise.

3.17 Provisions

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

(a) Restructuring

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

3.18 Financial guarantees

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

3.19 Employee benefits

(a) Defined contribution plans

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obliagtion to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement when they are due in respect of service rendered before the end of the reporting period. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the reporting period in which the employees render the service are discounted to their present value at the reporting date.

The Bank operates a funded, defined contribution pension scheme for employees. Employees and the Bank contribute 8% and 10% respectively of the qualifying staff salary in line with the provisions of the Pension Reforms Act 2014.

(b) Termination benefits

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

(c) Long-term Incentive Plan

The Bank has a non-contributory, un-funded lump sum defined benefit plan for top executive management of the Bank from General Manager and above based on the number of years spent in these positions.

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

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is immediately recognized in the income statement. The Bank recognizes all actuarial gains or losses and all expenses arising from defined benefit plan immediately in the balance sheet, with a charge or credit to other comprehensive income (OCI) in the periods in which they occur. They are not recycled subsequently in the income statement.

(d) Short-term employee benefits

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

(e) Share-based payment remuneration scheme

The Group applies IFRS 2 Share Based Payments in accounting for employee remuneration in the form of shares. Employee incentives include awards in the form of shares The cost of the employee services received in respect of the shares or share granted is recognised in the income statement over the period that employees provide services, generally the period between the date the award is granted or notified and the vesting date of the shares. The overall cost of the award is calculated using the number of shares and options expected to vest and the fair value of the shares or options at the date of grant.
The number of shares expected to vest takes into account the likelihood that performance and service conditions

included in the
terms of the awards will be met. Failure to meet the non-vesting condition is treated as a forfieture, resulting in an acceleration of recognition of the cost of the employee services.
The fair value of shares is the market price ruling on the grant date, in some cases adjusted to reflect restrictions on transferability.

3.20 Share capital and reserves

(a) Share issue costs

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

(b) Dividend on the Bank's ordinary shares

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

(c) Treasury shares

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

(d) Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calcuated by dividing the profit and loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(e) Statutory credit reserve

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

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

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

The results of the application of Prudential Guidelines and the impairment determined for these assets under IAS 39 are compared. The IAS 39 determined impairment charge is always included in the income statement

Where the Prudential Guidelines provision is greater, the difference is appropriated from retained earnings and included in a non - distributable 'Statutory credit reserve'. Where the IAS 39 impairment is greater, no appropriation is made and the amount of IAS 39 impairment is recognised in income statement

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

4.0 Use of estimates and judgements

These disclosures supplement the commentary on financial risk management (see note 5). Estimates where management has applied judgements are:
(i) Allowances for credit losses
(ii)Valuation of financial instruments
(iii) Determination of fair value of investment property
(iv) Determination of impairment of property and equipment, and intangible assets excluding goodwill
(v) Assessment of impairment of goodwill on acquired subsidiaries
(vi) Defined benefit plan

Key sources of estimation uncertainty

(i) *Allowances for credit losses*

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

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

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

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

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

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

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

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

Had there been a 20% reduction in expected cashflows from all the significant impaired loans, there would have been an additional impairment of N2.2bn in the financial statements relating to this. In addition, if the PDs and LGDs were increased by 2%, there would have been an additional impairment charge of N21.1bn and if the PDs and LGDs decreased by 2%, there would have been a write back of impairment of N20.2bn.

	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
	Loans and advances to individuals		Loans and advances to corporates	
Impact on Profit before tax				
20% reduction in expected cashflow and trigger on customer rated 5	(2,204,979)	(3,288,201)	(2,204,979)	(2,421,278)
Increase in LGD and PD by 2%	(21,795,115)	(18,590,841)	(21,129,199)	(17,761,796)
Decrease in LGDs and PD by 2%	20,940,405	17,571,970	20,288,377	16,775,437
Increase in LGDs and PD by 10%	(23,504,536)	(20,746,946)	(22,911,741)	(19,852,878)
Decrease in LGDs and PD by 10%	19,230,984	15,662,340	18,707,632	14,930,831

Statement of prudential adjustments
Provisions under prudential guidelines are determined using the time based provisioning regime prescribed by the Revised Central Bank of Nigeria (CBN) Prudential Guidelines. This is at variance with the incurred loss model required by IFRS under IAS 39. As a result of the differences in the methodology/provision regime, there will be variances in the impairments allowances required under the two methodologies.

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

a) Provisions for loans recognised in the profit and loss account should be determined based on the requirements of IFRS. However, the IFRS provision should be compared with provisions determined under prudential guidelines and the expected impact/changes in general reserves should be treated as follows:

- Prudential Provisions is greater than IFRS provisions; the excess provision resulting should be transferred from the general reserve account to a "regulatory risk reserve".

- Prudential Provisions is less than IFRS provisions; IFRS determined provision is charged to the statement of comprehensive income. The cumulative balance in the regulatory risk reserve is thereafter reversed to the general reserve account

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

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

Statement of prudential adjustments *In thousands of Naira*		**December 2016**	**December 2015**
Bank	Note		
Loans & advances:			
Specific impairment allowances on loans to customers			
- Loans to Individuals	23(b)	405,200	250,624
- Loans to Corporate	23(b)	9,679,116	8,922,599
Specific impairment allowances on loans to banks	22		
Collective impairment allowances on loans to customers			
- Loans to Individuals	23(b)	1,039,812	861,632
- Loans to Corporates	23(b)	19,151,386	16,871,228
Collective impairment allowances on loans to banks	22	23,386	9,086
Total impairment allowances on loans per IFRS		**30,298,900**	**26,915,169**
Total regulatory impairment based on prudential gudielines		**65,357,166**	**64,741,551**
Balance, beginning of the year		37,826,382	17,001,981
Additional transfers to regulatory risk reserve		(2,768,116)	20,824,401
Balance, end of the year		**35,058,266**	**37,826,382**

The Central Bank of Nigeria (CBN) via its cicrular BSD/DIR/GEN/LAB/08/052 issued on 11 November 2015, directed banks in Nigeria to increase the general provision on performing loans from 1 percent to 2 percent for prudential review of credit portfolios in order to ensure adequate buffer against unexpected loan losses.

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

4.1.1 Recurring fair value measurements

In thousands of Naira
Group
December 2016

	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Investment under management	7,346,795	7,524,452	-	14,871,247
Non pledged trading assets				
Treasury bills	34,381,635	-	-	34,381,635
Bonds	10,170,293	18,304	-	10,188,597
Equity	59,348	-	-	59,348
Derivative financial instrument	-	156,042,984	-	156,042,984
Pledged assets				
Treasury bills	188,239,521	-	-	188,239,521
Bonds	7,516,209	-	-	7,516,209
Investment securities				
Available for sale				
Treasury bills	69,346,601	-	-	69,346,601
Bonds	29,252,094	3,431,482	-	32,683,577
Equity	1,147,387	7,451,138	50,069,030	58,667,555
Assets held for sale	-	-	140,727	140,727
	347,459,883	174,468,360	50,209,757	572,138,000
Liabilities				
Derivative financial instrument	-	30,444,501	-	30,444,501
	-	30,444,501	-	30,444,501

Group
December 2015

	Level 1	Level 2	Level 3	Total
Assets				
Investment under management	3,093,403	7,309,287	-	10,402,690
Non pledged trading assets				
Treasury bills	31,738,748	18,470,695	-	50,209,443
Bonds	2,025,000	-	-	2,025,000
Equity	63,979	-	-	63,979
Derivative financial instrument	-	77,905,020	-	77,905,020
Pledged assets				
Treasury bills	96,614,984	7,069,060	-	103,684,044
Bonds	18,669,957	-	-	18,669,957
Investment securities				
Available for sale				
Treasury bills	28,996,006	-	-	28,996,006
Bonds	56,842,367	4,361,847	-	61,204,214
Equity	741,096	8,317,689	35,696,780	44,755,565
Assets held for sale	-	-	179,843	179,843
	238,785,540	123,433,598	35,876,623	398,095,761
Liabilities				
Derivative financial instrument	-	3,077,927	-	3,077,927
	-	3,077,927	-	3,077,927

Bank
December 2016
In thousands of Naira

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

Bank
December 2015
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Investment under management	3,093,403	7,309,287	-	10,402,690
Non pledged trading assets				
Treasury bills	31,738,748	18,470,695	-	50,209,443
Bonds	2,025,000	-	-	2,025,000
Equity	63,979	-	-	63,979
Pledged assets				
Treasury bills	96,614,984	7,069,060	-	103,684,044
Bonds	18,669,957	-	-	18,669,957
Derivative financial instrument	-	77,852,349	-	77,852,349
Investment securities				
Available for sale				
Treasury bills	10,436,981	-	-	10,436,981
Bonds	56,842,367	3,853,736	-	60,696,103
Equity	741,096	8,317,689	35,696,780	44,755,565
Asset held for sale	-	-	179,843	179,843
	220,226,515	122,872,816	35,876,623	378,975,954
Liabilities				
Derivative financial instrument		2,416,378		2,416,378
	-	2,416,378	-	2,416,378

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

4.1.2 Financial instruments not measured at fair value

Group
December 2016
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	714,858,231	-	714,858,231
Investment under management	-	-	-	-
Loans and advances to banks	-	45,847,527	-	45,847,527
Loans and advances to customers	-	-	1,771,419,816	1,771,419,816
Pledged assets				
Treasury bills	-	-	-	-
Bonds	79,336,927	-	-	79,336,927
Investment securities				
Held to Maturity				
Treasury bills	27,347,558	-	-	27,347,558
Bonds	30,729,231	-	-	30,729,231
Other assets	-	-	41,796,068	41,796,068
	137,413,716	760,705,758	1,813,215,884	2,711,335,359
Liabilities				
Deposits from financial institutions	-	167,356,583	-	167,356,583
Deposits from customers	-	2,101,625,991	-	2,101,625,991
Other liabilities	-	-	111,117,648	111,117,648
Debt securities issued	97,513,653	-	-	97,513,653
Interest-bearing borrowings	72,895,869	303,178,641	-	376,074,510
	170,409,522	2,572,161,215	111,117,648	2,853,688,386

Group
December 2015
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	478,409,336	-	478,409,336
Investment under management	918	-	-	918
Loans and advances to banks	-	43,117,434	-	43,117,434
Loans and advances to customers	-	-	1,364,822,146	1,364,822,146
Pledged assets				
Treasury bills	-	-	-	-
Bonds	58,349,639	-	-	58,349,639
Investment securities				
Held to Maturity				
Treasury bills	7,665,767		-	7,665,767
Bonds	58,349,638	5,559,182	-	63,908,820
Other assets	-	-	72,160,739	72,160,739
	124,365,962	527,085,952	1,436,982,885	2,088,434,799

	Level 1	Level 2	Level 3	Total
Liabilities				
Deposits from financial institutions	-	72,910,858	-	72,910,858
Deposits from customers	-	1,682,766,276	-	1,682,766,276
Other liabilities	-	65,277,321	-	65,277,321
Debt securities issued	137,841,311	-	-	137,841,311
Interest-bearing borrowings	-	236,648,640	-	236,648,640
	137,841,311	2,057,603,095	-	2,195,444,406

Bank
December 2016
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	517,997,249	-	517,997,249
Investment under management	-	-	-	-
Loans and advances to banks	-	45,847,527	-	45,847,527
Loans and advances to customers	-	-	1,584,350,701	1,584,350,701
Pledged assets				
Treasury bills	-	-	-	-
Bonds	79,336,927	-	-	79,336,927
Investment securities				
Held to maturity				
Treasury bills	-	-	-	-
Bonds	30,729,231	-	-	30,729,231
Other Assets	-	-	33,265,072	33,265,072
	110,066,158	563,844,776	1,617,615,772	2,291,526,707
Liabilities				
Deposits from financial institutions	-	95,107,837	-	95,107,837
Deposits from customers	-	1,825,471,578	-	1,825,471,578
Other liabilities	-	-	105,287,724	105,287,724
Debt securities issued	227,210,069	-	-	227,210,069
Interest-bearing borrowings	72,895,869	303,178,641	-	376,074,510
	300,105,938	2,223,758,056	105,287,724	2,629,151,718

Bank
December 2015
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	405,998,636	-	405,998,636
Investment under management	918	-	-	918
Loans and advances to banks	-	60,276,940	-	60,276,940
Loans and advances to customers	-	-	1,242,206,624	1,242,206,624
Pledged assets				
Treasury bills	-	-	-	-
Bonds	58,573,185	-	-	58,573,185
Investment securities				
Held to maturity				
Treasury bills	-	-	-	-
Bonds	35,949,492	2,750,701	-	38,700,193
Other Assets	-	-	69,509,746	69,509,746
	94,523,595	469,026,277	1,311,716,370	1,875,266,242
Liabilities				
Deposits from financial institutions	-	63,342,003	-	63,342,003
Deposits from customers	-	1,527,735,839	-	1,527,735,839
Other liabilities	-	62,871,485	-	62,871,485
Debt securities issued	69,591,973	-	-	69,591,973
Interest-bearing borrowings	68,249,338	236,066,022	-	304,315,360
	137,841,311	1,890,015,349	-	2,027,856,660

Financial instrument measured at fair value

(a) Financial instruments in level 1

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

(b) Financial instruments in level 2

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

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

(c) Financial instruments in level 3

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

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

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

(ii) Determination of fair value of financial instruments.

Valuation techniques used to derive Level 2 fair values

Level 2 fair values of investments have been generally derived using the Market approach. These securities are not actively traded and the price used in the valuation is are prices as at the last trade date of these securities. Below is a table showing sensitivity analysis of material unquoted investments categorised as Level 2 fair values.

Description	Fair value at 31 December 2016	Valuation Technique	Observable Inputs	Fair value if inputs increased by 5%	Fair value if inputs decreased by 5%	Relationship of unobservable inputs to fair value
Investment in MTN	7,451,138	Fair value through quoted share price as at last trade date.	Share price from last trade date Number of units owned by Access bank	7,823,695	7,078,581	The higher the share price as at the last trade date, the higher the fair value

Valuation techniques used to derive Level 3 fair values

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

Description	Fair value at 31 December 2016	Valuation Technique	Observable Inputs	Fair value if inputs increased by 5%	Fair value if inputs decreased by 5%	Fair value if unobservable inputs increased by 5%	Fair value if unobservable inputs decreased by 5%	Relationship of unobservable inputs to fair value
Investment in African Finance Corporation	44,230,177	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	46,441,686	42,018,669	55,287,722	33,172,633	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Investment in Unified Payment System	2,340,346	Adjusted fair value comparison approach	Median of Enterprise value to EBITDA ratio (EV/EBITDA) of similar comparable companies	2,457,363	2,223,329	2,197,593	2,483,099	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Investment in CSCS	1,559,612	Adjusted fair value comparison approach	Median of Enterprise value to EBITDA ratio (EV/EBITDA) of similar comparable companies	1,637,593	1,481,632	1,439,677	1,679,548	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Investment in NIBSS	1,175,570	Adjusted fair value comparison approach	Weighted Price to earnings (P/E) ratio of similar comparable companies	1,234,349	1,116,792	1,048,217	1,302,924	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Investment in Afrexim	10,754	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	11,291	10,216	10,574	10,933	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Investment in FMDQ	130,610	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	137,141	124,080	118,482	142,739	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value

Investment in CRC	281,626	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	295,708	267,545	261,588	301,662	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Nigerian Mortage Refinance Company	93,186	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	97,845	88,526	89,858	96,514	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value

Reconciliation of Level 3 Items

The following tables presents the changes in Level 3 instruments for the year 31 December 2016

Equity Securities - Available for Sale	**Group December 2016**	**Group December 2015**	**Bank December 2016**	**Bank December 2015**
Opening balance	37,159,966	35,523,466	35,516,671	34,035,133
Total unrealised gains or (losses) in OCI	15,449,958	1,528,754	15,449,958	1,373,792
Reclassification to profit or loss	(2,540,893)	107,746	(1,144,748)	107,746
Balance, year end	50,069,031	37,159,966	49,821,881	35,516,671

Assets Held for Sale	**Group December 2016**	**Group December 2015**	**Bank December 2016**	**Bank December 2015**
Opening balance	179,843	23,438,484	179,843	23,438,484
Cost of Asset Additions/ (Disposal)	(39,116)	(23,258,641)	(39,116)	(23,258,641)
Balance, year end	140,727	179,843	140,727	179,843

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

Disclosure Requirements for Level 3 Financial Instruments

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

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

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

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

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

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

Step 6: Multipy the Adjusted Equity value by the present exchange rate for foreign currency investment
Step 7: Compare theAdjusted Equity value with the carrying value of the investment company to arrive at a net gain or loss

a. Enterprise Value (EV):
Enterprise value measures the value of the ongoing operations of a company.It is calculated as the market capitalization plus debt, minority interest and preferred shares, minus total cash and cash equivalents of the company .

b. Earnings Before Interest ,Tax Depreciation and Tax (EBITDA):
EBITDA is earnings before interest, taxes, depreciation and amortization. EBITDA is one of the indicator's of a company's financial performance and is used as a proxy for the earning potential of a business.

EBITDA = Operating Profit + Depreciation Expense + Amortization Expense

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

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

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

Valuation Assumptions :

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

Valuation Technique Asset Held for Sale:

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

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

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

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

(iii) ***Assessment of impairment of goodwill on acquired subsidiaries***
Goodwill on acquired subsidiaries was tested for impairment using discounted cash flow valuation method. Projected cash flows were discounted to present value using a discount rate of 19.50% (Dec. 2015: 19.1%) and a cash flow growth rate of 6.62% (Dec. 2015: 7.96%) over a period of four years. The Group determined the appropriate discount rate at the end of the year. See note 29b for further details.

(iv) ***Defined benefit plan***
The present value of the long term incentive plan depends on a number of factors that are determined in an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of obligations. The assumptions used in determining the net cost (income) for pensions include the discount rate. The Group determines the appropriate discount rate at the end of the year. In determining the appropriate discount rate, reference is made to the yield on Nigerian Government Bonds that have maturity dates approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions. See note 37 for the sensitivity analysis.

4.3 Financial assets and liabilities
Fair value measurement
Accounting classification measurement basis and fair values

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

Group *In thousands of Naira* **31 December 2016**	**Trading**	**Derivatives held for trading**	**Held-to-maturity**	**Loans and receivables at amortized cost**	**Available-for-sale**	**Fair value through profit or loss**	**Financial Liabilities measured at amortized cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	-	-	-	713,889,105	-	-	-	713,889,105	714,858,231
Investment under management	-	-	-	-	-	14,871,247	-	14,871,247	14,871,247
Non pledged trading assets									
Treasury bills	34,381,635	-	-	-	-	-	-	34,381,635	34,381,635
Bonds	10,188,597	-	-	-	-	-	-	10,188,597	10,188,597
Equity	59,348	-	-	-	-	-	-	59,348	59,348
Derivative financial instruments	-	156,042,984	-	-	-	-	-	156,042,984	156,042,984
Loans and advances to banks	-	-	-	45,203,002	-	-	-	45,203,002	45,847,527
Loans and advances to customers	-	-	-	1,809,459,172	-	-	-	1,809,459,172	1,771,419,816
Pledged assets									
Treasury bills	105,841,302	-	-	-	82,398,218	-	-	188,239,520	188,239,521
Bonds	-	-	119,191,773	-	7,516,209	-	-	126,707,982	86,853,136
Investment securities									
- Available for sale									
Treasury bills	-	-	-	-	69,346,601	-	-	69,346,601	69,346,601
Bonds	-	-	-	-	32,648,488	-	-	32,648,488	32,683,577
Equity	-	-	-	-	58,667,555	-	-	58,667,555	58,667,555
- Held to Maturity									
Treasury bills	-	-	27,350,114	-	-	-	-	27,350,114	27,347,558
Bonds		-	41,101,014	-	-	-	-	41,101,014	30,729,231
Other assets	-	-	-	41,796,068	-	-	-	41,796,068	41,796,068
	150,470,882	**156,042,984**	**187,642,901**	**2,610,347,347**	**250,577,071**	**14,871,247**	**-**	**3,369,952,432**	**3,283,332,632**
Deposits from financial institutions	-	-	-	-	-	-	167,356,583	167,356,583	167,356,583
Deposits from customers	-	-	-	-	-	-	2,089,197,286	2,089,197,286	2,101,625,991
Other liabilities	-	-	-	-	-	-	111,117,648	111,117,648	111,117,648
Derivative financial instruments	-	30,444,501		-	-	-	-	30,444,501	30,444,501
Debt securities issued	-	-	-	-	-	-	316,544,502	316,544,502	97,513,653
Interest bearing borrowings	-	-	-	-	-	-	299,543,707	299,543,707	376,074,510
	-	**30,444,501**	**-**	**-**	**-**	**-**	**2,983,759,726**	**3,014,204,227**	**2,884,132,886**

Group *In thousands of Naira* **31 December 2015**	**Trading**	**Derivatives held for trading**	**Held-to-maturity**	**Loans and receivables at amortized cost**	**Available-for-sale**	**Fair value through profit or loss**	**Financial Liabilities measured at amortized cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	-	-	-	478,409,336	-	-	-	478,409,336	478,409,336
Investment under management	-	-	918	-	-	10,402,690	-	10,403,608	10,406,579
Non pledged trading assets									
Treasury bills	50,209,443	-	-	-	-	-	-	50,209,443	50,209,443
Bonds	2,025,000	-	-	-	-	-	-	2,025,000	2,025,000
Equity	63,979	-	-	-	-	-	-	63,979	63,979
Derivative financial instruments	-	77,905,020	-	-	-	-	-	77,905,020	77,905,020
Loans and advances to banks	-	-	-	42,733,910	-	-	-	42,733,910	43,117,434
Loans and advances to customers	-	-	-	1,365,830,831	-	-	-	1,365,830,831	1,364,822,146
Pledged assets									
Treasury bills		-	3,250,773	-	103,684,044	-	-	106,934,817	106,934,817
Bonds	-	-	78,110,623		18,669,957	-	-	96,780,580	77,019,596
Investment securities									
- Available for sale									
Treasury bills	-	-	-	-	28,996,006	-	-	28,996,006	28,996,006
Bonds	-	-	-	-	61,204,214	-	-	61,204,214	61,204,214
Equity	-	-	-	-	44,592,330	-	-	44,592,330	44,592,330
- Held to Maturity									
Treasury bills	-	-	7,687,281	-	-	-	-	7,687,281	7,665,767
Bonds		-	43,743,295	-	-	-	-	43,743,295	44,320,781
Other assets	-	-	-	72,160,739	-	-	-	72,160,739	72,160,739
	52,298,422	**77,905,020**	**132,792,890**	**1,959,134,816**	**257,146,551**	**10,402,690**	**-**	**2,489,680,389**	**2,469,853,187**
Deposits from financial institutions	-	-	-	-	-	-	72,914,421	72,914,421	72,910,858
Deposits from customers	-	-	-	-	-	-	1,683,244,320	1,683,244,320	1,682,766,276
Other liabilities	-	-	-	-	-	-	65,277,321	65,277,321	65,277,321
Derivative financial instruments	-	3,077,927		-	-	-	-	3,077,927	3,077,927
Debt securities issued	-	-	-	-	-	-	149,853,640	149,853,640	137,841,311
Interest bearing borrowings	-	-	-	-	-	-	231,467,161	231,467,161	236,648,640
	-	**3,077,927**	**-**	**-**	**-**	**-**	**2,202,756,863**	**2,205,834,790**	**2,198,522,333**

Bank *In thousands of Naira* **31 December 2016**	**Trading**	**Derivatives held for trading**	**Held-to-maturity**	**Loans and receivables at amortised cost**	**Available-for-sale**	**Fair value through profit or loss**	**Financial Liabilities measured at amortized cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	-	-	-	517,997,249	-	-	-	517,997,249	517,997,249
Investment under management	-	-	-	-	-	14,871,247	-	14,871,247	14,871,247
Non pledged trading assets									
Treasury bills	34,381,635	-	-	-	-	-	-	34,381,635	34,381,635
Bonds	10,188,597	-	-	-	-	-	-	10,188,597	10,188,597
Equity	59,348							59,348	59,348
Derivative financial instruments	-	155,772,662	-	-	-	-	-	155,772,662	155,772,662
Loans and advances to banks	-	-	-	104,006,574	-	-	-	104,006,574	45,847,527
Loans and advances to customers	-	-	-	1,594,562,345	-	-	-	1,594,562,345	1,584,350,701
Pledged assets									
Treasury bills	105,841,302	-	-	-	82,398,218	-	-	188,239,520	188,239,521
Bonds	-	-	119,191,773	-	7,516,209	-	-	126,707,982	86,853,136
Investment securities									
Available for sale									
Treasury bills	-	-	-	-	40,960,665	-	-	40,960,665	40,960,665
Bonds	-	-	-	-	21,456,519	-	-	21,456,519	21,456,519
Equity	-	-	-	-	58,420,406	-	-	58,420,406	58,420,406
Held to maturity									
Treasury bills	-	-	-	-	-	-	-	-	-
Bonds	-	-	40,363,051	-	-	-	-	40,363,051	30,729,231
Other assets	-	-	-	36,232,930	-	-	-	36,232,930	36,232,930
	150,470,882	**155,772,662**	**159,554,824**	**2,252,799,099**	**210,752,017**	**14,871,247**	**-**	**2,944,220,730**	**2,826,361,373**
Deposits from financial institutions	-	-	-	-	-	-	95,122,188	95,122,188	95,107,837
Deposits from customers	-	-	-	-	-	-	1,813,042,872	1,813,042,872	1,825,471,578
Derivative financial instruments	-	30,275,181	-	-	-	-	-	30,275,181	30,275,181
Other liabilities	-	-	-	-	-	-	105,287,724	105,287,724	105,287,724
Debt securities issued						-	243,952,418	243,952,418	227,210,069
Interest bearing borrowings	-	-	-	-	-	-	372,179,785	372,179,785	376,074,510
	-	**30,275,181**	**-**	**-**	**-**	**-**	**2,629,584,987**	**2,659,860,168**	**2,659,426,899**

Bank *In thousands of Naira* **31 December 2015**	**Trading**	**Derivatives held for trading**	**Held-to-maturity**	**Loans and receivables at amortised cost**	**Available-for-sale**	**Fair value through profit or loss**	**Financial Liabilities measured at amortized cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	-	-	-	405,998,636	-	-	-	405,998,636	405,998,636
Investment under management	-	-	918	-	-	10,402,690	-	10,403,608	10,406,579
Non pledged trading assets									
Treasury bills	50,209,443	-	-	-	-	-	-	50,209,443	50,209,443
Bonds	2,025,000	-	-	-	-	-	-	2,025,000	2,025,000
Equity	63,979							63,979	63,979
Derivative financial instruments	-	77,852,349	-	-	-	-	-	77,852,349	77,852,349
Loans and advances to banks	-	-	-	60,414,721	-	-	-	60,414,721	60,276,940
Loans and advances to customers	-	-	-	1,243,215,309	-	-	-	1,243,215,309	1,242,206,624
Pledged assets									
Treasury bills	-	-	-	-	103,684,044	-	-	103,684,044	103,684,044
Bonds	-	-	78,110,623	-	18,669,957	-	-	96,780,580	77,243,142
Investment securities									
Available for sale									
Treasury bills	-	-	-	-	10,436,981	-	-	10,436,981	10,436,981
Bonds	-	-	-	-	60,696,103	-	-	60,696,103	60,696,103
Equity	-	-	-	-	44,575,185	-	-		44,755,565
Held to maturity									
Treasury bills	-	-	-	-	-	-	-	-	-
Bonds	-	825,225,321	40,286,529	-	-	-	-	865,511,850	38,700,193
Other assets	-	-	-	69,509,746	-	-	-	69,509,746	69,509,746
	52,298,422	**903,077,670**	**118,398,070**	**1,779,138,412**	**238,062,270**	**10,402,690**	**-**	**3,056,802,349**	**2,254,065,324**
Deposits from financial institutions	-	-	-	-	-	-	63,343,785	63,343,785	63,342,003
Deposits from customers	-	-	-	-	-	-	1,528,213,883	1,528,213,883	1,527,735,839
Derivative financial instruments	-	2,416,378	-	-	-	-	-	2,416,378	2,416,378
Other liabilities	-	-	-	-	-	-	62,871,485	62,871,485	62,871,485
Debt securities issued	-	-	-	-	-	-	78,516,655	78,516,655	69,591,973
Interest bearing borrowings	-	-	-	-	-	-	302,919,987	302,919,987	304,315,360
	-	**2,416,378**	**-**	**-**	**-**	**-**	**2,035,865,795**	**2,038,282,173**	**2,030,273,038**

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

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

(i) Cash

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

(ii) Loans and advances to banks and customers

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

(iii) Investment securities, Pledged and Non-Pledged trading assets

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

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

(iv) Other assets

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

(v) Deposits from banks and customers

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

(vi) Other liabilities

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

(vii) Interest bearing borrowings

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

5.1 Credit risk management

5.1.1 Maximum exposure to credit risk before collateral held or other credit enhancements

Credit risk exposures relating to financial assets are as follows:

In thousands of Naira	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
Cash and balances with banks				
- Current balances with banks outside Nigeria	115,380,195	85,299,149	106,594,205	57,546,509
- Unrestricted balances with central banks	139,954,922	90,721,388	33,160,736	74,158,434
- Restricted balances with central banks	250,831,529	249,954,817	248,547,664	248,182,477
- Money market placements	119,826,012	52,433,982	41,798,197	26,111,216
- Other deposits with central banks	87,896,447	-	87,896,447	-
Investment under management	14,871,247	10,403,608	14,871,247	10,403,608
Non pledged trading assets				
Treasury bills	34,381,635	50,209,443	34,381,635	50,209,443
Bonds	10,188,597	2,025,000	10,188,597	2,025,000
Derivative financial instruments	156,042,984	77,905,020	155,772,662	77,852,349
Loans and advances to banks	45,203,002	42,733,910	104,006,574	60,414,721
Loans and advances to customers	1,809,459,172	1,365,830,831	1,594,562,345	1,243,215,309
Pledged assets				
Treasury bills	188,239,520	106,934,817	188,239,520	103,684,044
Bonds	126,707,982	96,780,580	126,707,982	96,780,580
Investment securities				
Available for sale				
Treasury bills	69,346,601	28,996,006	40,960,665	10,436,981
Bonds	231,874,433	61,204,214	163,961,303	60,696,103
Held to Maturity				
Treasury bills	27,350,114	7,687,281	-	-
Bonds	41,101,014	43,743,295	40,363,051	40,286,529
Other assets	41,796,068	72,160,739	33,265,072	69,509,746
Total	**3,510,451,474**	**2,445,024,080**	**3,025,277,903**	**2,231,513,049**
Off balance sheet exposures				
Transaction related bonds and guarantees	186,251,718	221,127,530	136,163,848	218,067,025
Guaranteed facilities	99,582,709	94,135,927	85,513,821	91,640,933
Clean line facilities for letters of credit and other commitments	261,208,243	188,826,683	158,994,793	160,094,292
Future, swap and forward contracts	933,073,893	468,759,809	900,436,358	440,800,900
Total	**1,480,116,563**	**972,849,949**	**1,281,108,820**	**910,603,150**

Balances included in Other Assets above are those subject to credit risks. The table above shows a worst-case scenario of credit risk exposure to the Group as at 31 December 2016 and 31 December 2015, without taking account of any collateral held or other credit enhancements attached.

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

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

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

In thousands of Naira	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
Agriculture	22,746,128	19,176,019	16,358,431	15,937,248
Construction	136,719,717	87,879,130	107,339,808	76,829,699
Education	2,866,466	2,113,599	1,411,646	2,016,754
Finance and insurance	24,432,492	21,037,838	21,309,881	18,642,306
General	65,759,892	53,774,970	58,753,541	52,277,961
General commerce	192,758,058	159,870,596	139,729,100	133,869,178
Government	265,754,095	169,073,246	265,300,462	168,626,536
Information And communication	118,887,314	121,177,114	114,360,925	118,922,511
Other Manufacturing (Industries)	98,361,843	72,850,211	77,233,498	57,301,618
Basic Metal Products	2,978,984	2,682,493	2,978,984	2,682,493
Cement	26,141,390	26,147,216	26,141,390	26,147,216
Conglomerate	31,074,505	14,766,577	31,074,505	14,766,577
Steel Rolling Mills	65,431,551	53,920,584	65,431,551	53,920,584
Flourmills And Bakeries	5,045,937	13,642	5,045,937	13,642
Food Manufacturing	29,921,021	15,094,847	22,140,950	14,642,665
Oil And Gas - Downstream	155,875,311	137,651,684	130,605,016	115,343,768
Oil And Gas - Services	204,208,802	117,106,760	201,268,821	115,659,696
Oil And Gas - Upstream	105,211,512	61,020,646	105,211,512	61,020,646
Crude oil refining	33,386,262	28,860,271	33,386,262	28,860,271
Real estate activities	134,617,760	104,749,765	128,653,753	100,157,931
Transportation and storage	64,919,122	74,287,655	52,966,761	70,899,610
Power and energy	21,406,071	15,955,628	9,465,028	8,099,644
Professional, scientific and technical activities	3,229,824	7,474,460	1,913,153	6,727,525
Others	33,431,407	27,836,688	6,756,944	6,755,313
	1,845,165,464	**1,394,521,639**	**1,624,837,859**	**1,270,121,392**

FINANCIAL RISK MANAGEMENT

Our Enterprise Risk Management Remains Custom-made

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

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

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

Access Bank views and treats risks as an intrinsic part of business and maintains a disciplined approach to its management of risk. Its Group Risk functions remain dynamic and responsive to the needs of stakeholders as it improves its focus on the inter-relationships between risk types. It uses periodic reviews of risk exposure limits and risk control to position itself against adverse scenarios. This is an invaluable tool with which the bank predicted and successfully managed the headwinds – local and global – which continued to impact the macroeconomy in the first half of 2016. Market volatility and economic uncertainty, as witnessed in 2008, are typically contained because the Group regularly subjects its exposures to a range of stress tests across a wide variety of products, currencies, portfolios and customer segments.

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

Risk strategies and policies are set by the Board of Directors of Access Bank. These policies, which define acceptable levels of risk for day-to-day operations as well as the willingness of Access Bank to assume risk, weighed against the expected rewards are detailed in the Enterprise Risk Management (ERM) Framework, which is a structured approach to identifying opportunities, assessing the risk inherent in these opportunities and actively managing these risks in a cost-effective manner. Specific policies are also in place for managing risks in the different core risk areas of credit, market and operational risks as well as for other key risks such as liquidity, strategic and reputational risks.

RISK MANAGEMENT FRAMEWORK

The role of the Group Chief Risk Officer in Access Bank remains pivotal as he has the primary responsibility for the overall risk management and effective ERM Framework of both the Bank and its subsidiaries. He provides robust challenge to the management teams based on quantitative and qualitative metrics. Though amendments to the Bank's ERM Framework require Board approval, the risk management division is responsible for the enforcement of the Bank's risk policy by constantly monitoring risk, with the aim of identifying and quantifying significant risk exposures and acting upon such exposures as necessary.

Risk Management in Access Bank Plc. has become a culture and everyone, from the most junior officer to the Executive Management has cultivated the risk culture. The bank officers approach every banking transaction with care, taking into consideration the bank's acceptable risk appetite.

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

Risk Management Framework

All activities and processes of Access Bank, involve the identification, measurement, evaluation, acceptance and management of risk or combinations of risks. The Board, advised by the various Board and Management Risk Committees, requires and encourages a strong risk governance culture which shapes the Group's attitude to risk. We believe that risk management encompasses the insights delivered by information which facilitate appropriate actions. Access Bank benefits from having enhanced its Group risk management framework, which gives full Group-wide coverage of a variety of risks. Our annual risk cycle is designed to give management relevant, up-to-date information from which trends can be observed and assessed. The governance structure supporting our risk cycle is designed to deliver the right information, at the right time, to the right people.

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

Risk, by definition, is dynamic in nature. The management of risk, consequently, must be evolving, necessitating regular review of the effectiveness of each enterprise risk management component. It is in the light of this that Access Bank's ERM Framework is subject to continuous review to ensure effective and cutting-edge risk management. The review is done in both of the following ways: via continuous self-evaluation and monitoring by the risk management and compliance functions in conjunction with internal audit; and through independent evaluation by external auditors, examiners and consultants.

RISK MANAGEMENT FRAMEWORK

We are running an automated and workflow-driven approach to managing, communicating, and implementing Governance, Risk Management and Compliance (GRC) policies and procedures across the Bank. This provides an integrated and flexible platform for documenting and analysing risks, developing mitigation plans, defining controls, and managing ongoing risk assessments. It provides clear visibility on key risk indicators, assessment results, and compliance initiatives with integrated reporting of self-assessments, independent assessments, and automated controls.

We believe that understanding and managing our risks and continuously improving our controls are central to the delivery of our strategic objectives. The Board's risk committees play an active role in ensuring that we undertake well-measured, profitable risk-taking activities that support long-term sustainable growth.

Balancing Risk and Return

Balancing risk and return and taking cognisance of the capital required demands rigorous analysis. The ultimate aim is to optimize the upside and minimize the downside with a view to adding value to our shareholders, and providing security to our other capital providers and clients, as well as ensuring overall sustainability in our business activities.

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

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

Our objective of balancing risk, return and capital has led us to enhance substantially our risk management methodologies, in order to be able to identify threats, uncertainties and opportunities and in turn develop mitigation and management strategies to achieve an optimal outcome.

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

Enterprise-wide Scenario and Stress Testing

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

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

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

Risk Analytics and Reporting

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

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

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

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

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

Data Management and Integration.

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

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

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

Integrated Risk Analytics

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

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

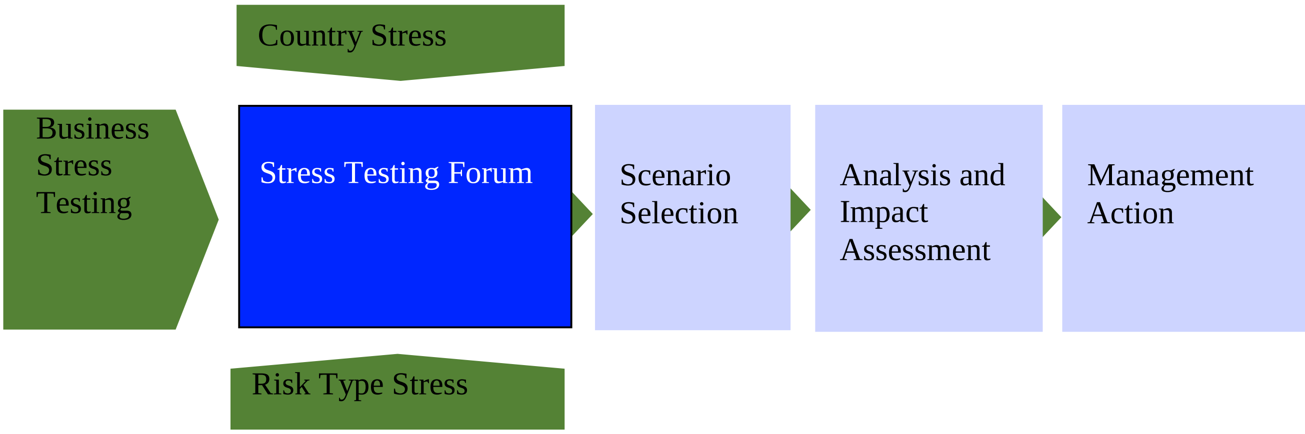
In 2015, the group deepened the Risk Embedded Performance Management Frame work as part of the process of maintaining and aligning behaviours with the Bank's moderate risk appetite. Business performance will subsequently be monitored with a focus on financial performance and risk exposures being aligned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

Integrated Risk Reporting.

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

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

Stress testing framework



Our stress testing framework is designed to:

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

RISK MANAGEMENT FRAMEWORK

Risk Management Philosophy, Culture, Appetite and Objectives

Access Bank's Risk Culture Statement:

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

Access Bank's Risk management philosophy and culture remain fundamental to the delivery of our strategic objectives. Risk management is at the core of the operating structure of the group. We seek to limit adverse variations in earnings and capital by managing risk exposures within our moderate risk appetite. Our risk management approach includes minimizing undue concentrations of exposure, limiting potential losses from stress events and the prudent management of liquidity.

The Bank's acclaimed risk management process has continued to achieve desired results as evidenced by improved risk ratios and independent risk ratings. In line with the Group's core value of excellence, the Group's risk management is continuously evolving and improving, given that there can be no assurance that all market developments, in particular those of extreme nature, can be fully anticipated at all times. Hence, executive management has remained closely involved with important risk management initiatives, which have focused particularly on preserving appropriate levels of liquidity and capital, as well as managing the risk portfolios.

Risk management is fundamental to the Group's decision-making and management process. It is embedded in the role of all employees via the organizational culture, thus enhancing the quality of strategic, capital allocation and day-to-day business decisions.

Access Bank considers risk management philosophy and culture as the set of shared beliefs, values, attitudes and practices that characterize how the Bank considers risk in everything it does, from strategy development and implementation to its day-to-day activities. In this regard, the Bank's risk management philosophy is that a moderate and guarded risk attitude ensures sustainable growth in shareholder value and reputation.

The Bank believes that enterprise risk management provides the superior capabilities to identify and assess the full spectrum of risks and to enable staff at all levels to better understand and manage risks. This will ensure that:

- Risk acceptance is done in a responsible manner;
- The executive and the Board of the Bank have adequate risk management support;
- Uncertain outcomes are better anticipated;
- Accountability is strengthened; and
- Stewardship is enhanced.

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

a) Management and staff:
- Consider all forms of risk in decision-making;

- Create and evaluate business-unit and Bank-wide risk profile to consider what is best for their individual business units/department and what is best for the Bank as a whole;
- Adopt a portfolio view of risk in addition to understanding individual risk elements;
- Retain ownership and accountability for risk and risk management at the business unit or other point of influence level;
- Accept that enterprise risk management is mandatory, not optional;
- Strive to achieve best practices in enterprise risk management;
- Document and report all significant risks and enterprise-risk management deficiencies;
- Adopt a holistic and integrated approach to risk management and bring all risks together under one or a limited number of oversight functions;
- Empower risk officers to perform their duties professionally and independently without undue interference;
- Ensure a clearly defined risk management governance structure;
- Ensure clear segregation of duties between market facing business units and risk management/control functions;
- Strive to maintain a conservative balance between risk and profit considerations; and
- Continue to demonstrate appropriate standards of behaviour in development of strategy and pursuit of objectives.

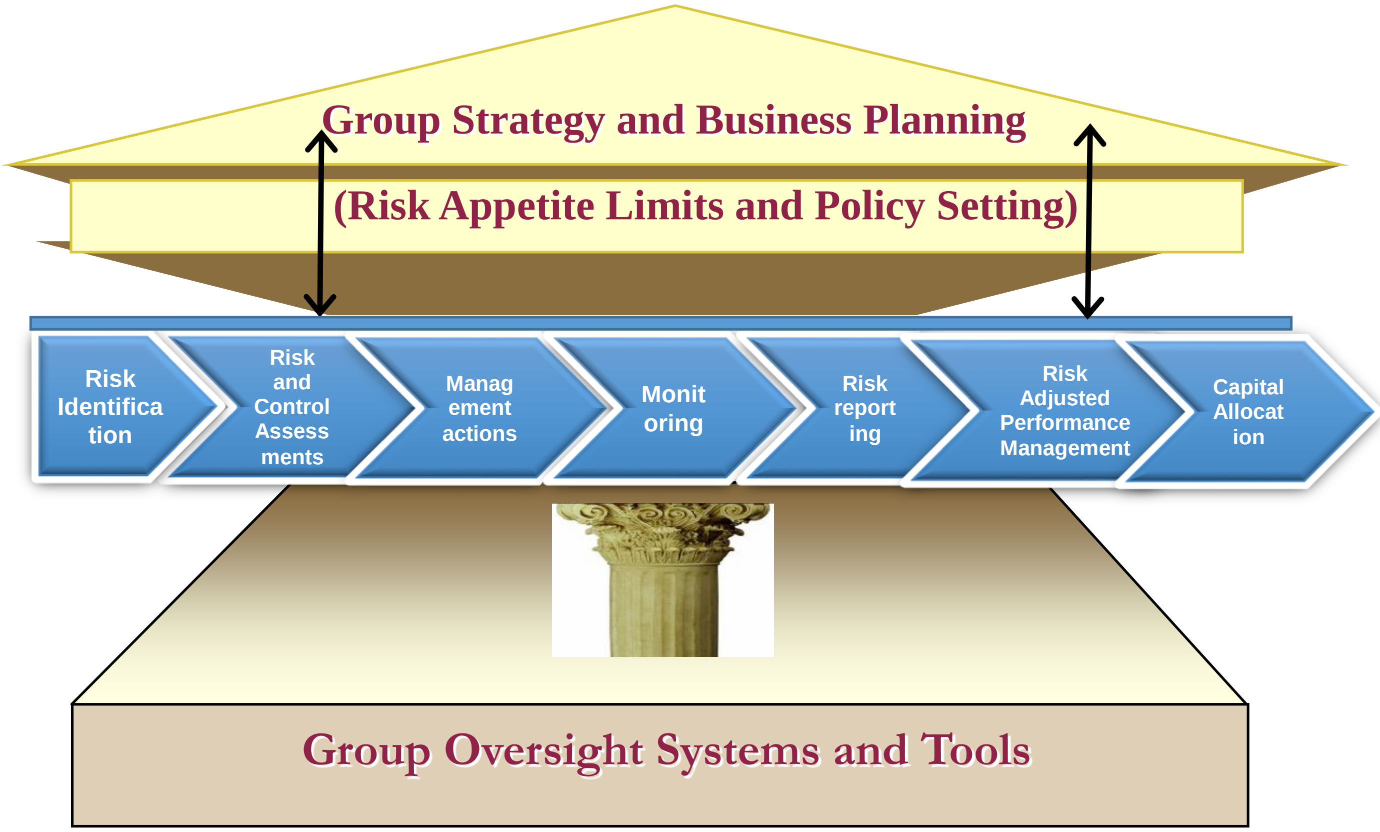
b) Risk officers' partners with other stakeholders within and outside the Bank and are guided in the exercise of their powers by a deep sense of responsibility, professionalism and respect for other parties.

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

d) Risk management is governed by well-defined policies, which are clearly communicated across the Bank.
e) Equal attention is paid to both quantifiable and non-quantifiable risks.

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

Risk management process



Group risk oversight approach

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

The Bank's risk management function provides a central oversight of risk management across the Bank to ensure that the full spectrum of risks facing the Bank are properly identified, measured, monitored and controlled in order to minimize adverse outcomes.

The function is complemented by the financial control and strategy group in the management of strategic and reputational risks.

The Chief Risk Officer coordinates the process of monitoring and reporting risks across the Bank. Internal audit has the responsibility of auditing the risk management and control function to ensure that all units charged with risk management perform their roles effectively on a continuous basis. Audit also tests the adequacy of internal control and makes appropriate recommendations where there are weaknesses.

Strategy and Business Planning

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

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

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

Risk Appetite

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

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

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

In 2015, the risk appetite metrics were tracked against approved triggers and exceptions were reported to management for prompt corrective actions. Key issues were also escalated to the Enterprise Risk Management committee and the Board Risk Management Committee.

Risk management objectives

The broad risk management objectives of the Bank are:

- To identify and manage existing and new risks in a planned and coordinated manner with minimum disruption and cost;
- To protect against unforeseen losses and ensure stability of earnings;
- To maximize earnings potential and opportunities;
- To maximize share price and stakeholder protection;
- To enhance credit ratings and depositor, analyst, investor and regulator perception; and
- To develop a risk culture that encourages all staff to identify risks and associated opportunities and to respond to them with cost effective actions.

Scope of risks

The scope of risks that are directly managed by the Bank is as follows:

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

These risks and the framework for their management are detailed in the enterprise risk management framework.

Responsibilities and functions

The responsibilities of the Risk Management Division, the Financial Control and Strategy Group, and other key stakeholders with respect to risk management are highlighted below:

Risk Management Division

a) Champion the implementation of the ERM Framework across the Bank and subsidiaries. Periodically receive risk reports from management highlighting key risk areas, control failures and remedial action steps taken by management.

b) Develop risk policies, principles, process and reporting standards that define the Bank's risk strategy and appetite in line with the Bank's overall business objectives.

c) Ensure that controls, skills and systems are in place to enable compliance with the Bank's policies and standards.

d) Facilitate the identification, measurement, assessment, monitoring and control of the level of risks in the Bank.

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

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

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

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

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

j) Champion the implementation of Basel II and III.

k) Promote risk awareness and provide education on risk.

l) Provide assurance on compliance with internal and external policies with respect to risk management.

Financial Control and Strategy

a) Prepare and monitor the implementation of the Bank's strategic plan

b) Conduct strategic and operational review of the Bank's activities

c) Conduct regular scanning of the Bank's operating environment

d) Coordinate and monitor the Bank's rating exercises by external rating agencies

e) Prepare business intelligence reports for the Bank's management

f) Prepare periodic management reports on subsidiaries and associates

g) Perform competitive analysis in comparison with industry peers

h) Conduct strategic/operational review of branches

Risk Management Governance Framework

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

RISK MANAGEMENT FRAMEWORK

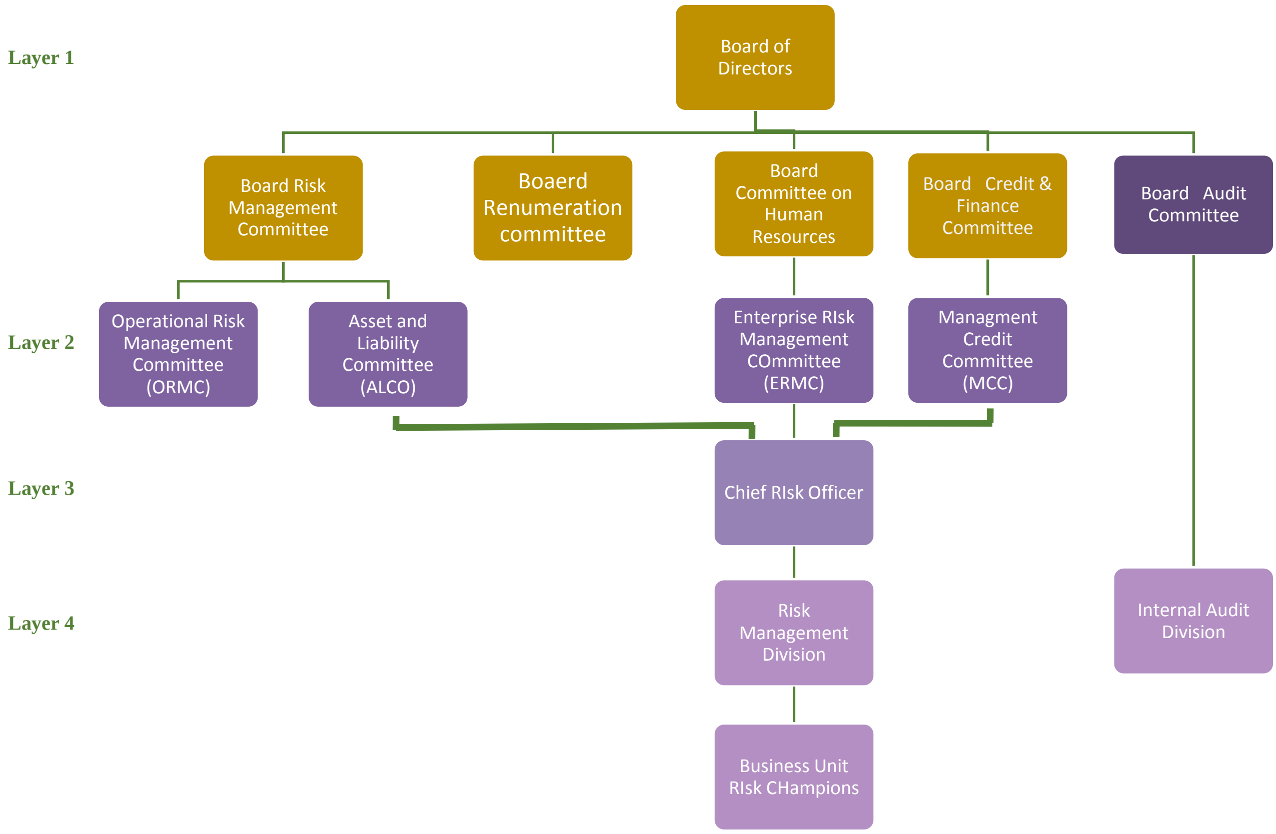
1. The enterprise-wide risk management and corporate governance committee forums;

2. The executive management committees; and

3. Risk management responsibilities per risk area.

Risk Management Governance Structure

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



Roles of the Board of Directors

The Board of Directors' role as it relates to risk management is divided into seven areas; general, credit, market, compliance, operational, reputational and strategic risk.

Specific roles in these areas are further defined below:

RISK MANAGEMENT FRAMEWORK

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; and

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

Credit Risk

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

b) Ensure that the Bank's overall credit risk exposure is maintained at prudent levels and consistent with the available capital through quarterly review of various types of credit exposure;

c) Ensure that top management as well as individuals responsible for credit risk management possess the requisite expertise and knowledge to accomplish the risk management function;

d) Ensure that the Bank implements a sound methodology that facilitates the identification, measurement, monitoring and control of credit risk;

e) To put in place effective internal policies, systems and controls to identify, measure monitor, and control credit risk concentrations.

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

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

Market risk

a) Define the Bank's overall risk appetite in relation to market risk;

b) Ensure that the Bank's overall market risk exposure is maintained at levels consistent with the available capital;

c) Ensure that top management as well as individuals responsible for market risk management possess sound expertise and knowledge to accomplish the risk management function;

d) Approve the Bank's strategic direction and tolerance level for liquidity risk;

e) Ensure that the Bank's senior management has the ability and required authority to manage liquidity risk;

f) Approve the Bank's liquidity risk management framework; and

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

Compliance risk

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

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

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

d) Approve the compliance structure, mechanisms and processes established by management to ensure compliance with current laws, regulations and supervisory requirements; and

e) Ensure the Bank has a compliance culture that contributes to the overall objective of risk management

Operational risk

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

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

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

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

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

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

Reputational risk

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

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

c) Monitor the Bank's compliance with its reputational risk management policies and recommend sanctions for material breaches of internal policies;

d) Review all exception reports by external parties such as regulators and auditors; ensure that appropriate sanctions are applied to erring officers; demand from management appropriate explanations for all exceptional items; ensure that management puts in place effective and remedial actions and reports on progress to the Board on an on-going basis;

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

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

Strategic Risk

a) Oversee the strategic risk management process.

b) Ensure that the bank has in place an appropriate strategic risk management framework which suits its own circumstances and needs;

c) Ensure that the strategic goals and objectives are set in line with its corporate mission and values, culture, business direction and risk tolerance;

d) Approve the strategic plan (including strategies contained therein) and any subsequent changes, and review the plan (at least annually) to ensure its appropriateness;

e) Ensure the organization's structure, culture, infrastructure, financial means, managerial resources and capabilities, as well as systems and controls are appropriate and adequate to support the implementation of its strategies.

f) Review high-level reports periodically submitted to the Board on the overall strategic risk profile, and ensure that any material risks and strategic implications identified from those reports are properly addressed; and

g) Ensure that senior management is competent in implementing strategic decisions approved by the Board, and supervising such performance on a continuing basis

The Board and management committees

The Board of director is the highest approval authority for credit risk policies and credit facilities in Access Bank. It carries out its oversight function through its standing committees each of which has a charter that clearly defines its purpose, composition, structure, frequency of meetings, duties, tenure, and reporting lines to the Board.

In line with best practice, the Chairman of the Board does not seat on any of the Committees. The Board has four standing committees namely: the Board Risk Management Committee, the Board Audit Committee, the Board Human Resources Committee and the Board Credit & Finance Committee.

The management committees which exists in the Bank includes: The Executive Committee (EXCO), Enterprise Risk Management Committee (ERMC), Management Credit Committee (MCC), Group Asset & Liability Committee (Group ALCO), and Operational Risk Management Committee (ORMC).

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

Specific roles of the Board and management committees

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

Credit Risk Management

Credit risk arises from the failure of an obligor of the Bank to repay principal or interest at the stipulated time or failure otherwise to perform as agreed. This risk is compounded if the assigned collateral only partly covers the claims made to the borrower, or if its valuation is exposed to frequent changes due to changing market conditions (i.e. market risk).

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

We recognise the fact that our main asset is our loan portfolio. Therefore, we actively safeguard and strive to continually improve the health of our loan portfolio. We scrutinize all applications and weed out potential problem loans during the loan application phase, as well as constantly monitor existing loan portfolio.

The goal of the Bank is to apply sophisticated but realistic credit models and systems to monitor and manage credit risk. Ultimately these credit models and systems are the foundation for the application of internal rating-based approach to calculation of capital requirements. The development, implementation and application of these models are guided by the Bank's Basel II strategy.

The pricing of each credit granted reflects the level of risks inherent in the credit. Subject to competitive forces, Access Bank implements a consistent pricing model for loans to its different target markets. The client's interest is guarded at all times, and collateral quality is never the sole reason for a positive credit decision.

Provisions for credit losses meet IFRS and prudential guidelines set forth by the Central Bank of the countries where we operate, both for loans for which specific provisions exist as well as for the portfolio of performing loans. Access Bank's credit process requires rigorous proactive and periodic review of the quality of the loan portfolio. This helps us to identify and remediate credit issues proactively.

The Criticized Assets Committee performs a quarterly review of loans with emerging signs of weakness; the Management Credit Committee and the Board Credit Committee also perform reviews of the quality of our loan portfolio on a quarterly basis. These are in addition to daily reviews performed by the various Head of Risk within the Credit Risk Management Groups.

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

Credit Risk Management Policy: The core objective is to enable maximization of returns on a risk adjusted basis from banking book credit risk exposures that are brought under the ambit of Credit Risk Management Policy by putting in place robust credit risk management systems consisting of risk identification, risk measurement, setting of exposure & risk limits, risk monitoring & control and reporting of credit risk in the banking book.

Credit Risk Mitigant Management Policy: The objective is to aid in effective credit portfolio management through mitigation of credit risks by using credit risk mitigation techniques.

Credit Risk Rating Policy: The objective of this policy is to ensure reliable and consistent Obligor Risk Ratings (ORRs) and Facility Risk Ratings (FRRs) throughout Access Bank and to provide guidelines for risk rating for retail and non-retail exposures in the banking book covering credit and investment books of the Bank.

Country and Cross Border Risk Management Policy: The objective of this policy is to establish a consistent framework for the identification, measurement and management of country risk across Access Bank.

Internal Capital Adequacy Assessment Process (ICAAP) Policy: The objectives of the policy are identification of material risks, measurement of material risks, monitoring & control of material risks and reporting of material risks.

Enterprise-wide Risk Management Policy: The core objective is to provide reasonable degree of assurance to the Board of Directors that the risks threatening the Bank's achievement of its vision are identified, measured, monitored and controlled through an effective integrated risk management system covering credit, market, operational, interest rate, liquidity and other material risks.

Responsibilities of Business Units and Independent Credit Risk Management

In Access Bank, Business units and independent credit risk management have a joint responsibility for the overall accuracy of risk ratings assigned to obligors and facilities. Business Relationship Managers will be responsible for deriving the ORR and FRR using approved methodologies as set out in this policy, however independent credit risk management will validate such ratings.

Notwithstanding who derives the risk rating, Credit Risk Management is responsible for reviewing and ensuring the correctness of the ORR and FRR assigned to a borrower and facilities. This review includes ensuring the ongoing consistency of the business' Risk Rating Process with Access Bank Risk Rating Policy; ongoing appropriate application of the Risk Rating Process and tools; review of judgmental and qualitative inputs into the Risk Rating Process; ensuring the timeliness and thoroughness of risk rating reviews; and ensuring that the documentation of the Risk Rating Process is complete and current.

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

Credit Process

The Bank's credit process starts with portfolio planning and target market identification. Within identified target markets, credits are initiated by relationship managers. The proposed credits are

subjected to review and approvals by applicable credit approval authorities. Further to appropriate approvals, loans are disbursed to beneficiaries.
On-going management of loans is undertaken by both relationship management teams and our Credit Risk Management Group. The process is applied at the Head Office and in the subsidiaries.

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

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

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

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

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

All Access Bank businesses that extend credit are subject to the Risk Rating Policy.

Credit Risk Rating Models in Access Bank Plc

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

<u>For Retail Exposures:</u>

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

1. Personal Loans
2. Credit Cards

3. Auto Loans
4. Mortgage Loans

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

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

For Non – Retail Exposures:

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

1. Sovereign (Approach to rating Sovereign Exposures using External ratings)
2. Bank and NBFIs
3. Corporate
    - Manufacturing Sector
    - Trading Sector
    - Services Sector
    - Real Estate Sector
4. Small and Medium Enterprises (SME) Without Financials

Facility Risk Rating (FRR) Models have been developed for

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

Risk Rating Process

In Access Bank, all businesses must have a documented and approved Risk Rating Process for deriving risk ratings for all obligors and facilities (including those covered under Credit Programs). The Risk Rating Process is the end-to-end process for deriving ORRs and FRRs and includes models, guidelines, support adjustments, collateral adjustments, process controls, as well as any other defined processes that a business undertakes in order to arrive at ORRs and FRRs. Risk rating process of each business must be in compliance with the Bank's Risk rating Policy and deviations must be explicitly approved.

Establishing the Risk Rating Process is the joint responsibility of the Business Manager and the Credit Risk Manager associated with each business. The process must be documented and must be approved by the Management Credit Committee.

The Risk Rating Process for each business must be reviewed and approved every three years, unless more frequent review is specified as a condition of the approvals. Interim material changes to the Risk Rating Process, as determined by the Credit Risk Manager for the business, must be re-approved.

Risk Rating Scale and external rating equivalent

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

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

Access Bank Risk Rating	External 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

Credit Risk Control & Mitigation policy

Authority Limits on Credit

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

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

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

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

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

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

Authority	Approval Limit
Group Managing Director	N300,000,000
Group Deputy Managing Director	N200,000,000
Group Executive Director	N100,000,000
Managing Directors of the Bank's subsidiaries	N65,000,000

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

	Credit Rating by S&P	Board of Directors	Board Credit Committee Approval Limit	Management Credit Committee Approval Limit
1	AAA	Single Obligor	N30 Billion	N15 Billion
2+	AA	Single Obligor	N25 Billion	N12.5 Billion
2	A	Single Obligor	N10 Billion	N2 Billion
2-	BBB	Single Obligor	N10 Billion	N1 Billion
3+	BB+	Single Obligor	N10 Billion	N500 Million
3	BB	Single Obligor	N10 Billion	N500 Million
3-	BB-	Single Obligor		Above N200 Million
4	B	Single Obligor		
5	B-	Single Obligor		

Collateral Policies

It is the Group's policy that all credit exposures are adequately collateralised. Credit risk mitigation is an activity of reducing credit risk in an exposure or transferring it to counterparty, at facility level, by a safety net of tangible and realizable securities including approved third-party guarantees/ insurance.

In Access Bank, strategies for risk reduction at the transaction level differ from that at the portfolio level. At transaction level, the most common technique used by the bank is the collateralization of the exposures, by first priority claims or obtaining a third party guarantee. For all credit risk mitigants that meet the policy criteria, a clear set of procedures are applied to ensure that the value of the underlying collateral is appropriately recorded and updated regularly.
Collateral types that are eligible for risk mitigation include: cash; residential, commercial and industrial property; fixed assets such as motor vehicles, aircraft, plant and machinery; marketable securities; commodities; bank guarantees; and letters of credit.

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

However the primary consideration for approving credits is hinged largely on the obligor's financial strength and debt-servicing capacity. The guidelines relating to risk mitigant as incorporated in the guidance note of BCBS on "Principles for the Management of Credit Risk" (September 2000, Paragraph 34) are be taken into consideration while using a credit risk mitigant to control credit risk.

"Bank can utilize transaction structure, collateral and guarantees to help mitigate risks (both identified and inherent) in individual credits but transactions should be entered into primarily on the strength of the borrower's repayment capacity. Collateral cannot be a substitute for a comprehensive assessment of the borrower or the counterparty, nor it can compensate for the insufficient information. It should be recognized that any credit enforcement actions (e.g. foreclosure proceedings) can eliminate the profit margin on the transaction. In addition, Banks need to be mindful that the value of collateral may well be impaired by the same factors that have led to the diminished recoverability of the credit." The acceptable collaterals in the Bank includes:

The range of collaterals acceptable to the Bank includes:

- Cash / Deposit (domestic and foreign currency) with bank including certificates of deposit or comparable instruments issued by the bank.
- Certificates of Deposit from other banks.
- Commodities.
- Debt securities issued by sovereigns and public-sector enterprises.
- Debt securities issued by banks and corporations.
- Equities - Stocks / Share Certificates of quoted blue chip companies
- Mortgage on Landed Property
- Asset-backed securities.
- Charge on assets (Fixed and/or Floating) - premises/ inventory/ receivables/ merchandise/ plant/ machinery etc.
- Negative Pledges
- Lien on Asset being financed
- Stock Hypothecation
- Shipping Documents (for imports)
- Bankers Acceptance
- Life Assurance Policies

Master Netting Arrangements Traded Products

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

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

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

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

Provisioning policy
A loan or loan portfolio is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the loan or loan portfolio that can be reliably estimated.

Market Risk Management

Definition

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

Market risk policy, management and control

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

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

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

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

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

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

In line with the CBN circular on new capital adequacy framework, Access Bank has adopted the standardised duration approach for market risk and has obtained the board approval for the policy on Internal Capital Adequacy Assessment Process (ICAAP). This policy defines and sets processes to review and improve the techniques used for identification, measurement and assessment of all material risks and resultant capital requirements.

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

Non-trading portfolio

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

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

Interest rate risk

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

Re-pricing and Liquidity Gap Analysis

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

The Bank's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or re-price at different times or in differing amounts. In the case of floating rated assets and liabilities, the Bank is also exposed to basis risk, which is the difference in re-pricing characteristics of the various floating rate indices, such as the savings rate and 90-day NIBOR and different types of interest.

Non-traded interest rate risk arises in the banking book from the provision of retail and wholesale (non-traded) banking products and services, as well as from certain structural exposures within the Group balance sheet, mainly due to re-pricing timing differences between assets, liabilities and equity. These risks impact both the earnings and the economic value of the Group. Overall non-trading interest rate risk positions are managed by Treasury, which uses investment securities, advances to banks and deposits from banks to manage the overall position arising from the Group's non-trading activities.

Earnings-at-Risk (EAR) Approach

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

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

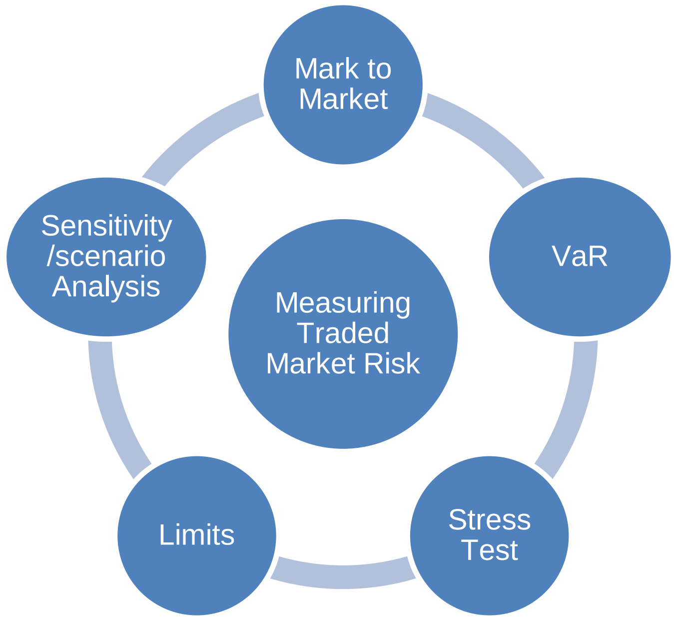
Sensitivity Analysis and Stress Testing

Sensitivity analysis and stress testing are risk measurement techniques that help us ensure that the risks the Bank takes remain within our risk appetite and that our level of capital remains adequate. Sensitivity analysis involves varying a single factor (e.g. a model input or specific assumption) to assess the impact on various risk measures.

Stress testing generally involves consideration of the simultaneous movements in a number of risk factors. It is used to measure the level of potential unexpected losses for Credit, Market (both trading and non-trading), Operational and Liquidity Risks.

Under potential adverse conditions, stress testing plays an important role in supporting overall capital management and adequacy assessment processes. Our enterprise-wide stress testing program utilizes stress scenarios featuring a range of severities based on unlikely but possible adverse market and economic events. These common stress scenarios are evaluated across the organization, and results are integrated to develop an enterprise-wide view of the impacts on our financial results and capital requirements. This program uses macro-economic projections and applies them as stress impacts on the organization viz-a-viz the various risk types.

Trading portfolio
The measurement/control techniques used to measure and control traded market risk (interest rate and foreign exchange risk) include daily valuation of positions, limit monitoring, gap analysis, sensitivity analysis, Value at Risk, tail risk, stress testing, e.t.c.



Limits

Specific limits and triggers (regulatory and in-house) have been set across the various market risk areas to prevent undue exposure and the market risk management group ensure that these limits and triggers are adhered to by the bank. The following limits currently exist;

Fixed income and FX Open Position Limits (OPL): The Bank, in keeping with the prudency concept, sets its policy limit for Open Position at a level lower than the maximum OPL approved by the regulatory authority. In setting the internal OPL, the following considerations are imperative:

- The Regulatory OPL;
- The Bank's tolerance and appetite for FX risk;
- The size and depth of the FX market in Nigeria;
- The degree of volatility of traded currencies; and
- The Bank's desired positioning in the relevant FX market with requirements for international business support.

Interbank placement and takings Limit**:** In line with Banks drive to be a top liquidity provider in the financial market, stringent controls have been set to ensure that any takings from interbank are preceded by proper authorization, to reduce the risks that come with huge interbank borrowing.

Management Action Trigger (MAT): This establishes decision points to confirm the Board of Directors' tolerance for accepting trading risk losses on a cumulative basis. MAT therefore, takes into account actual cumulative profit/loss as well as potential losses and the loss tolerance is defined as a percentage of Gross Earnings.

Stop Loss Limit: This limit sets a maximum tolerable unrealized profit/loss to date which will trigger the closing of a position in order to avoid any further loss based on existing exposures. Positions are liquidated uniformly when stop loss limits are breached.

Dealer Limits: This limit sets a maximum tolerable unrealized profit/loss to date based on existing exposures for a specific dealer. Positions are liquidated uniformly when the dealer stop limit is breached independent of the global stop loss limit.

Value-at-Risk Limit: The normal VaR of the portfolio will be the Naira loss that will be exceeded 1% of the time over a one day horizon. The time period may be changed depending on the volume of position held and current market realities. At a maximum of 99% confidence level, and a holding period of 1 day, the bank maintains a VaR limit of 0.25% of Gross earnings.

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

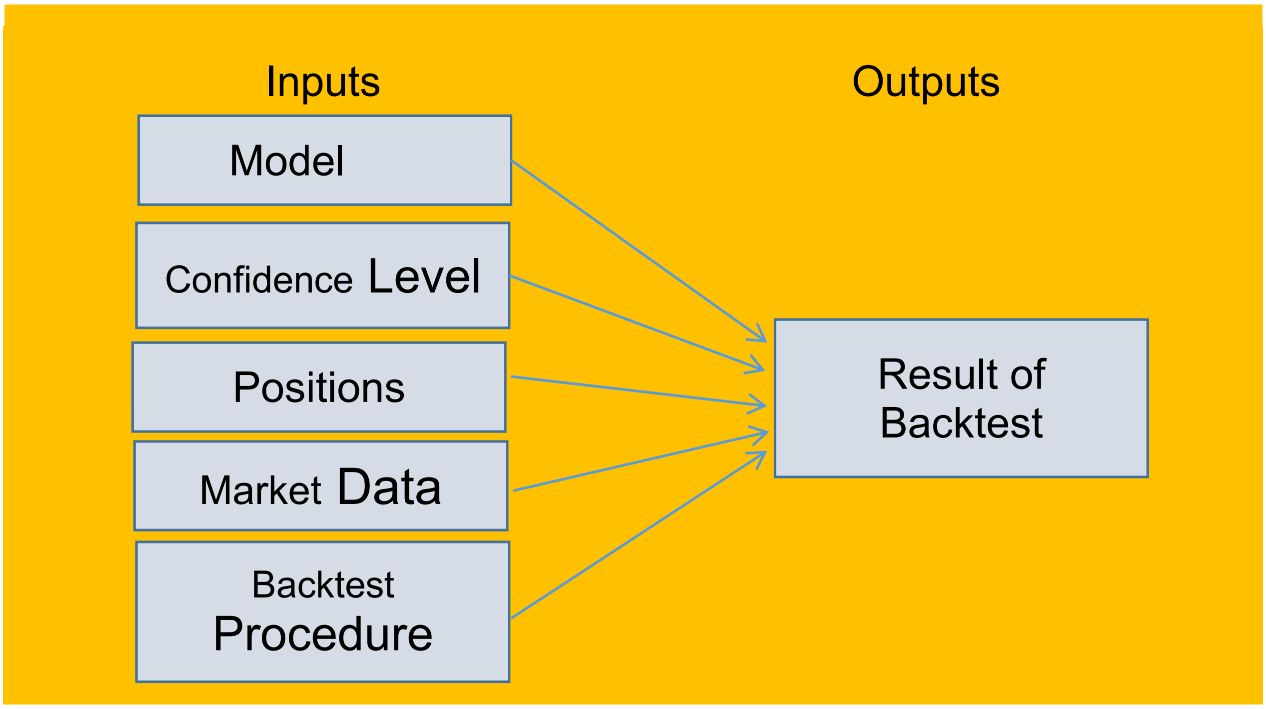
Mark-to-Market (MTM)

The marking-to-market technique establishes historical profit/loss by revaluing money market exposures to prevailing market prices. When no market prices are available for a specific contract period, mark-to-model is used to derive the relevant market prices; it is the Bank's policy to revalue all exposures categorized under the securities trading portfolio on a daily basis. As a general guide, marking to market is performed independently of the trading unit i.e. prices/rates are obtained from external sources.

Value at Risk (VaR)
Risk of losses arising from future potential adverse movements in market rates, prices and volatilities are measured using a VaR methodology. VaR, in general, is a quantitative measure of market risk that applies recent historic market conditions to estimate the potential future loss in market value that will not be exceeded in a set time period at a set statistical confidence level.

VaR provides a consistent measure that can be applied across trading businesses and products over time and can be set against actual daily trading profit and loss outcome. To assess their predictive power, VaR models are back tested against actual results.
Access Bank uses an internal VaR model based on the historical simulation method. Two years of historical price and rate data is applied and updated daily. This internal model is also used for measuring value at risk over both a one-day and 10-day holding period at a 99% confidence level. This model covers general market (position) risk across all approved interest rate and foreign exchange products.
There are a number of considerations that should be taken into account when reviewing VaR numbers. These are as follows:
Historical simulation assumes that the past is a good representation of the future. This may not always be the case.
The assumed time horizon will not fully capture the market risk of positions that cannot be closed out or hedged within this time horizon.
VaR does not indicate the potential loss beyond the selected percentile.
Intra-day risk is not captured.
Prudent valuation practices are used in the VaR calculation when there is difficulty obtaining rate/price information.
To complement VaR, stress testing and other sensitivity measures are used.

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



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

Stress testing

A consistent stress testing methodology is applied to trading and non-trading books. The stress testing methodology assumes that scope for management action would be limited during a stress event, reflecting the decrease in market liquidity that often occurs.

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

Stress testing is an integral part of the market risk management framework and considers both historical market events and forward-looking scenarios. Stress testing provides an indication of the potential size of losses that could arise in extreme conditions. It helps to identify risk concentrations across business lines and assist senior management in capital planning decisions.
The Bank performs two main types of stress/scenario testing. Firstly, risk factor stress testing, where extended historical stress moves are applied to each of the main risk categories, which include interest rate, equity, foreign exchange, commodity and credit spread risk. Secondly, the trading book is subjected to multi-factor scenarios that simulate past periods of significant market disturbance and hypothetical extreme yet plausible events.

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

Liquidity risk

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

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

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

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

Quantifications

Access Bank has adopted both qualitative and quantitative approaches to measuring liquidity risk. Specifically, the Bank adopted the following approaches;

a) Funding and Liquidity plan;
b) Gap Analysis; and
c) Ratio Analysis.

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

Limit management and monitoring

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

Contingency funding plan

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

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

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

5.1.3(a) Group
Credit quality by class
In thousands of Naira

	Loans and advances to Individuals		Loans and advances Corporates		Loans and advances to banks		Off balance sheet	
	December 2016	**December 2015**	**December 2016**	**December 2015**	**December 2016**	**December 2015**	**December 2016**	**December 2015**
Carrying amount	60,772,694	52,778,622	1,748,686,478	1,313,052,210	45,203,003	42,733,910	1,480,116,562	972,849,949
Neither past due nor impaired								
Grade 1 :	-	-	140,577,674	164,056,674	44,515,864	42,099,530	697,527,499	471,082,538
Grade 2:	-	-	620,986,103	527,102,950	-	-	254,394,923	232,900,691
Grade 3:	58,049,748	51,287,214	883,334,381	594,623,897	648,871	631,423	525,564,741	268,407,881
Grade 4:	1,630,027	15,970	85,410,961	19,720,718	-	-	2,629,399	229,419
Grade 5:	-	98,939	3,335,377	1,655,959	-	-	-	-
Gross amount	59,679,775	51,402,123	1,733,644,496	1,307,160,198	45,164,735	42,730,953	1,480,116,562	972,620,529
Impairment	(616,914)	(465,739)	(19,158,011)	(15,241,871)	(9,006)	-	-	-
Carrying amount	59,062,861	50,936,384	1,714,486,485	1,291,918,327	45,155,729	42,730,953	1,480,116,562	972,620,529
Past due but not impaired:								
Grade 6:	658,807	182,541	4,099,130	351,679	-	-		
Grade 7:	852,431	953,436	1,067,363	1,033,145	61,654	12,043		
Grade 8:	690,396	1,050,093	5,034,436	7,971,888	-	-		
Gross amount	2,201,634	2,186,069	10,200,929	9,356,712	61,654	12,043		
Impairment	(557,599)	(475,439)	(618,041)	(2,025,081)	(14,380)	(9,086)		
Carrying amount	1,644,035	1,710,630	9,582,888	7,331,631	47,274	2,957		
Past due and impaired:								
Grade 6: Impaired	405,200	203,207	5,727,631	4,991,809				
Grade 7: Impaired	23,012	18,240	5,845,857	5,091,934				
Grade 8: Impaired	193,016	160,784	27,243,913	13,950,562				
Gross amount	621,229	382,231	38,817,401	24,034,305				
Allowance for impairment	(555,430)	(250,624)	(14,200,296)	(10,232,054)				
Carrying amount	65,798	131,607	24,617,105	13,802,251				

Bank
Credit quality by class
In thousands of Naira

	Loans and advances to Individuals		Loans and advances Corporates		Loans and advances to banks		Off balance sheet	
	December 2016	**December 2015**	**December 2016**	**December 2015**	**December 2016**	**December 2015**	**December 2016**	**December 2015**
Carrying amount	34,945,193	34,661,649	1,559,617,152	1,208,553,660	104,006,574	60,414,721	1,281,108,820	910,603,150
Neither past due nor impaired								
Grade 1 :	-	-	138,494,537	163,854,025	103,319,435	59,780,341	697,527,499	458,679,063
Grade 2:	-	-	612,599,057	527,102,950	-	-	254,394,923	220,497,215
Grade 3:	34,386,962	33,175,710	747,567,989	492,957,434	648,871	631,423	326,556,998	231,197,453
Grade 4:	-	15,970	53,294,762	19,720,718	-	-	2,629,400	229,419
Grade 5:	-	98,939	3,335,377	1,655,959	-	-	-	-
Gross amount	34,386,962	33,290,619	1,555,291,722	1,205,291,086	103,968,306	60,411,764	1,281,108,820	910,603,150
Impairment	(578,908)	(386,193)	(18,737,558)	(14,429,082)	(9,006)	-	-	-
Carrying amount	33,808,054	32,904,426	1,536,554,164	1,190,862,004	103,959,300	60,411,764	1,281,108,820	910,603,150
Past due but not Impaired:								
Grade 6:	137,463	182,541	727,602	351,679	-	-		
Grade 7:	833,271	953,436	757,098	1,033,145	61,654	12,043		
Grade 8:	627,308	1,050,093	529,504	7,971,888	-	-		
Gross amount	1,598,042	2,186,070	2,014,204	9,356,712	61,654	12,043		
Impairment	(460,904)	(475,439)	(413,828)	(2,025,081)	(14,380)	(9,086)		
Carrying amount	1,137,139	1,710,631	1,600,376	7,331,631	47,274	2,957		
Past due and Impaired:								
Grade 6: Impaired	405,200	154,959	5,684,031	4,927,701				
Grade 7: Impaired	-	-	3,582,551	4,559,254				
Grade 8: Impaired	-	142,257	21,875,146	10,212,735				
Gross amount	405,200	297,216	31,141,728	19,699,690				
Allowance for impairment	(405,200)	(250,624)	(9,679,116)	(9,339,664)				
Carrying amount	-	46,592	21,462,612	10,360,026				

5.1.3
(b) Aging analysis of credit quality

	Group			Bank		
31 December 2016	**Loans to individuals**	**Loans to Corporates and Banks**	**Other assets**	**Loans to individuals**	**Loans to Corporates and Banks**	**Other assets**
Past due & not impaired						
Past due up to 30days	658,807	4,099,130	33,760	137,463	727,602	33,760
Past due up 30 - 60 days	852,431	1,067,363	3,504	833,271	757,098	3,504
Past due up 60 - 90 days	690,396	5,034,436	34,830	627,308	529,504	34,830
Total	2,201,634	10,200,929	72,094	1,598,042	2,014,204	72,094
Past due & impaired						
Past due up to 91 - 180days	405,200	5,727,631	170,490	405,200	5,684,031	170,490
Past due up 180 - 360 days	23,012	5,845,857	2,151,168	-	3,582,551	2,151,168
Above 360days	193,016	27,243,913	646,200	-	21,875,146	646,200
Total	621,228	38,817,401	2,967,858	405,200	31,141,728	2,967,858
31 December 2015						
Past due & not impaired						
Past due up to 30days	182,541	351,679	2,994	182,542	351,680	2,994
Past due up 30 - 60 days	953,436	1,045,188	2,652	953,436	1,045,188	2,652
Past due up 60 - 90 days	1,050,093	7,971,845	5,538,743	1,050,092	7,959,845	5,538,743
Total	2,186,070	9,368,712	5,544,389	2,186,070	9,356,713	5,544,389
Past due & impaired						
Past due up to 91 - 180days	203,207	4,991,809	39,108	154,959	4,927,701	39,108
Past due up 180 - 360 days	18,240	5,091,934	224,890	-	4,559,254	224,890
Above 360days	160,784	13,950,562	2,396,579	142,257	10,212,735	2,396,579
Total	382,231	24,034,305	2,660,577	297,216	19,699,690	2,660,577

5.1.3 Credit quality

(c) Credit quality by risk rating class

Group

In thousands of Naira

External Rating Equivalent	Grade	Risk Rating	Loans and advances to Individuals December 2016	Loans and advances to Individuals December 2015	Loans and advances Corporates December 2016	Loans and advances Corporates December 2015	Loans and advances to banks December 2016	Loans and advances to banks December 2015
AAA	Investment	1	-	-	140,577,676	164,056,674	44,515,863	42,099,530
AA	Investment	2+	-	-	172,873,234	126,296,312	-	-
A	Investment	2	-	-	195,719,545	161,182,597	-	631,423
BBB	Investment	2-	-	-	252,393,325	239,624,041	-	-
BB+	Standard	3+	698,134	1,168,452	257,581,303	104,007,186	-	-
BB	Standard	3	56,772,887	49,450,682	532,076,799	429,130,854	648,871	-
BB-	Standard	3-	577,003	668,080	93,676,279	61,485,857	-	-
B	Non-Investment	4	1,630,027	15,970	85,410,961	19,720,718	-	-
B-	Non-Investment	5	1,724	98,939	3,335,377	1,655,959	-	-
CCC	Non-Investment	6	1,064,007	385,748	9,826,761	5,343,488	-	-
C	Non-Investment	7	875,443	971,675	6,913,220	6,125,079	61,654	12,043
D	Non-Investment	8	883,412	1,210,877	32,278,349	21,922,451	-	-
Gross amount			62,502,637	53,970,424	1,782,662,828	1,340,551,215	45,226,388	42,742,996
Collective Impairment			(1,174,513)	(941,178)	(19,776,052)	(17,266,952)	(23,386)	(9,086)
Specific Impairment			(555,430)	(250,624)	(14,200,296)	(10,232,054)	-	-
Carrying amount			**60,772,693**	**52,778,622**	**1,748,686,480**	**1,313,052,209**	**45,203,002**	**42,733,910**

Derivative Financial Instruments

External Rating Equivalent	Grade	Risk Rating	Gross Nominal December 2016	Gross Nominal December 2015	Fair Value December 2016	Fair Value December 2015
AAA-A	Investment	1	499,960,107	304,214,019	130,383,150	74,568,887
A	Investment	2	28,635,979	25,178,482	3,668,990	1,523,619
AA	Investment	2+	20,574,538	18,599,432	1,354,388	1,812,514
BBB	Investment	2-	160,447,229	-	20,467,138	-
Gross amount			709,617,853	347,991,933	155,873,665	77,905,020
Collective Impairment			-	-	-	-
Specific Impairment			-	-	-	-
Carrying amount			**709,617,853**	**347,991,933**	**155,873,665**	**77,905,020**

The external rating equivalent refers to the equivalent ratings for loans and advances by credit rating agencies. These instruments are neither past due nor impaired

Credit quality by risk rating class

Bank

In thousands of Naira

External Rating Equivalent	Grade	Risk Rating	Loans and advances to Individuals December 2016	Loans and advances to Individuals December 2015	Loans and advances Corporates December 2016	Loans and advances Corporates December 2015	Loans and advances to banks December 2016	Loans and advances to banks December 2015
AAA	Investment	1	-	-	138,494,537	163,854,025	103,319,435	59,780,341
AA	Investment	2+	-	-	171,528,084	126,296,312	-	-
A	Investment	2	-	-	190,643,315	161,182,597	-	-
BBB	Investment	2-	-	-	250,427,658	239,624,041	-	-
BB+	Standard	3+	698,134	1,168,452	236,768,708	104,007,186	-	-
BB	Standard	3	33,111,826	31,339,177	428,534,577	327,464,392	648,871	631,423
BB-	Standard	3-	577,003	668,080	82,264,705	61,485,857	-	-
B	Non-Investment	4	-	15,970	53,294,762	19,720,718	-	-
B-	Non-Investment	5	-	98,939	3,335,377	1,655,959	-	-
CCC	Non-Investment	6	542,663	337,501	6,411,633	5,279,380	-	-
C	Non-Investment	7	833,271	953,436	4,339,649	5,592,399	61,654	12,043
D	Non-Investment	8	627,308	1,192,350	22,404,651	18,184,623	-	-
Gross amount			36,390,205	35,773,905	1,588,447,654	1,234,347,487	104,029,960	60,423,807
Collective Impairment			(1,039,812)	(861,632)	(19,151,386)	(16,871,228)	(23,386)	(9,086)
Specific Impairment			(405,200)	(250,624)	(9,679,116)	(8,922,599)	-	-
Carrying amount			**34,945,193**	**34,661,649**	**1,559,617,153**	**1,208,553,660**	**104,006,574**	**60,414,721**

Derivative Financial Instruments

External Rating Equivalent	Grade	Risk Rating	Gross Nominal December 2016	Gross Nominal December 2015	Fair Value December 2016	Fair Value December 2015
AAA-A	Investment	1	499,960,107	296,865,582	130,383,150	74,516,216
A	Investment	2	28,635,979	25,178,482	3,668,990	1,523,619
AA	Investment	2+	9,728,383	18,599,431	1,253,384	1,812,514
BBB	Investment	2-	160,447,229	-	20,467,138	-
Gross amount			698,771,698	340,643,495	155,772,662	77,852,349
Collective Impairment			-	-	-	-
Specific Impairment			-	-	-	-
Carrying amount			**698,771,698**	**340,643,495**	**155,772,662**	**77,852,349**

The external rating equivalent refers to the equivalent ratings for loans and advances by credit rating agencies.

5.1.3 (d) **The table below summarises the risk rating for other financial assest:**

Group

In thousands of Naira **31 December 2016**	**Total**	**Grade 1-3**	**Grade 4-5**	**Grade 6**	**Grade 7**	**Grade 8**
Cash and balances with banks						
Cash on hand and balances with banks	115,380,195	115,380,195	-	-	-	-
Restricted deposits with central banks	250,831,529	250,831,529	-	-	-	-
Unrestricted balances with central banks	139,954,922	139,954,922	-	-	-	-
Money market placements	119,826,012	119,826,012				
Investment under management	14,871,247	14,871,247	-	-	-	-
Non-pledged trading assets						
Treasury bills	34,381,635	34,381,635	-	-	-	-
Bonds	10,188,597	10,180,206	8,391	-	-	-
Equity	59,348	59,348	-	-	-	-
Derivative financial instruments	156,042,984	156,042,984	-	-	-	-
Pledged assets	-					
Treasury bills	188,239,520	188,239,520	-	-	-	-
Bonds	126,707,982	126,707,982	-	-	-	-
Investment securities						
- Available for sale						
Treasury bills	69,346,601	69,346,601	-	-	-	-
Bonds	32,891,849	32,891,849	-	-	-	-
Equity	3,145,697	3,145,697	-	-	-	-
- Held to Maturity						
Treasury bills	27,350,114	27,350,114	-	-	-	-
Bonds	41,101,014	41,101,014	-	-	-	-
Other assets	44,763,926	44,763,926	-	-	-	-
	1,375,083,172	**1,375,074,782**	**8,391**	**-**	**-**	**-**

Group

In thousands of Naira
31 December 2015

	Total	Grade 1-3	Grade 4-5	Grade 6	Grade 7	Grade 8
Cash and balances with banks						
Cash on hand and balances with banks	85,299,149	85,299,149	-	-	-	-
Restricted deposits with central banks	249,954,817	249,954,817	-	-	-	-
Unrestricted balances with central banks	90,721,388	90,721,388	-	-	-	-
Money market placements	52,433,982	52,433,982	-	-	-	-
Investment under management	10,403,608	10,403,608	-	-	-	-
Non-pledged trading assets						
Treasury bills	50,209,443	50,209,443	-	-	-	-
Bonds	2,025,000	2,025,000	-	-	-	-
Equity	63,979	63,979	-	-	-	-
Derivative financial instruments	77,905,020	77,905,020	-	-	-	-
Pledged assets						
Treasury bills	106,934,817	106,934,817	-	-	-	-
Bonds	96,780,580	96,780,580	-	-	-	-
Investment securities						
- Available for sale						
Treasury bills	28,996,006	28,996,006	-	-		-
Bonds	61,204,214	61,204,214	-	-	-	-
Equity	44,772,710	44,772,710	-	-	-	-
- Held to Maturity						
Treasury bills	7,687,281	7,687,281	-	-	-	-
Bonds	43,743,295	43,743,295	-	-	-	-
Other assets	72,160,739	72,160,739	-	-	-	-
	1,081,296,028	**1,081,296,028**	**-**	**-**	**-**	**-**

The table below summarises the risk rating for other financial assest:

Bank
In thousands of Naira
31 December 2016

	Total	Grade 1-3	Grade 4-5	Grade 6	Grade 7	Grade 8
Cash and balances with banks						
Cash on hand and balances with banks	106,594,205	106,594,205	-	-	-	-
Restricted deposits with central banks	336,444,111	336,444,111	-	-	-	-
Unrestricted balances with central banks	33,160,736	33,160,736	-	-	-	-
Money market placements	41,798,197	41,798,197	-	-	-	-
Investment under management	14,871,247	14,871,247	-	-	-	-
Non-pledged trading assets						
Treasury bills	34,381,635	34,381,635	-	-	-	-
Bonds	10,188,597	10,180,206	8,391	-	-	-
Equity	59,348	59,348	-	-	-	-
Derivative financial instruments	155,772,662	155,772,662	-	-	-	-
Pledged assets						
Treasury bills	188,239,520	188,239,520	-	-	-	-
Bonds	126,707,982	126,707,982	-	-	-	-
Investment securities						
Available for sale	-					
Treasury bills	40,960,665	40,960,665	-	-	-	-
Bonds	21,456,519	21,456,519	-	-	-	-
Equity	-	-	-	-	-	-
Held to Maturity	-					
Treasury bills	-	-	-	-	-	-
Bonds	40,363,051	40,363,051	-	-	-	-
Other assets	33,265,072	33,265,072	-	-	-	-
	1,184,263,547	**1,184,255,156**	**8,391**	**-**	**-**	**-**

Bank
In thousands of Naira
31 December 2015

	Total	**Grade 1-3**	**Grade 4-5**	**Grade 6**	**Grade 7**	**Grade 8**
Cash and balances with banks						
Cash on hand and balances with banks	57,546,509	57,546,509	-	-	-	-
Restricted deposits with central banks	248,182,477	248,182,477	-	-	-	-
Unrestricted balances with central banks	74,158,434	74,158,434	-	-	-	-
Money market placements	26,111,216	26,111,216	-	-	-	-
Investment under management	10,403,608	10,403,608	-	-	-	-
Non-pledged trading assets						
Treasury bills	50,209,443	50,209,443	-	-	-	-
Bonds	2,025,000	2,025,000	-	-	-	-
Equity	63,979	63,979	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Pledged assets						
Treasury bills	103,684,044	103,684,044	-	-	-	-
Bonds	96,780,580	96,780,580	-	-	-	-
Investment securities						
Available for sale	-					
Treasury bills	10,436,981	10,436,981	-	-	-	-
Bonds	60,696,103	60,696,103	-	-	-	-
Equity	44,755,565	44,755,565	-	-	-	-
Held to Maturity	-					
Treasury bills	-	-	-	-	-	-
Bonds	40,286,529	40,286,529	-	-	-	-
Other assets	69,509,746	69,509,746	-	-	-	-
	894,850,214	**894,850,214**	**-**	**-**	**-**	**-**

5.1.3 Credit quality

(e) Credit quality by credit risk rating model

Group
In thousands of Naira

Risk Rating (ORR) Model	Loans and advances to Individuals December 2016	Loans and advances to Individuals December 2015	Loans and advances Corporates December 2016	Loans and advances Corporates December 2015	Loans and advances to banks December 2016	Loans and advances to banks December 2015
Auto Loan	2,511,013	2,175,207	2,003,352	3,406,742	-	9,429
Credit Card	3,475,443	2,608,764	576,553	274,133	13,599	286
Finance Lease	60,912	-	3,946,347	1,821,023	8,455	-
Mortgage Loan	24,375,564	17,954,585	5,929,037	6,208,567	-	-
Overdraft	5,639,049	5,261,080	181,242,213	208,224,839	647,541	551,077
Personal Loan	18,754,870	20,393,835	-	-	-	-
Term Loan	6,964,075	4,777,259	1,102,912,471	785,718,903	40,930	82,675
Time Loan	721,711	799,692	486,052,855	334,897,007	44,515,863	42,095,369
Gross amount	62,502,636	53,970,424	1,782,662,828	1,340,551,214	45,226,388	42,738,836
Collective Impairment	(1,174,513)	(941,178)	(19,776,052)	(17,266,951)	(23,386)	(9,086)
Specific Impairment	(555,430)	(250,624)	(14,200,296)	(10,232,054)	-	-
Carrying amount	60,772,693	52,778,622	1,748,686,480	1,313,052,209	45,203,002	42,729,751

Bank
In thousands of Naira

Risk Rating (ORR) Model	Loans and advances to Individuals December 2016	Loans and advances to Individuals December 2015	Loans and advances Corporates December 2016	Loans and advances Corporates December 2015	Loans and advances to banks December 2016	Loans and advances to banks December 2015
Auto Loan	2,426,024	1,976,020	2,003,352	3,378,173	-	9,429
Credit Card	3,431,339	2,579,265	563,357	264,755	13,599	286
Finance Lease	60,912	-	3,946,347	1,821,023	8,455	-
Mortgage Loan	5,053,845	4,383,538	18,437	74,260	-	-
Overdraft	5,033,990	5,054,135	135,065,623	188,628,138	647,541	551,077
Personal Loan	17,369,909	18,073,801	-	-	-	-
Term Loan	2,427,653	3,066,500	1,032,873,587	753,319,156	40,930	82,675
Time Loan	586,532	640,645	413,976,952	286,861,982	103,319,435	59,780,341
Gross amount	36,390,205	35,773,905	1,588,447,654	1,234,347,487	104,029,960	60,423,808
Collective Impairment	(1,039,812)	(861,632)	(19,151,386)	(16,871,228)	(23,386)	(9,086)
Specific Impairment	(405,200)	(250,624)	(9,679,116)	(8,922,599)	-	-
Carrying amount	34,945,193	34,661,650	1,559,617,153	1,208,553,660	104,006,574	60,414,722

5.1.3 (g) Disclosure of Collateral held against loans and advances to customers by fair value heirarchy

Group

In thousands of Naira	Level 1	Leve1 2	Level 3	Level 1	Leve1 2	Level 3
		December 2016			December 2015	
Against neither past due and not impaired						
Property	-	-	914,144,760	-	-	422,253,462
Equities	57,865,380	15,916,553	-	21,231,049	22,106,323	-
Cash	171,417,199	-	-	70,869,009	-	-
Pledged goods/receivables	-	-	141,014,518	-	-	-
Others	-	-	846,303,836	-	-	360,496,371
Total	**229,282,579**	**15,916,553**	**1,901,463,114**	**92,100,058**	**22,106,323**	**782,749,833**
Against past due but not impaired:						
Property	-	-	4,985,770	-	-	15,638,209
Equities	-	-	-	86,000	-	-
Cash	-	-	-	-	-	-
Pledged goods/receivables	-	-	-	-	-	-
Others	-	-	32,241	-	-	103,477
Total	**-**	**-**	**5,018,011**	**86,000**	**-**	**15,741,686**
Against past due and impaired						
Property	-	-	29,237,351	-	-	8,202,229
Equities	24,909	-	-	170,081	-	-
Cash	1,178,130	-	-	-	-	-
Pledged goods/receivables	-	-	-	-	-	-
Others	-	-	19,054,851	-	-	-
	1,203,039	**-**	**48,292,202**	**170,081**	**-**	**8,202,229**
Total	**230,485,618**	**15,916,553**	**1,954,773,327**	**92,356,139**	**22,106,323**	**806,693,748**

Bank

In thousands of Naira	Level 1	Leve1 2	Level 3	Level 1	Leve1 2	Level 3
		December 2016			December 2015	
Against neither past due and not impaired						
Property	-	-	777,026,304	-	-	366,344,483
Equities	35,795,940	15,916,553	-	5,244,374	22,106,323	-
Cash	153,127,205	-	-	65,062,698	-	-
Pledged goods/receivables	-	-	141,014,518	-	-	-
Others	-	-	745,839,135	-	-	319,328,348
Total	**188,923,145**	**15,916,553**	**1,663,879,957**	**70,307,072**	**22,106,323**	**685,672,831**
Against past due but not impaired:						
Property	-	-	1,272,479	-	-	15,398,480
Equities	-	-	-	-	-	-
Cash	-	-	-	-	-	-
Pledged goods/receivables	-	-	-	-	-	-
Others	-	-	32,241	-	-	-
Total	**-**	**-**	**1,304,720**	**-**	**-**	**15,398,480**
Against past due and impaired						
Property	-	-	19,975,994	-	-	4,319,362
Equities	24,909	-	-	65,138	-	-
Cash	-	-	-	-	-	-
Pledged goods/receivables	-	-	-	-	-	-
Others	-	-	18,115,344	-	-	5,552,733
	24,909	**-**	**38,091,338**	**65,138**	**-**	**9,872,095**
Total	**188,948,054**	**15,916,553**	**1,703,276,015**	**70,372,210**	**22,106,323**	**710,943,406**

There are no collaterals held against other financial assets. There were also no repossessed collateral during the year

Collateral held and other credit enhancements, and their financial effect

The general creditworthiness of a customer tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional security and the Group generally requests that corporate borrowers provide it. The Group may take collateral in the form of a first charge over real estate, floating charges over all corporate assets and other liens and guarantees. The bank does not sell or repledge the collateral in the absence of default by the owner of the collateral. In addition to the Group's focus on credit worthiness, the group aligns with its credit policy guide to periodically update the validation of colaterals held against all loans to customers. For impaired loans, the Group obtains appraisals of collateral because the fair value of the collateral is an input to the impairment measurement.

The fair values of collaterals are based upon last annual valuation undertaken by independent valuers on behalf of the bank. The valuation technique adopted for properties are based on fair values of similar properties in the neigbourhood.
The fair values of non-property collaterals (such as equities, bond, treasury bills, etc.) are detrmined with reference to market quoted prices or market values of similar instruments.

5.1.4 Offsetting financial assets and financial liabilities

As at 31 December 2016

In thousands of Naira

The following financial assets are subject to offsetting	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
Financial assets			
Loans and advances to banks	45,954,156	751,154	45,203,002
Total	**45,954,156**	**751,154**	**45,203,002**
As at 31 December 2016			
Financial liabilities			
Interest bearing borrowing	300,294,861	751,154	299,543,707
Total	**300,294,861**	**751,154**	**299,543,707**

As at 31 December 2015

In thousands of Naira

The following financial assets are subject to offsetting	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
Financial assets			
Loans and advances to banks	43,224,746	490,836	42,733,910
Total	**43,224,746**	**490,836**	**42,733,910**
As at 31 December 2015			
Financial liabilities			
Interest bearing borrowing	231,957,997	490,836	231,467,161
Total	**231,957,997**	**490,836**	**231,467,161**

An obligation exists between the Bank and Access Finance B.V., for which Access Finance B.V. was expected to lend the Bank the sum of USD 2,462,000 as a share premium loan. The loan agreement between both parties however permits that the obligation of Access Finance B.V. to grant the loan, be set off against the obligation of the Bank to repay the loan such that each party's obligation either as a borrower or lender is discharged. In view of this, no loan payable has been recognized in the Bank's financial statements.

In line the IAS 32 with the group currently has the legally enforceable right to set-off the recognised amount and it also intends to settle the borrowing on a net basis.

The gross amounts of financial assets and financial liabilities disclosed in the above tables have been measured in the statement of financial position on the following bases:
(1) Loans and advances to customers – amortised cost; and
(2) Interest bearing borrowings – amortised cost.

5.1.5 (a) Credit concentration

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

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

Group
By Sector

December 2016

In thousands of Naira	**Corporate**	**Commercial**	**Bank**	**Retail**	**Government**	**Others**	**Total**
Cash and balances with banks	-	-	663,403,259	-	-	-	663,403,259
Investment under management	10,913,760	-	1,070,385	-	2,887,102	-	14,871,247
Non pledged trading assets							
Treasury bills	-	-	-	-	34,381,635	-	34,381,635
Bonds	-	9,913	8,391	-	10,170,293	-	10,188,597
Derivative financial instruments	28,003,737	-	5,360,808	-	122,678,439	-	156,042,984
Loans and advances to banks	-	-	45,203,002	-	-	-	45,203,002
Loans and advances to customers							
Auto Loan	-	-	-	4,450,747	-	-	4,450,747
Credit Card	27,496	12,500	-	3,939,240	-	-	3,979,236
Finance Lease	2,404,390	1,259,848	-	312,384	11,275	-	3,987,897
Mortgage Loan	5,323,073	416,377	-	24,431,400	49,707	-	30,220,557
Overdraft	47,606,024	120,886,294	-	6,758,959	38,428	-	175,289,705
Personal Loan	-	-	-	18,072,072	-	-	18,072,072
Term Loan	418,496,135	396,250,334	-	8,006,467	265,966,313	-	1,088,719,249
Time Loan	236,078,483	246,004,748	-	2,380,302	276,175	-	484,739,708
Pledged assets							
Treasury bills	-	-	-	-	188,239,520	-	188,239,520
Bonds	-	-	-	-	126,707,982	-	126,707,982
Investment securities							
- Available for sale							
Treasury bills	-	-	-	-	69,346,601	-	69,346,601
Bonds	377,207	-	5,814,936	-	26,699,706	-	32,891,849
- Held to Maturity						-	
Treasury bills	-	-	-	-	27,350,114	-	27,350,114
Bonds	3,036,929	-	1,032,857	-	37,031,227	-	41,101,013
Other assets	19,111,634	3,898,137	5,066,892	4,063,320	4,930,246	4,725,841	41,796,070
Total	**771,378,868**	**768,738,151**	**726,960,530**	**72,414,891**	**916,764,763**	**4,725,841**	**3,260,983,044**
Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	136,220,145	48,419,939	1,611,634	-	-	-	186,251,718
Guaranteed facilities	85,363,987	14,068,722	150,000	-	-	-	99,582,709
Clean line facilities for letters of credit and other commitments	140,720,906	17,865,294	69,563,933	2,771,057	30,287,053	-	261,208,243
Future, swap and forward contracts	314,341,917	-	185,130,561	-	433,601,415	-	933,073,893
Total	**676,646,955**	**80,353,955**	**256,456,128**	**2,771,057**	**463,888,468**	**-**	**1,480,116,563**

Group
By Sector

December 2015

In thousands of Naira	**Corporate**	**Commercial**	**Bank**	**Retail**	**Government**	**Others**	**Total**
Cash and balances with banks	-	-	442,533,996	-	-	-	442,533,996
Investment under management	2,385,288	-	4,927,888	-	3,090,432		10,403,608
Non pledged trading assets							
Treasury bills	-	-	-	-	50,209,443	-	50,209,443
Bonds	-	-	63,645	-	1,961,355	-	2,025,000
Derivative financial instruments	3,495,428	-	904,524	-	73,505,068	-	77,905,020
Loans and advances to banks	-	-	42,733,910	-	-	-	42,733,910
Loans and advances to customers							
Auto Loan	-	-	-	4,450,748	-	-	4,450,748
Credit Card	27,496	12,500	-	3,939,240	-	-	3,979,236
Finance Lease	2,404,390	1,259,848	-	312,384	11,275	-	3,987,897
Mortgage Loan	5,323,073	416,377	-	24,431,400	49,707	-	30,220,557
Overdraft	47,606,024	120,886,294	-	6,758,959	38,428	-	175,289,705
Personal Loan	-	-	-	18,072,072	-	-	18,072,072
Term Loan	418,496,135	396,250,334	-	8,006,467	265,966,313	-	1,088,719,249
Time Loan	236,078,483	246,004,748	-	2,380,302	276,175	-	484,739,708
Pledged assets							
Treasury bills	-	-	-	-	106,934,817	-	106,934,817
Bonds	-	-	-	-	96,780,580	-	96,780,580
Investment securities							
- Available for sale							
Treasury bills	-	-	-	-	28,996,006	-	28,996,006
Bonds	-	-	6,524,859	-	54,679,355		61,204,214
- Held to Maturity							
Treasury bills	-	-	-	-	7,687,281	-	7,687,281
Bonds	3,580,595	-	1,649,782	-	38,512,918	-	43,743,295
Other assets	15,529,608	798,290	2,116,791	5,340,515	17,564,186	30,811,349	72,160,739
Total	**734,926,520**	**765,628,391**	**501,455,395**	**73,692,087**	**746,263,339**	**30,811,349**	**2,852,777,081**

Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	40,597,349	180,530,181	-	-	-	-	221,127,530
Guaranteed facilities	12,764,903	78,944,392	-	23,484	2,403,148	-	94,135,927
Clean line facilities for letters of credit and other commitments	55,947,878	132,878,805	-	-	-	-	188,826,683
Future, swap and forward contracts	45,889,610	-	133,885,199	-	288,985,000	-	468,759,809
Total	**155,199,739**	**392,353,378**	**133,885,199**	**23,484**	**291,388,148**	**-**	**972,849,949**

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

By geography

Group **December 2016** *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Others**	**Total**
Cash and balances with banks	415,235,668	47,170,554	200,997,037	-	663,403,259
Investment under management	14,871,247	-	-	-	14,871,247
Non pledged trading assets					
Treasury bills	34,381,635	-	-	-	34,381,635
Bonds	10,170,293	-	18,304	-	10,188,597
Derivative financial instruments	149,856,253	1,388,281	97,119	4,701,331	156,042,984
Loans and advances to banks	5,156,475	-	40,046,527	-	45,203,002
Loans and advances to customers					
Auto Loan	4,366,544	84,204	-	-	4,450,748
Credit Card	3,935,784	43,450	-	-	3,979,234
Finance Lease	3,987,898	-	-	-	3,987,898
Mortgage Loan	4,996,952	918,895	24,304,711	-	30,220,558
Overdraft	130,272,256	45,017,450	-	-	175,289,706
Personal Loan	16,789,104	1,282,968	-	-	18,072,072
Term Loan	1,017,646,255	48,440,037	22,632,958	-	1,088,719,250
Time Loan	412,567,554	28,556,750	43,615,404	-	484,739,708
Pledged assets					
Treasury bills	188,239,520	-	-	-	188,239,520
Bonds	126,707,982	-	-	-	126,707,982
Investment securities					
- Available for sale					
Treasury bills	40,960,665	6,092,117	22,293,819	-	69,346,601
Bonds	18,939,219	13,297,546	655,084	-	32,891,849
- Held to Maturity					
Treasury bills	-	27,350,114	-	-	27,350,114
Bonds	37,917,493	737,963	2,445,558	-	41,101,014
Other assets	32,437,346	7,685,644	1,673,078	-	41,796,068
Total	**2,669,436,142**	**228,065,973**	**358,779,599**	**4,701,331**	**3,260,983,047**
Credit risk exposures relating to othr credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	136,163,848	48,420,025	1,667,845	-	186,251,718
Guaranteed facilities	85,513,821	14,068,888	-	-	99,582,709
Clean line facilities for letters of credit and other commitments	158,994,793	16,950,311	85,263,139	-	261,208,243
Future, swap and forward contracts	744,259,779	33,663,881	128,787,677	26,362,557	933,073,893
Total	**1,124,932,240**	**113,103,105**	**215,718,661**	**26,362,557**	**1,480,116,563**

By geography

Group **December 2015** *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Others**	**Total**
Cash and balances with banks	376,441,830	27,540,483	38,551,683	-	442,533,996
Investment under management	10,403,608	-	-	-	10,403,608
Non pledged trading assets					
Treasury bills	50,209,442	-	-	-	50,209,442
Bonds	2,025,000	-	-	-	2,025,000
Derivative financial instruments	77,852,349	-	52,671	-	77,905,020
Loans and advances to banks	634,381	-	42,099,529	-	42,733,910
Loans and advances to customers					
Auto Loan	5,291,292	227,756	-	-	5,519,048
Credit Card	2,812,544	38,876	-	-	2,851,420
Finance Lease	1,812,908	-	-	-	1,812,908
Mortgage Loan	4,359,784	2,378,877	17,326,478	-	24,065,139
Overdraft	179,077,197	19,241,733	-	-	198,318,930
Personal Loan	17,863,574	2,320,034	-	-	20,183,608
Term Loan	746,115,794	20,515,466	12,574,879	-	779,206,139
Time Loan	285,882,216	35,131,205	12,860,217	-	333,873,639
Pledged assets					
Treasury bills	103,684,044	3,250,774	-	-	106,934,818
Bonds	96,780,580	-	-	-	96,780,580
Investment securities					
- Available for sale					
Treasury bills	10,436,980	18,559,026	-	-	28,996,006
Bonds	54,679,355	-	6,524,859	-	61,204,214
- Held to Maturity					
Treasury bills	-	6,008,800	1,678,481	-	7,687,281
Bonds	39,278,886	1,560,321	2,904,088	-	43,743,295
Other assets	68,256,292	3,600,119	304,328	-	72,160,739
Total	**2,133,898,056**	**140,373,471**	**134,877,213**	**-**	**2,409,148,741**

Credit risk exposures relating to othr credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	210,432,185	10,695,345	-	-	221,127,530
Guaranteed facilities	86,113,061	7,132,642	890,224	-	94,135,927
Clean line facilities for letters of credit and other commitments	160,094,292	28,184,541	28,506,759	-	216,785,592
Future, swap and forward contracts	340,959,986	40,557,729	59,283,185	-	440,800,900
Total	**797,599,524**	**86,570,258**	**88,680,168**	**-**	**972,849,949**

Credit risk management

5.1.5 (b) By Sector

Bank
December 2016

In thousands of Naira	Corporate	Commercial	Bank	Retail	Government	Others	Total
Cash and balances with banks	-	-	480,395,147	-	-	-	480,395,147
Investment under management	10,913,760	-	1,070,385	-	2,887,102	-	14,871,247
Non pledged trading assets							
Treasury bills	-	-	-	-	34,381,635	-	34,381,635
Bonds	-	9,913	8,391	-	10,170,293	-	10,188,597
Derivative financial instruments	28,003,737	-	5,360,808	-	122,408,117	-	155,772,662
Loans and advances to banks	-	-	104,006,574	-	-	-	104,006,574
Loans and advances to customers							
Auto Loan	-	-	-	4,366,544	-	-	4,366,544
Credit Card	26,799	-	-	3,895,578	-	-	3,922,377
Finance Lease	2,404,390	1,259,848	-	312,384	11,275	-	3,987,898
Mortgage Loan	-	18,242	-	4,978,710	-	-	4,996,952
Overdraft	19,595,999	104,350,992	-	6,318,069	20,603	-	130,285,663
Personal Loan	-	-	-	16,789,104	-	-	16,789,104
Term Loan	371,285,015	375,330,466	-	5,193,606	265,837,168	-	1,017,646,255
Time Loan	176,512,323	235,178,172	-	669,550	207,509	-	412,567,554
Pledged assets							
Treasury bills	-	-	-	-	188,239,520	-	188,239,520
Bonds	-	-	-	-	126,707,982	-	126,707,982
Investment securities							
Available for sale							
Treasury bills	-	-	-	-	40,960,665	-	40,960,665
Bonds	377,207	-	5,814,936	-	15,507,737	-	21,699,880
Held to Maturity							
Treasury bills	-	-	-	-	-	-	-
Bonds	3,036,929	-	1,032,857	-	36,293,265	-	40,363,051
Other assets	17,580,637	1,895,503	1,426,691	3,706,154	4,430,246	4,225,841	33,265,072
Total	**629,736,797**	**718,043,135**	**599,115,790**	**46,229,699**	**848,063,117**	**4,225,841**	**2,845,414,378**

Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	136,163,848	-	-	-	-	-	136,163,848
Guaranteed facilities	85,363,821	-	150,000	-	-	-	85,513,821
Clean line facilities for letters of credit and other commitments	128,707,741	-	-	-	30,287,053	-	158,994,793
Future, swap and forward contracts	314,341,917	-	152,493,026	-	433,601,415	-	900,436,358
Total	**664,577,327**	**-**	**152,643,026**	**-**	**463,888,468**	**-**	**1,281,108,820**

By Sector

Bank
December 2015

In thousands of Naira	Corporate	Commercial	Bank	Retail	Government	Others	Total
Cash and balances with banks	-	-	376,441,830	-	-	-	376,441,830
Investment under management	2,385,288		4,927,888	-	3,090,432		10,403,608
Non pledged trading assets							
Treasury bills	-	-	-	-	50,209,443	-	50,209,443
Bonds	4,568	-	59,077	-	1,961,355	-	2,025,000
Derivative financial instruments	3,485,545	-	861,736	-	73,505,068	-	77,852,349
Loans and advances to banks	-	-	60,414,721	-	-	-	60,414,721
Loans and advances to customers							
Auto Loan	173,144	1,020,277	-	4,076,949	20,922	-	5,291,293
Credit Card	-	-	-	2,812,544	-	-	2,812,544
Finance Lease	983,461	829,447	-	-	-	-	1,812,908
Mortgage Loan	-	27,552	-	4,332,232	-	-	4,359,784
Overdraft	61,513,770	112,064,079	-	4,381,653	1,302,179	-	179,261,680
Personal Loan	-	-	-	17,863,573	-	-	17,863,573
Term Loan	310,192,916	268,549,705	-	3,272,990	163,915,701	-	745,931,312
Time Loan	132,203,718	149,821,320	-	633,471	3,223,707	-	285,882,216
Pledged assets							
Treasury bills	-	-	-	-	103,684,044	-	103,684,044
Bonds	-	-	-	-	96,780,580	-	96,780,580
Investment securities							
Available for sale							
Treasury bills	-	-	-	-	10,436,981	-	10,436,981
Bonds		-	6,016,748	-	54,679,355	-	60,696,103
Held to Maturity							
Treasury bills	-	-	-	-	-	-	-
Bonds	1,684,150	-	1,007,643	-	37,594,736	-	40,286,529
Other assets	22,790,400	6,047,003	2,116,917	11,235,870	27,278,697	40,859	69,509,746
Total	**535,416,960**	**538,359,383**	**451,846,560**	**48,609,282**	**627,683,200**	**40,859**	**2,201,956,244**
Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	29,902,004	188,165,021	-	-	-	-	218,067,025
Guaranteed facilities	4,742,037	84,472,264	-	23,484	2,403,148	-	91,640,933
Clean line facilities for letters of credit and other commitments	34,714,834	125,379,457	-	-	-	-	160,094,292
Future, swap and forward contracts	45,889,610	-	105,926,291	-	288,985,000	-	440,800,900
Total	**115,248,485**	**398,016,742**	**105,926,291**	**23,484**	**291,388,148**	**-**	**910,603,149**

5.1.5 (b)i By geography

Bank **December 2016** *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Others**	**Total**
Cash and balances with banks	415,235,668	-	65,159,480	-	480,395,147
Investment under management	14,871,247	-	-	-	14,871,247
Non pledged trading assets					
Treasury bills	34,381,635	-	-	-	34,381,635
Bonds	10,170,293	-	18,304	-	10,188,597
Derivative financial instruments	149,856,253	1,117,959	97,119	4,701,331	155,772,662
Loans and advances to banks	5,156,475	-	98,850,099	-	104,006,574
Loans and advances to customers					
Auto Loan	4,366,544	-	-	-	4,366,544
Credit Card	3,922,377	-	-	-	3,922,377
Finance Lease	3,987,898	-	-	-	3,987,898
Mortgage Loan	4,996,952	-	-	-	4,996,952
Overdraft	130,285,663	-	-	-	130,285,663
Personal Loan	16,789,104	-	-	-	16,789,104
Term Loan	1,017,646,255	-	-	-	1,017,646,255
Time Loan	412,567,554	-	-	-	412,567,554
Pledged assets					
Treasury bills	188,239,520	-	-	-	188,239,520
Bonds	126,707,982	-	-	-	126,707,982
Investment securities					
Available for sale					
Treasury bills	40,960,665	-	-	-	40,960,665
Bonds	18,939,219	-	2,760,661	-	21,699,880
Held to Maturity					
Treasury bills	-	-	-	-	-
Bonds	37,917,493	-	2,445,558	-	40,363,051
Other assets	32,437,346	808,611	19,115	-	33,265,072
Total	**2,669,436,143**	**1,926,570**	**169,350,336**	**4,701,331**	**2,845,414,379**
Credit risk exposures relating to othr credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	136,163,848	-	-	-	136,163,848
Guaranteed facilities	85,513,821	-	-	-	85,513,821
Clean line facilities for letters of credit and other commitments	158,994,793	-	-	-	158,994,793
Future, swap and forward contracts	744,259,779	32,748,881	97,065,142	26,362,557	900,436,358
Total	**1,124,932,241**	**32,748,881**	**97,065,142**	**26,362,557**	**1,281,108,820**

By geography

Bank **December 2015** *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Others**	**Total**
Cash and balances with banks	405,998,636		-	-	405,998,636
Investment under management	10,403,608		-	-	10,403,608
Non pledged trading assets	-				
Treasury bills	50,209,443	-	-	-	50,209,443
Bonds	1,961,355	-	63,645	-	2,025,000
Derivative financial instruments	76,970,769	-	867,235	14,345	77,852,349
Loans and advances to banks	634,098	-	59,780,624	-	60,414,722
Loans and advances to customers	-				
Auto Loan	5,291,293	-	-	-	5,291,293
Credit Card	2,812,544	-	-	-	2,812,544
Finance Lease	1,812,908	-	-	-	1,812,908
Mortgage Loan	4,359,784	-	-	-	4,359,784
Overdraft	179,261,680	-	-	-	179,261,680
Personal Loan	17,863,573	-	-	-	17,863,573
Term Loan	745,931,312	-	-	-	745,931,312
Time Loan	285,882,216	-	-	-	285,882,216
Pledged assets	-				
Treasury bills	103,684,044	-	-	-	103,684,044
Bonds	96,780,580	-	-	-	96,780,580
Investment securities	-				
Available for sale	-				
Treasury bills	10,436,981	-	-	-	10,436,981
Bonds	54,679,356	-	5,857,725	159,022	60,696,103
Held to Maturity	-				
Treasury bills		-	-	-	-
Bonds	39,278,886	-	1,007,643	-	40,286,529
Other assets	68,076,063	1,409,196	24,487	-	69,509,746
Total	**2,162,329,129**	**1,409,196**	**67,601,359**	**173,367**	**2,231,513,051**

Credit risk exposures relating to othr credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	218,067,025	-	-	-	218,067,025
Guaranteed facilities	91,640,933	-	-	-	91,640,933
Clean line facilities for letters of credit and other commitments	160,094,292	-	-	-	160,094,292
Future, swap and forward contracts	340,959,986	40,557,729	59,283,185	-	440,800,900
Total	**810,762,236**	**40,557,729**	**59,283,185**	**-**	**910,603,150**

5.2.1 A summary of the Group's interest rate gap position on financial instruments is as follows:

Group

In thousands of Naira **31 December 2016**	Re-pricing period Less than 3 months	4 - 6 months	7 - 12 months	1 - 5 years	More than 5 years	Non-Interest bearing	Total
Non-derivative assets							
Cash and balances with banks	118,063,803	1,762,209	-	-	-	594,063,093	713,889,105
Investment under management	14,871,247	-	-	-	-	-	14,871,247
Non pledged trading assets							
Treasury bills	7,104,931	8,132,475	19,144,229	-	-	-	34,381,635
Bonds	-	-	1,993	10,186,604	-	-	10,188,597
Loans and advances to banks	35,976,130	7,477,605	1,523,322	224,438	1,508	-	45,203,002
Loans and advances to customers							
Auto Loan	48,036	140,524	285,619	3,722,834	253,735	-	4,450,747
Credit Card	3,857,163	187	16,538	105,348	-	-	3,979,235
Finance Lease	196,694	9,501	166,902	3,614,801	-	-	3,987,898
Mortgage Loan	24,310,113	759	39,255	1,195,811	4,674,619	-	30,220,557
Overdraft	104,827,946	8,168,255	61,356,628	936,877	-	-	175,289,705
Personal Loan	273,440	162,550	1,426,014	15,957,194	252,875	-	18,072,072
Term Loan	30,863,690	14,132,484	16,004,301	454,903,302	572,815,472	-	1,088,719,249
Time Loan	257,669,712	58,309,804	99,697,734	69,062,457	-	-	484,739,708
Pledged assets							-
Treasury bills	39,049,250	67,819,721	81,370,550	-	-	-	188,239,521
Bonds	-	3,541,654	8,215,582	22,140,686	92,810,059	-	126,707,982
Investment securities							
- Available for sale							
Treasury bills	24,469,054	10,305,106	34,572,441	-	-	-	69,346,601
Bonds	-	5,537,388	-	8,923,273	18,431,188	-	32,891,849
- Held to Maturity							
Treasury bills	8,342,441	8,638,753	10,368,919	-	-	-	27,350,114
Bonds	-	88,654	2,302,702	7,555,286	31,154,372	-	41,101,014
Other assets	-	-	-	-	-	41,796,068	41,796,068
	669,923,650	**194,227,629**	**336,492,729**	**598,528,911**	**720,393,828**	**635,859,161**	**3,155,425,907**
Non-derivative liabilities							
Deposits from financial institutions	151,001,693	69,658	16,285,233	-	-	-	167,356,583
Deposits from customers	1,910,193,499	41,569,864	52,508,124	8,390,090	-	76,535,709	2,089,197,286
Other liabilties	-	-	-	-	-	111,117,648	111,117,648
Debt securities issued	7,624,982	3,802,546	92,736,609	212,380,366	-	-	316,544,502
Interest bearing borrowings	-	2,057,477	60,029,752	219,372,282	-	18,084,196	299,543,707
	2,068,820,174	**47,499,545**	**221,559,718**	**440,142,738**	**-**	**205,737,553**	**2,983,759,725**
Total interest re-pricing gap	(1,398,896,525)	146,728,084	114,933,011	158,386,173	720,393,828	430,121,607	171,666,181

Group	**Re-pricing period**						
In thousands of Naira **31 December 2015**	**Less than 3 months**	**4 - 6 months**	**7 - 12 months**	**1 - 5 years**	**More than 5 years**	**Non-Interest bearing**	**Total**
Non-derivative assets							
Cash and balances with banks	52,433,982	-	-	-	-	425,975,354	478,409,336
Investment under management	10,403,608	-	-	-	-	-	10,403,608
Non pledged trading assets							
Treasury bills	7,378,205	9,653,535	33,177,703	-	-	-	50,209,443
Bonds	-	-	42,554	1,182,521	799,925	-	2,025,000
Loans and advances to banks	543,309	-	42,099,529	91,072	-	-	42,733,910
Loans and advances to customers							
Auto Loan	28,585	63,060	284,135	5,143,268	-	-	5,519,048
Credit Card	794,103	273,215	101,128	1,682,974	-	-	2,851,420
Finance Lease	55,553	181,241	360,817	1,215,297	-	-	1,812,908
Mortgage Loan	2,156	-	1,055,368	800,711	22,206,904	-	24,065,139
Overdraft	136,304,482	14,520,390	47,494,058	-	-	-	198,318,930
Personal Loan	137,483	137,495	424,720	19,469,367	14,543	-	20,183,608
Term Loan	67,304,865	8,558,580	19,636,782	400,260,208	283,445,704	-	779,206,139
Time Loan	239,163,978	33,573,023	60,276,238	859,764	636	-	333,873,638
Pledged assets							
Treasury bills	50,456,135	26,579,358	29,899,324	-	-	-	106,934,817
Bonds	-	-	11,591,562	8,155,781	77,033,237	-	96,780,580
Investment securities							
- Available for sale	-						
Treasury bills	14,730,720	4,013,091	8,493,425	1,758,770	-	-	28,996,006
Bonds	-	-	2,013,715	20,246,719	38,943,780	-	61,204,214
- Held to Maturity	-						
Treasury bills	-	-	-	-	-	-	-
Bonds	257,092	2,930,151	7,687,281	24,639,513	6,650,151	-	42,164,188
Other assets	-	-	9,266,388	-	-	72,160,739	81,427,127
	579,994,256	**100,483,139**	**273,904,727**	**485,505,964**	**429,094,880**	**498,136,093**	**2,367,119,060**
Non-derivative liabilities							
Deposits from financial institutions	70,684,694	2,229,727	-	-	-	-	72,914,421
Deposits from customers	1,524,107,621	70,456,406	66,657,799	22,022,494	-	-	1,683,244,320
Other liabilties	-	-	-	-	-	65,277,321	65,277,321
Debt securities issued	-	-	-	149,853,640	-	-	149,853,640
Interest bearing borrowings	17,049	12,457	1,008,489	20,356,658	197,232,476	12,840,032	231,467,161
	1,594,809,364	**72,698,590**	**67,666,288**	**192,232,792**	**197,232,476**	**78,117,353**	**2,202,756,863**
Total interest re-pricing gap	(1,014,815,108)	27,784,549	206,238,439	293,273,172	231,862,404	420,018,740	164,362,196

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

Bank

In thousands of Naira	Re-pricing period						
31 December 2016	**Less than 3 months**	**4 - 6 months**	**7 - 12 months**	**1 - 5 years**	**More than 5 years**	**Non-Interest bearing**	**Total**
Non-derivative assets							
Cash and balances with banks	41,798,197	-	-	-	-	476,199,052	517,997,249
Investment under management	14,871,247	-	-	-	-	-	14,871,247
Non- pledged trading assets							
Treasury bills	7,104,931	8,132,475	19,144,229	-	-	-	34,381,635
Bonds	-	-	1,993	10,186,604	-	-	10,188,597
Loans and advances to banks	100,956	-	80,850,522	23,055,096	-	-	104,006,574
Loans and advances to customers							
Auto Loan	44,538	140,498	278,421	3,649,349	253,737	-	4,366,544
Credit Card	3,787,028	187	16,538	118,623	-	-	3,922,377
Finance Lease	196,694	9,501	166,902	3,614,801	-	-	3,987,898
Mortgage Loan	4,996	353	38,443	1,156,744	3,796,416	-	4,996,952
Overdraft	102,563,620	8,168,255	19,374,316	179,472	-	-	130,285,663
Personal Loan	266,532	159,842	860,207	15,477,175	25,348	-	16,789,105
Term Loan	8,752,512	13,988,889	15,750,168	409,300,808	569,853,878	-	1,017,646,255
Time Loan	240,757,770	50,689,184	52,089,014	69,031,586	-	-	412,567,553
Pledged assets							
Treasury bills	39,049,250	67,819,721	81,370,550	-	-	-	188,239,521
Bonds	-	3,541,654	8,215,582	22,140,686	92,810,060	-	126,707,982
Investment securities							
- Available for sale							
Treasury bills	2,154,121	9,021,856	29,784,689	-	-	-	40,960,665
Bonds	-	4,009,824	-	3,650,527	14,039,528	-	21,699,880
- Held to Maturity							
Treasury bills	-	-	-	-	-	-	-
Bonds	-	66,554	2,132,702	7,323,605	30,840,190	-	40,363,051
Other assets	-	-	-	-	-	33,265,072	33,265,072
	461,452,392	**165,748,796**	**310,074,275**	**568,885,079**	**711,619,154**	**509,464,124**	**2,727,243,819**
Non-derivative liabilities							
Deposits from financial institutions	85,753,842	39,901	9,328,445	-	-	-	95,122,188
Deposits from customers	1,657,794,162	36,053,247	45,539,922	7,276,665	-	66,378,876	1,813,042,872
Other liabilities	-	-	-	-	-	105,287,724	105,287,724
Debt securities	7,624,982	3,802,546	20,144,524	212,380,366	-	-	243,952,418
Interest bearing borrowings	2,557,609	58,694,740	9,724,633	285,275,751	-	15,927,053	372,179,785
	1,753,730,595	**98,590,434**	**84,737,524**	**504,932,781**	**-**	**187,593,653**	**2,629,584,986**
Total interest re-pricing gap	(1,292,278,203)	67,158,362	225,336,751	63,952,298	711,619,154	321,870,471	97,658,833

Bank

In thousands of Naira **31 December 2015**	Re-pricing period **Less than 3 months**	**4 - 6 months**	**7 - 12 months**	**1 - 5 years**	**More than 5 years**	**Non-Interest bearing**	**Total**
Non-derivative assets							
Cash and balances with banks	26,111,216	-	-	-	-	379,887,420	405,998,636
Investment under management	10,403,608	-	-	-	-	-	10,403,608
Non- pledged trading assets							
Treasury bills	7,378,204	9,653,535	33,177,704	-	-	-	50,209,443
Bonds	-	-	42,554	1,182,522	799,924	-	2,025,000
Loans and advances to banks	-	496,780	59,828,535	89,406	-	-	60,414,721
Loans and advances to customers							
Auto Loan	28,584	63,061	284,135	4,915,512	-	-	5,291,292
Credit Card	794,103	273,215	62,253	1,682,973	-	-	2,812,544
Finance Lease	55,553	181,241	360,817	1,215,297	-	-	1,812,908
Mortgage Loan	2,156	-	105,537	800,711	3,451,380	-	4,359,784
Overdraft	136,671,678	14,335,907	28,254,095	-	-	-	179,261,680
Personal Loan	137,483	137,494	424,721	17,149,332	14,543	-	17,863,573
Term Loan	67,120,383	8,558,580	19,636,783	367,169,862	283,445,704	-	745,931,312
Time Loan	239,163,978	33,573,023	12,284,815	859,764	636	-	285,882,216
Pledged assets							
Treasury bills	48,794,846	26,291,063	28,598,135	-	-	-	103,684,044
Bonds	-	-	11,303,267	7,359,376	78,117,937	-	96,780,580
Investment securities							
- Available for sale							-
Treasury bills	6,158,089	-	4,278,892	-	-	-	10,436,981
Bonds	-	-	1,505,605	20,246,719	38,943,780	-	60,696,104
- Held to Maturity		-					-
Treasury bills	-	-	-	-	-	-	-
Bonds	-	-	9,126,791	24,574,550	6,585,188	-	40,286,529
Other assets	-	-	-	-	-	69,509,746	69,509,746
	542,819,881	**93,563,899**	**209,274,639**	**447,246,024**	**411,359,092**	**449,397,166**	**2,153,660,701**
Non-derivative liabilities							
Deposits from financial institutions	61,114,058	2,229,727	-	-		-	63,343,785
Deposits from customers	1,454,545,553	42,093,094	31,568,442	6,794	-	-	1,528,213,883
Other liabilities	-	-	-	-		62,871,485	62,871,485
Debt securities	-	-	-	78,516,655	-	-	78,516,655
Interest bearing borrowings	-	-	1,008,489	96,799,622	192,271,843	12,840,033	302,919,987
	1,515,659,611	**44,322,821**	**32,576,931**	**175,323,071**	**192,271,843**	**75,711,518**	**2,035,865,795**
Total interest re-pricing gap	(972,839,730)	49,241,078	176,697,708	271,922,953	219,087,249	373,685,648	117,794,907

Market risk management

The Group trades on bonds, treasury bills and foreign currency. Market risk in trading portfolios is monitored and controlled using tools such as position limits, value at risk and present value of an assumed basis points change in yields or exchange rates coupled with concentration limits. The major measurement technique used to measure and control market risk is outlined below.

5.2.2 Value at risk (VAR)

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

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

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

Group VAR by risk type		**December 2016**		
In thousands of Naira	**Average**	**High**	**Low**	**Actual**
Foreign exchange risk	20,455	201,816	154	12,050
Interest rate risk	564,918	1,492,932	84,051	393,917
Total	**585,373**	**1,694,748**	**84,205**	**405,967**

Group		**December 2015**		
	Average	**High**	**Low**	**Actual**
Foreign exchange risk	19,346	78,309	151	32,375
Interest rate risk	93,877	414,318	14,199	316,697
Total	**113,223**	**492,627**	**14,350**	**349,072**

Bank VAR by risk type		**December 2016**		
In thousands of Naira	**Average**	**High**	**Low**	**Actual**
Foreign exchange risk	19,275	198,717	31	11,309
Interest rate risk	564,918	1,492,932	84,051	393,917
Total	**584,193**	**1,691,649**	**84,082**	**405,226**

Bank		**December 2015**		
	Average	**High**	**Low**	**Actual**
Foreign exchange risk	10,329	43,344	70	23,132
Interest rate risk	93,877	414,318	14,199	316,697
Total	**104,206**	**457,662**	**14,269**	**339,829**

The table below sets out information on the exposure to fixed and variable interest instruments.

Exposure to fixed and variable interest rate risk
Group
In thousands of Naira

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

31 December 2015	**Fixed**	**Floating**	**Non-interest bearing**	**Total**
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	52,433,982	-	425,975,354	478,409,336
Non pledged trading assets	52,234,443	-	63,979	52,298,422
Derivative financial instruments	-	-	77,905,020	77,905,020
Loans and advances to banks	42,733,910	-	-	42,733,910
Loans and advances to customers	4,556,129	1,361,274,702	-	1,365,830,831
Pledged assets	203,715,397	-	-	203,715,397
Investment securities:				
– Available-for-sale	90,200,220	-	44,592,330	134,792,550
– Held-to-maturity	51,463,692	-	-	51,463,692
TOTAL	**497,337,773**	**1,361,274,702**	**548,536,683**	**2,407,149,158**
LIABILITIES				
Deposits from financial institutions	72,914,421	-	-	72,914,421
Deposits from customers	706,327,211	976,917,109	-	1,683,244,320
Derivative financial instruments	-	-	3,077,927	3,077,927
Debt securities issued	-	149,853,640	-	149,853,640
Interest-bearing borrowings	181,214,364	50,252,797	-	231,467,161
TOTAL	**960,455,996**	**1,177,023,546**	**3,077,927**	**2,140,557,469**

Bank

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

31 December 2015	Fixed	Floating	Non-interest bearing	Total
ASSETS	N'000	N'000	N'000	N'000
Cash and balances with banks	26,111,216	-	379,887,420	405,998,636
Non pledged trading assets	52,234,443	-	63,979	52,298,422
Derivative financial instruments	-	-	77,852,349	77,852,349
Loans and advances to banks	-	60,414,721	-	60,414,721
Loans and advances to customers	4,231,571	1,238,983,738	-	1,243,215,309
Pledged assets	200,464,624	-	-	200,464,624
Investment securities:				
– Available-for-sale	71,133,084	-	44,575,185	115,708,269
– Held-to-maturity	40,286,529	-	-	40,286,529
TOTAL	**394,461,467**	**1,299,398,459**	**502,378,933**	**2,196,238,859**
LIABILITIES				
Deposits from financial institutions	63,343,785	-	-	63,343,785
Deposits from customers	632,818,563	895,395,320	-	1,528,213,883
Derivative financial instruments	-	-	2,416,378	2,416,378
Debt securities issued	-	78,516,655	-	78,516,655
Interest-bearing borrowings	181,214,364	121,705,623	-	302,919,987
TOTAL	877,376,712	1,095,617,598	2,416,378	1,975,410,688

Derivative financial instruments include elements of interest rate differential between the applicable underlying currencies. Further details on the fair value of derivatives have been discussed in Note3.9(J) of the financial statement.

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate repricing (note 5.2.1) and value at risk (note 5.2.2) that may be undertaken, which is monitored daily by Group Treasury.

Cash flow and fair value interest rate risk

The group's interest rate risk arises from risk assets, long-term borrowings, deposits from banks and customers. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Other financial liabilities issued at fixed rates expose the group to fair value interest rate risk.

The management of interest rate risk against interest rate gap limits is supplemented with monitoring the sensitivity of the Group's financial assets and liabilities to various scenarios.

Interest rate movement have both cash flow and fair value effect depending on whether interest rate is fixed or floating. The impact resulting from adverse or favourable movement flows from either retained earnings or OCI and ultimately ends in equity in the following manner:

(i) Retained earnings arising from increase or decrease in net interest income and the fair value changes reported in profit or loss.

(ii) Fair value reserves arising from increases or decreases in fair value of available-for-sale financial instruments reported directly in other comprehensive income.

Group
Interest sensitivity analysis - 31 December 2016
Impact on net interest income of +/-100 basis points changes in rates over a one year period (N'000)

Time Band	Cashflow interest rate risk 100 basis points decline in rates	100 basis points increase in rates
Less than 3 months	(71,335)	71,335
6 months	(1,868,207)	1,868,207
12 months	(1,967,752)	1,967,752
	(3,907,294)	**3,907,294**

Interest sensitivity analysis - 31 December 2015
Impact on net interest income of +/-100 basis points changes in rates over a one year period (N'000)

Time Band	Cashflow interest rate risk 100 basis points decline in rates	100 basis points increase in rates
Less than 3 months	436,387	(436,387)
6 months	(18,941)	18,941
12 months	(231,879)	231,879
	185,567	**(185,567)**

Bank
Interest sensitivity analysis - 31 December 2016
Impact on net interest income of +/-100 basis points changes in rates over a one year period (N'000)

Time Band	Cashflow interest rate risk rates	increase in rates
Less than 3 months	(67,938)	67,938
6 months	(1,612,292)	1,612,292
12 months	(1,805,538)	1,805,538
	(3,485,768)	**3,485,768**

Interest sensitivity analysis - 31 December 2015
Impact on net interest income of +/-100 basis points changes in rates over a one year period (N'000)

Time Band	Cashflow interest rate risk 100 basis points decline in rates	100 basis points increase in rates
Less than 3 months	441,514	(441,514)
6 months	(51,912)	51,912
12 months	(262,821)	262,821
	126,781	**(126,781)**

The table above sets out the impact on net interest income of a 100 basis points parallel fall or rise in all yields. A parallel increase in yields by 100 basis points would lead to an increase in net interest income while a parallel fall in yields by 100 basis points would lead to a decline in net interest income. The interest rate sensitivities are based on simplified scenarios and assumptions, including that all positions will be retained and rolled over upon maturity. The figures represent the effect of movements in net interest income based on the 100 basis point shift in interest rate and subject to the current interest rate exposures. However, the effect has not taken into account the possible risk management measures undertaken by the Bank to mitigate interest rate risk. In practice, the Assets and Liability Committee, ALCO seeks proactively to change the interest rate risk profile to minimize losses and optimise net revenues. The projections also assume that interest rates on various maturities will move within similar ranges, and therefore do not reflect any potential effect on net interest income in the event that some interest rates may change and others remain unchanged.

Price sensitivity analysis on bonds and treasury bills
The table below shows the impact of likely movement in yields on the value of bonds and treasury bills. This relates to the positions held for trade and available for sale. Since an increase in yields would lead to decline in market values of bonds and treasury bills, the analysis was carried out to show the likely impact of 50 and 100 basis points increase in market yields. The impact of held for trading investments is on the income statement while the impact of available for sale instruments is on the statement of other comprehensive income.

Group

31 December 2016	**Carrying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive			
Investment under management T-Bills			
Held for trading Bonds	10,188,597	(165,377)	(327,492)
Held for trading T-bills	34,381,635	(103,935)	(207,868)
Pledged assets: Bonds	-	-	-
Pledged assets: T-bills	104,560,978	(318,783)	(637,563)
	149,131,210	(588,095)	(1,172,923)
Impact on Other Comprehensive Income			
Available for sale investments	96,046,306	(859,399)	(1,742,610)
TOTAL	**245,177,516**	**(1,447,494)**	**(2,915,533)**

31 December 2015	**Carrying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive			
Investment under management T-Bills			
Held for trading Bonds	1,717,106	(15,142)	(29,252)
Held for trading T-bills	52,320,043	(85,915)	(182,492)
Pledged assets: Bonds	-	-	-
Pledged assets: T-bills	42,578,948	(69,920)	(148,516)
	96,616,097	(170,977)	(360,260)
Impact on Other Comprehensive Income			
Available for sale investments	119,034,346	(858,275)	(1,774,728)
TOTAL	**215,650,443**	**(1,029,252)**	**(2,134,988)**

Bank

31 December 2016	**Carrying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive Income			
Held for trading Bonds	10,170,293	(165,377)	(327,492)
Held for trading T.bills	34,381,635	(103,935)	(207,868)
Pledged assets: Bonds	-	-	-
Pledged assets: T-bills	104,560,978	(318,783)	(637,563)
	149,112,906	(588,095)	(1,172,923)
Impact on Other Comprehensive Income			
Available for sale investments	111,555,830	(859,399)	(1,742,610)
TOTAL	**260,668,736**	**(1,447,494)**	**(2,915,533)**

31 December 2015	**Carrying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive Income			
Held for trading Bonds	1,717,106	(15,142)	(29,252)
Held for trading T.bills	52,320,043	(85,915)	(182,492)
Pledged assets: Bonds	-	-	-
Pledged assets: T-bills	42,578,948	(69,920)	(148,516)
	96,616,097	(170,977)	(360,260)
Impact on Other Comprehensive Income			
Available for sale investments	119,034,346	(858,275)	(1,774,728)
TOTAL	**215,650,443**	**(1,029,252)**	**(2,134,988)**

Foreign currency sensitivity analysis

The Group's principal foreign currency exposure is to US Dollars, as it constituted 75% of the Group's foreign currency exposure as at 31 December 2016. The table below illustrates the hypothetical sensitivity of the Group and Bank's reported profit to a 30% and 15% increase in the US Dollar/Naira exchange rates at the year end dates, assuming all other variables remain unchanged. The sensitivity rate of 30% and 15% represents the directors' assessment of a reasonable possible change based on historic volatility.

The analysis assumes that exchange rate fluctuations on currency derivatives that form part of an effective cash flow hedge affect the fair value reserve in equity and the fair value of the hedging derivatives. For foreign exchange derivatives which are not designated hedges, movements in exchange rates impact the income statement.

Group

In thousands of naira	**Impact on statement of comprehensive income 31 December 2016**	**Impact on statement of comprehensive income 31 December 2015**
Naira weakens by 15%	1,242,057	(12,178,312)
Naira weakens by 30%	2,484,113	(24,356,625)

Bank

In thousands of naira	**Impact on statement of comprehensive income 31 December 2016**	**Impact on statement of comprehensive income 31 December 2015**
Naira weakens by 15%	3,599,105	(13,038,569)
Naira weakens by 30%	7,198,209	(26,077,138)

The year end exchange rates applied in the above analysis are US Dollar 305 (2015:199.30). The strengthening and weakening of Naira may not produce symmetrical results depending on the proportion and nature of foreign exchange derivatives which do not qualify for hedge accounting

Sensitivity analysis of derivative valuation

Group carries out a sensitivity analysis to determine the effects that market variables may have on the fair value of the Group's derivative financial instruments and results of operations. Below is a sensitivity analysis of the derivatives to changes in spot rates. In doing this, all other variables have been held constant while varying the spot rate at 10% and 20%.
The table below contains the summary of the impact of Naira depreciation against US Dollars on statement of comprehensive income.

In thousands of naira	**Impact on statement of comprehensive income 31-Dec-16**	**Impact on statement of comprehensive income 31-Dec-15**
Naira weakens by 10%	16,751,618	(17,628,934)
Naira weakens by 20%	33,503,236	(35,257,868)

Price sensitivity analysis on equity

For the equities, a sensitivity of the key valuation inputs is contained in note 4 of this financial statements.

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

Financial instruments by currency
Group

In thousands of Naira

31 December 2016	Total	Naira	US	GBP	Euro	Others
Cash and balances with banks	713,889,105	449,810,262	107,945,620	108,816,821	15,018,080	32,298,322
Investment under management	14,871,247	14,871,247	-	-	-	-
Non-pledged trading assets						
Treasury bills	34,381,635	34,381,635	-	-	-	-
Bonds	10,188,597	10,170,293	18,304	-	-	-
Equity	59,348	59,348	-	-	-	-
Derivative financial instruments	156,042,984	155,807,597	-	117,937	-	117,449
Loans and advances to banks	45,203,002	5,120,324	36,849,371	100,828	3,054,125	78,354
Loans and advances to customers						
Auto Loan	4,450,747	4,366,543	-	-	-	84,204
Credit Card	3,979,235	461,865	3,489,838	356	-	27,176
Finance Lease	3,987,898	3,847,155	140,741	-	-	-
Mortgage Loan	30,220,557	4,945,265	51,687	-	24,304,711	918,895
Overdraft	175,289,705	115,975,909	19,408,321	112	1,914	39,903,450
Personal Loan	18,072,072	16,068,950	770,696	-	-	1,232,426
Term Loan	1,088,719,249	662,246,205	414,637,752	-	1,923,592	9,911,700
Time Loan	484,739,709	110,638,349	342,042,618	-	5,017,432	27,041,309
Pledged assets	-					
Treasury bills	188,239,520	188,239,520	-	-	-	-
Bonds	126,707,982	126,707,982	-	-	-	-
Investment securities						
- Available for sale						
Treasury bills	69,346,601	40,960,665	22,293,819	-	-	6,092,117
Bonds	32,648,488	18,939,219	3,319,215	-	-	10,390,054
Equity	58,667,555	58,420,406	-	220,510	-	26,639
- Held to Maturity						
Treasury bills	27,350,114	-	-	-	-	27,350,114
Bonds	41,101,014	37,917,493	3,031,795	-	-	151,726
Other assets	41,796,068	25,620,309	9,312,046	693,416	3,157	6,167,140
	3,369,952,432	**2,085,576,541**	**963,311,822**	**109,949,979**	**49,323,011**	**161,791,075**
Deposits from financial institutions	167,356,583	23,799	135,858,174	12,101,600	10,666,112	8,706,898
Deposits from customers	2,089,197,286	1,496,193,858	395,957,684	93,758,760	11,414,977	91,872,007
Derivative financial instruments	30,444,501	30,275,182	5,494	121,239	1,650	40,936
Other liabilities	111,117,648	37,357,834	65,587,013	1,282,116	909,666	5,981,019
Debt securities issued	316,544,502	31,572,052	284,972,450	-	-	-
Interest bearing borrowings	299,543,707	226,099,848	72,650,629	13,923	122,277	657,030
	3,014,204,227	**1,821,522,573**	**955,031,444**	**107,277,638**	**23,114,682**	**107,257,890**
Off balance sheet exposuress						
Transaction related bonds and guarantees	186,251,718	86,188,508	54,791,787	454,287	873,301	43,943,835
Guaranteed facilities	99,582,709	29,384,264	8,065,763	2,771,057	48,063,793	11,297,831
Clean line facilities for letters of credit and other commitments	261,208,243	231,580	205,935,077	2,322,543	12,145,795	40,573,249
Future, swap and forward contracts	933,073,893	-	901,351,358	31,722,536	-	-
	1,480,116,563	**115,804,352**	**1,170,143,986**	**37,270,422**	**61,082,889**	**95,814,915**

*Included in Others are balances the group has in other currencies which includes South africa Rand,Japanese Yen, Ghanian Cedis, Dirham, Australian dollars, Canadian dollars, Swiss franc, Chinese Yuan etc.

Financial instruments by currency
Group

In thousands of Naira

31 December 2015	**Total**	**Naira**	**US**	**GBP**	**Euro**	**Others**
Cash and balances with banks	478,409,336	390,808,342	32,769,177	37,047,633	12,223,493	5,560,691
Investment under management	10,403,608	10,403,608	-	-	-	-
Non-pledged trading assets						
Treasury bills	50,209,443	50,209,443	-		-	-
Bonds	2,025,000	1,961,355	63,645	-	-	-
Equity	63,979	63,979	-		-	-
Derivative financial instruments	77,905,020	77,852,348	3,717	44,048	4,907	-
Loans and advances to banks	42,733,910	634,381	42,099,529	-	-	-
Loans and advances to customers						
Auto Loan	5,519,049	5,291,292	-	-	-	227,757
Credit Card	2,851,420	474,112	2,367,652	279	-	9,377
Finance Lease	1,812,908	1,274,915	537,993	-	-	-
Mortgage Loan	24,065,139	4,323,674	36,110	17,326,478	-	2,378,877
Overdraft	198,318,930	150,214,723	29,043,587	813	2,557	19,057,250
Personal Loan	20,183,608	17,420,469	443,105	-	-	2,320,034
Term Loan	779,206,138	417,826,517	354,381,107	1,470,780	-	5,527,734
Time Loan	333,873,639	131,874,807	178,602,799	122,143	2,915,589	20,358,301
Pledged assets	-	-	-	-	-	-
Treasury bills	106,934,817	103,684,044	-	-	-	3,250,773
Bonds	96,780,580	96,780,580	-	-	-	-
Investment securities	-	-	-	-	-	-
- Available for sale						
Treasury bills	28,996,006	10,436,981	-	-		18,559,025
Bonds	61,204,214	54,679,355	6,524,859	-	-	-
Equity	44,592,330	44,575,185	-	-	-	17,145
- Held to Maturity						
Treasury bills	7,687,281	-	-	-	-	7,687,281
Bonds	43,743,295	39,278,886	1,649,782	-	-	2,814,627
Other assets	72,160,741	68,885,884	1,429,786	782,577	-	1,062,494
	2,489,680,392	**1,678,954,881**	**649,952,848**	**56,794,751**	**15,146,546**	**88,831,366**
Deposits from financial institutions	72,914,421	3,835,704	49,320,402	13,902,757	3,334,043	2,521,515
Deposits from customers	1,683,244,320	1,076,584,753	469,856,575	50,513,055	11,177,254	75,112,683
Derivative financial instruments	3,077,927	-	2,420,095	54,905	4,907	598,020
Other liabilities	65,277,321	47,301,189	9,958,993	1,237,536	1,167,151	5,612,452
Debt securities issued	149,853,640	-	149,853,640	-	-	-
Interest bearing borrowings	231,467,161	181,664,842	49,731,893	-	-	70,426
	2,205,834,790	**1,309,386,488**	**731,141,598**	**65,708,253**	**15,683,355**	**83,915,096**
Off balance sheet exposuress						
Transaction related bonds and guarantees	221,127,530	146,219,742	53,624,913	4,198,409	1,086,120	15,998,346
Guaranteed facilities	94,135,927	44,908,152	11,049,934	-	38,144,012	33,829
Clean line facilities for letters of credit and other commitments	188,826,683	28,024,778	150,301,288	7,970,810	2,390,551	139,256
Future, swap and forward contracts	468,759,809	-	468,759,809	-	-	-
	972,849,949	**219,152,672**	**683,735,943**	**12,169,219**	**41,620,683**	**16,171,431**

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

Financial instruments by currency

Bank
In thousands of Naira

31 December 2016	**Total**	**Naira**	**US**	**GBP**	**Euro**	**Others**
Cash and balances with banks	517,997,249	449,810,263	60,800,367	1,049,275	6,137,468	199,876
Investment under management	14,871,247	14,871,247	-	-	-	-
Non-pledged trading assets						
Treasury bills	34,381,635	34,381,635	-	-	-	-
Bonds	10,188,597	10,170,293	18,304	-	-	-
Equity	59,348	59,348	-	-	-	-
Derivative financial instruments	155,772,662	155,772,662	-	-	-	-
Loans and advances to banks	104,006,574	5,120,323	98,886,251	-	-	-
Loans and advances to customers						
Auto Loan	4,366,544	4,366,544	-	-	-	-
Credit Card	3,922,377	461,866	3,460,156	356	-	-
Finance Lease	3,987,897	3,847,155	140,741	-	-	-
Mortgage Loan	4,996,952	4,945,265	51,687	-	-	-
Overdraft	130,285,663	115,989,317	14,296,347	-	-	-
Personal Loan	16,789,104	16,068,950	720,154	-	-	-
Term Loan	1,017,646,255	662,246,205	355,400,050	-	-	-
Time Loan	412,567,554	110,638,348	297,462,741	-	4,214,043	252,422
Pledged assets						
Treasury bills	188,239,520	188,239,520	-	-	-	-
Bonds	126,707,982	126,707,982	-	-	-	-
Investment securities	-					
Available for sale	-					
Treasury bills	40,960,665	40,960,665	-	-	-	-
Bonds	21,456,519	18,939,219	2,517,300	-	-	-
Equity	58,420,406	58,420,406	-	-	-	-
Held to Maturity						
Treasury bills	-	-	-	-	-	-
Bonds	40,363,051	37,917,493	2,445,558	-	-	-
Other assets	33,265,072	25,620,310	7,640,386	3,506	870	-
	2,941,252,872	**2,085,555,016**	**843,840,041**	**1,053,137**	**10,352,381**	**452,298**
Deposits from financial institutions	95,122,188	23,800	88,867,543	13,942	6,137,942	78,961
Deposits from customers	1,813,042,872	1,496,193,859	308,016,702	5,443,703	3,388,353	255
Derivative financial instruments	30,275,181	30,275,181	-	-	-	-
Other liabilities	105,287,723	39,811,425	64,501,462	76,042	815,402	83,392
Debt securities issued	243,952,418	31,572,052	212,380,366	-	-	-
Interest bearing borrowings	372,179,785	226,099,849	146,079,936	-	-	-
	2,659,860,166	**1,823,976,166**	**819,846,009**	**5,533,687**	**10,341,697**	**162,608**
Off balance sheet exposuress						
Transaction related bonds and guarantees	136,163,848	86,188,508	48,890,645	454,287	630,408	-
Guaranteed facilities	85,513,821	29,384,265	8,065,763	-	48,063,793	-
Clean line facilities for letters of credit and other commitments	158,994,793	231,581	149,868,358	1,893,686	5,828,248	1,172,921
Future, swap and forward contracts	900,436,358	-	900,436,358	-	-	-
	1,281,108,820	115,804,354	1,107,261,124	2,347,973	54,522,449	1,172,921

Financial instruments by currency
Bank
In thousands of Naira

31 December 2015	**Total**	**Naira**	**US**	**GBP**	**Euro**	**Others**
Cash and balances with banks	405,998,636	390,808,342	10,895,411	926,274	3,287,055	81,554
Investment under management	10,403,608	10,403,608	-	-	-	-
Non-pledged trading assets						
Treasury bills	50,209,443	50,209,443	-	-	-	-
Bonds	2,025,000	1,961,355	63,645	-	-	-
Equity	63,979	63,979	-	-	-	-
Derivative financial instruments	77,852,349	77,852,349	-	-	-	-
Loans and advances to banks	60,414,721	-	48,589,493	6,208,168	5,617,060	-
Loans and advances to customers	-	-	-	-	-	-
Auto Loan	5,291,292	5,291,292	-	-	-	-
Credit Card	2,812,544	474,112	2,338,153	279	-	-
Finance Lease	1,812,908	1,274,915	537,993	-	-	-
Mortgage Loan	4,359,784	4,323,674	36,110	-	-	-
Overdraft	179,261,680	150,214,723	29,043,587	813	2,557	-
Personal Loan	17,863,573	17,420,469	443,104	-	-	-
Term Loan	745,931,312	417,826,517	328,104,795	-	-	-
Time Loan	285,882,216	131,874,807	151,819,340	122,143	1,870,046	195,880
Pledged assets						
Treasury bills	103,684,044	103,684,044	-	-	-	-
Bonds	96,780,580	96,780,580	-	-	-	-
Investment securities	-	-	-	-	-	-
Available for sale	-	-	-	-	-	-
Treasury bills	10,436,981	10,436,981	-	-	-	-
Bonds	60,696,103	54,679,355	6,016,748	-	-	-
Equity	44,575,185	44,575,185	-	-	-	-
Held to Maturity						
Treasury bills	-	-	-	-	-	-
Bonds	40,286,529	39,278,886	1,007,643	-	-	-
Other assets	69,509,746	68,885,884	623,862	-	-	-
	2,276,152,215	**1,678,320,500**	**579,519,884**	**7,257,677**	**10,776,718**	**277,434**
Deposits from financial institutions	63,343,785	3,835,704	56,497,608	122,988	2,806,460	81,025
Deposits from customers	1,528,213,883	1,076,584,753	443,902,655	4,549,723	3,176,591	161
Derivative financial instruments	2,416,378	-	2,416,378	-	-	-
Other liabilities	62,871,485	51,705,684	9,955,814	26,394	1,167,151	16,442
Debt securities issued	78,516,655	-	78,516,655	-	-	-
Interest bearing borrowings	302,919,987	181,664,842	121,255,145	-	-	-
	2,038,282,172	1,313,790,983	712,544,255	4,699,105	7,150,202	97,628
Off balance sheet exposuress						
Transaction related bonds and guarantees	218,067,025	164,267,159	52,358,822	354,924	1,086,120	-
Guaranteed facilities	91,640,933	42,446,987	11,049,934	-	38,144,012	-
Clean line facilities for letters of credit and other commitments	160,094,292	78,087	157,178,621	483,607	2,214,721	139,256
Future, swap and forward contracts	440,800,900	-	440,800,900	-	-	-
	910,603,150	206,792,233	661,388,277	838,531	41,444,853	139,256

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

The amounts in the table below have been compiled as follows:

Type of financial instrument	Basis on which amounts are compiled
Non-derivative financial liabilities and financial assets	Undiscounted cash flows, which include estimated interest payments.
Issued financial guarantee contracts, and unrecognised loan commitments	Earliest possible contractual maturity. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.
Derivative financial liabilities and financial assets held for risk management purposes	Contractual undiscounted cash flows. The amounts shown are the gross nominal inflows and outflows for derivatives that have simultaneous gross settlement (e.g. forward exchange contracts and currency swaps) and the net amounts for derivatives that are net settled.
Trading derivative liabilities and assets forming part of the Group's proprietary trading operations that are expected to be closed out before contractual maturity	Fair values at the date of the statement of financial position. This is because contractual maturities are not reflective of the liquidity risk exposure arising from these positions. These fair values are disclosed in the 'less than one month' column.
Trading derivative liabilities and assets that are entered into by the Group with its customers	Contractual undiscounted cash flows. This is because these instruments are not usually closed out before contractual maturity and so the Group believes that contractual maturities are essential for understanding the timing of cash flows associated with these derivative positions.

The Group's expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. For example, demand deposits from customers are expected to remain stable or increase and unrecognised loan commitments are not all expected to be drawn down immediately. As part of the management of liquidity risk arising from financial liabilities, the Group holds liquid assets comprising Cash and balances with banks and debt securities issued by federal government, which can be readily sold to meet liquidity requirements.
In addition, the Group maintains agreed lines of credit with other banks and holds unencumbered assets eligible for use as collateral.

5.3.1 Residual contractual maturities of financial assets and liabilities

Group 31 December 2016	Carrying amount	Gross nominal inflow/(outflow)	Less than 3 months	6 months	12 months	5 years	More than 5 years
In thousands of Naira							
Cash and balances with banks	713,889,105	715,345,365	353,988,075	7,247,123	53,642,143	-	300,468,024
Investment under management	14,871,247	13,041,247	10,411,554	2,629,693	-	-	-
Non-pledged trading assets							
Treasury bills	34,381,635	34,029,176	9,040,335	4,866,243	20,122,598	-	-
Bonds	10,188,597	16,619,894	631,976	91,576	718,002	6,761,748	8,416,592
Derivative financial instruments	156,042,984	156,042,984	27,079,269	33,598,441	38,327,725	57,037,549	-
Loans and advances to banks	45,203,002	45,463,319	33,905,765	4,685,904	6,871,650	-	-
Loans and advances to customers							
Auto Loan	4,450,747	4,514,364	352,266	325,139	743,859	3,093,100	-
Credit Card	3,979,235	4,051,996	3,916,648	187	16,538	118,623	-
Finance Lease	3,987,897	4,007,259	709,657	370,719	725,035	2,201,848	-
Mortgage Loan	30,220,557	30,304,601	24,297,892	143,547	37,176	2,717,493	3,108,493
Overdraft	175,289,705	186,881,261	115,424,409	8,168,255	62,334,086	954,511	-
Personal Loan	18,072,072	18,754,870	3,212,043	1,692,016	4,106,747	9,486,725	257,338
Term Loan	1,088,719,249	1,109,876,546	92,812,191	37,992,342	70,123,875	620,946,018	288,002,120
Time Loan	484,739,708	486,774,565	321,897,757	36,295,722	63,668,031	64,913,055	-
Pledged assets							
Treasury bills	188,239,520	209,782,953	40,001,539	74,184,000	95,597,414	-	-
Bonds	126,707,982	210,020,282	1,841,690	7,536,150	12,442,115	53,256,317	134,944,010
Investment securities							
Available for sale							
Treasury bills	69,346,601	69,633,449	24,517,339	9,716,110	35,400,000	-	-
Bonds	32,891,849	39,382,977	477,858	5,278,846	1,616,705	14,058,682	17,950,886
Held to Maturity							
Treasury bills	27,350,114	28,180,997	16,686,645	4,378,220	7,116,132	-	-
Bonds	41,101,013	98,737,383	6,191,560	3,272,392	4,798,727	26,230,505	58,244,199
Other assets	41,796,068	44,763,927	16,103,065	8,352,445	2,674,098	17,634,319	-
	3,311,468,889	**3,526,209,417**	**1,103,499,533**	**250,825,072**	**481,082,654**	**879,410,493**	**811,391,662**
Deposits from financial institutions	167,356,583	164,074,987	88,509,852	28,368,657	47,196,478	-	-
Deposits from customers	2,089,197,286	2,131,487,288	1,770,249,157	169,609,396	131,265,649	60,363,086	-
Derivative financial instruments	30,444,501	30,444,581	6,319,085	9,071,764	15,053,732	-	-
Other liabilities	111,117,648	111,134,476	34,280,188	64,128,143	12,124,191	601,954	-
Debt securities issued	316,544,502	414,465,451	11,105,760	14,661,659	388,698,032	-	-
Interest bearing borrowings	299,543,707	349,046,526	5,715,379	11,935,782	16,675,458	95,242,608	219,477,299
	3,014,204,226	**3,200,653,309**	**1,916,179,421**	**297,775,401**	**611,013,540**	**156,207,648**	**219,477,299**
Gap (asset - liabilities)	297,264,664	325,556,107	(812,679,888)	(46,950,328)	(129,930,886)	723,202,845	591,914,365
Cumulative liquidity gap			(812,679,888)	(859,630,217)	(989,561,103)	(266,358,257)	325,556,108
Off-balance sheet							
Transaction related bonds and guarantees	186,251,718	186,251,718	58,396,012	20,312,880	13,591,530	93,951,296	-
Guaranteed facilities	99,582,709	99,582,709	12,734,834	3,939,865	12,160,759	68,912,931	1,834,320
Clean line facilities for letters of credit and other commitments	261,208,243	261,208,243	191,336,041	32,234,010	33,458,810	4,179,382	-
Future, swap and forward contracts	933,073,893	933,073,893	277,615,235	195,494,789	347,913,388	112,050,481	-
	1,480,116,563	**1,480,116,563**	**540,082,122**	**251,981,544**	**407,124,487**	**279,094,090**	**1,834,320**

Group **31 December 2015**	**Carrying amount**	**Gross nominal inflow/(outflow)**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
In thousands of Naira							
Cash and balances with banks	478,409,336	478,409,336	228,454,519	-	-	-	249,954,817
Investment under management	10,403,608	10,494,011	10,494,011	-	-	-	-
Non-pledged trading assets							
Treasury bills	50,209,443	51,656,952	7,422,310	9,865,726	34,368,916	-	-
Bonds	2,025,000	3,164,736	124,584	5,988	163,571	1,909,285	961,309
Derivative financial instruments	77,905,020	77,905,020	5,371,017	3,516,433	2,244,002	66,773,568	-
Loans and advances to banks	42,733,910	43,338,836	552,395	-	42,695,369	91,072	-
Loans and advances to customers							
Auto Loan	5,519,049	5,581,949	28,909	63,776	287,331	5,201,934	-
Credit Card	2,851,420	2,882,896	803,177	276,313	101,834	1,701,572	-
Finance Lease	1,812,908	1,821,023	56,182	182,080	362,516	1,220,244	-
Mortgage Loan	24,065,139	24,163,152	2,180	-	106,732	856,528	23,197,712
Overdraft	198,503,413	213,485,919	147,864,068	16,685,613	48,936,238	-	-
Personal Loan	20,183,608	20,393,835	139,043	139,052	429,543	19,671,488	14,708
Term Loan	779,021,657	790,496,163	67,248,846	9,265,310	19,751,013	408,178,583	286,052,411
Time Loan	333,873,638	335,494,050	240,187,156	34,055,604	60,381,145	869,501	643
Pledged assets							
Treasury bills	106,934,817	110,634,759	49,586,114	27,376,779	33,671,866	-	-
Bonds	96,780,580	135,824,699	704,048	3,838,702	15,332,749	-	115,949,201
Investment securities							
Available for sale							
Treasury bills	28,996,006	29,103,866	15,298,622	3,309,940	10,495,304	-	-
Bonds	61,204,214	120,505,529	3,081,071	449,198	3,530,269	45,556,113	67,888,878
Held to Maturity							
Treasury bills	7,687,281	8,001,573	1,574,323	2,140,074	4,287,176	-	-
Bonds	43,743,295	55,267,935	1,017,818	2,288,727	2,272,677	39,389,385	10,299,328
Other assets	72,160,739	71,674,061	29,775,314	39,379,530	2,519,217	-	-
	2,445,024,080	**2,590,300,300**	**809,785,707**	**152,838,845**	**281,937,468**	**591,419,273**	**754,319,007**
Deposits from financial institutions	72,914,421	69,670,704	67,440,977	2,229,727	-	-	-
Deposits from customers	1,683,244,320	1,684,671,964	1,550,285,998	77,632,305	56,725,519	28,141	-
Derivative financial instruments	3,077,927	3,077,927	2,450,044	627,883	-	-	-
Other liabilities	65,277,321	65,277,322	65,277,322	-	-	-	-
Debt securities issued	149,853,640	200,147,025	2,528,619	3,687,050	6,215,669	104,308,638	83,407,050
Interest bearing borrowings	231,467,161	241,925,345	2,317,162	3,802,268	6,743,263	55,560,644	173,502,008
	2,205,834,790	**2,264,770,287**	**1,690,300,122**	**87,979,233**	**69,684,451**	**159,897,423**	**256,909,058**
Gap (asset - liabilities)	239,189,290	325,530,013	(880,514,415)	64,859,611	212,253,017	431,521,850	497,409,948
Cumulative liquidity gap			(880,514,415)	(815,654,804)	(603,401,787)	(171,879,937)	325,530,010
Off-balance sheet							
Transaction related bonds and guarantees	221,127,530	221,127,530	109,959,885	13,220,643	49,030,767	28,395,636	20,520,600
Guaranteed facilities	94,135,927	94,135,927	10,271,557	6,217,096	9,469,462	16,627,248	51,550,564
Clean line facilities for letters of credit and other commitments	216,785,592	216,785,591	162,666,543	41,958,728	8,323,794	3,836,525	-
Future, swap and forward contracts	440,800,900	440,800,900	211,365,494	69,995,407	19,930,000	139,510,000	-
	972,849,949	**972,849,949**	**494,263,479**	**131,391,875**	**86,754,023**	**188,369,409**	**72,071,164**

5.3.1 Residual contractual maturities of financial assets and liabilities

Bank **31 December 2016** *In thousands of Naira*	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
Cash and balances with banks	517,997,249	519,266,390	160,192,964	7,247,123	53,642,143	-	298,184,159
Investment under management	14,871,247	13,041,247	10,411,554	2,629,693	-	-	-
Non-pledged trading assets							
Treasury bills	34,381,635	34,029,176	9,040,335	4,866,243	20,122,598	-	-
Bonds	10,188,597	16,619,893	631,976	91,576	718,002	6,761,748	8,416,592
Derivative financial instruments	155,772,662	155,772,662	26,810,280	33,597,108	38,327,725	57,037,549	-
Loans and advances to banks	104,006,574	106,370,619	17,606,339	35,495,655	53,268,624	-	-
Loans and advances to customers							
Auto Loan	4,366,544	4,429,376	349,123	325,117	737,390	3,017,746	-
Credit Card	3,922,377	4,008,296	3,872,947	187	16,538	118,623	-
Finance Lease	3,987,898	4,007,259	709,657	370,719	725,035	2,201,848	-
Mortgage Loan	4,996,952	5,072,282	71,128	143,142	36,366	2,588,525	2,233,121
Overdraft	130,285,663	140,086,013	112,363,969	8,168,255	19,374,316	179,472	-
Personal Loan	16,789,104	17,369,909	3,204,315	1,688,986	3,515,034	8,958,819	2,756
Term Loan	1,017,646,255	1,035,301,240	69,817,914	37,847,445	69,867,436	572,754,782	285,013,663
Time Loan	412,567,554	414,563,484	305,093,210	28,655,049	15,934,022	64,881,203	-
Pledged assets							
Treasury bills	188,239,520	209,782,953	40,001,539	74,184,000	95,597,414	-	-
Bonds	126,707,982	210,020,281	1,841,690	7,536,150	12,442,115	53,256,317	134,944,010
Investment securities							
Available for sale							
Treasury bills	40,960,665	47,318,516	2,202,406	9,716,110	35,400,000	-	-
Bonds	21,699,880	38,217,811	477,858	5,278,846	1,616,705	13,114,026	17,730,376
Held to Maturity							
Treasury bills	-	-	-	-	-	-	-
Bonds	40,363,051	88,365,459	2,217,396	288,326	3,453,755	24,516,142	57,889,841
Other assets	33,265,072	36,232,930	16,057,855	-	2,666,435	17,508,640	-
	2,883,016,480	**3,099,875,797**	**782,974,457**	**258,129,729**	**427,461,654**	**826,895,439**	**804,414,518**
Deposits from financial institutions	95,122,188	93,373,197	88,509,852	4,824,256	39,089	-	-
Deposits from customers	1,813,042,872	1,842,927,520	1,630,445,930	122,969,705	77,445,500	12,066,385	-
Derivative financial instruments	30,275,181	30,275,181	6,150,451	9,070,998	15,053,732	-	-
Other liabilities	105,287,724	105,287,724	29,202,451	64,128,143	11,957,131	-	-
Debt securities issued	243,952,418	336,873,750	8,452,867	14,661,659	313,759,224	-	-
Interest bearing borrowings	372,179,785	426,638,227	8,368,272	11,935,782	91,614,266	95,242,608	219,477,299
	2,659,860,168	2,835,375,599	1,771,129,823	227,590,543	509,868,942	107,308,993	219,477,299
Gap (asset - liabilities)	223,156,312	264,500,198	(988,155,366)	30,539,186	(82,407,288)	719,586,446	584,937,220
Cumulative liquidity gap			(988,155,366)	(957,616,181)	(1,040,023,469)	(320,437,022)	264,500,197
Off balance-sheet							
Transaction related bonds and guarantees	136,163,848	136,163,848	11,965,448	19,613,726	12,336,612	92,248,061	-
Guaranteed facilities	85,513,821	85,513,821	5,276,228	2,913,364	6,576,977	68,912,931	1,834,320
Clean line facilities for letters of credit and other commitments	158,994,793	158,994,793	81,207,362	32,234,010	41,374,039	4,179,382	-
Future, swap and forward contracts	900,436,358	900,436,358	277,615,235	195,494,789	315,275,853	112,050,481	-
	1,281,108,820	**1,281,108,820**	**376,064,274**	**250,255,889**	**375,563,481**	**277,390,855**	**1,834,320**

Bank **31 December 2015** *In thousands of Naira*	**Carrying amount**	**Gross nominal inflow/outflow**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
Cash and balances with banks	405,998,636	401,816,737	153,634,261	-	-	-	248,182,476
Investment under management	10,403,608	10,494,011	10,494,011	-	-	-	-
Non-pledged trading assets							
Treasury bills	50,209,443	51,656,952	7,422,310	9,865,726	34,368,916	-	-
Bonds	2,025,000	3,164,736	124,584	5,988	163,571	1,909,285	961,309
Derivative financial instruments	77,852,349	77,852,349	5,318,346	3,516,433	2,244,002	66,773,568	-
Loans and advances to banks	60,414,721	60,604,713	10,074,577	10,506,757	40,023,378	-	-
Loans and advances to customers							
Auto Loan	5,291,292	5,354,193	28,909	63,776	287,331	4,974,178	-
Credit Card	2,812,544	2,844,021	803,177	276,313	62,959	1,701,572	-
Finance Lease	1,812,908	1,821,023	56,182	182,080	362,516	1,220,244	-
Mortgage Loan	4,359,784	4,457,798	2,180	-	106,732	856,528	3,492,357
Overdraft	179,261,680	193,682,273	147,864,068	16,685,613	29,132,592	-	-
Personal Loan	17,863,573	18,073,801	139,043	139,052	429,543	17,351,454	14,708
Term Loan	745,931,312	756,385,987	67,248,846	9,265,310	19,751,013	374,068,077	286,052,411
Time Loan	285,882,216	287,502,627	240,187,156	34,055,604	12,389,723	869,501	643
Pledged assets							
Treasury bills	103,684,044	107,383,986	49,586,114	27,126,779	30,671,093	-	-
Bonds	96,780,580	169,457,311	704,048	3,800,952	15,294,999	33,708,112	115,949,201
Investment securities							
Available for sale							
Treasury bills	10,436,981	10,544,841	5,981,841	-	4,563,000	-	-
Bonds	60,696,103	112,555,700	2,839,003	1,009,124	4,093,208	41,448,736	63,165,630
Held to Maturity							
Treasury bills							
Bonds	40,286,529	64,794,900	487,704	3,088,205	11,416,425	29,203,910	20,598,656
Other assets	69,509,746	69,509,746	27,610,999	-	21,963,481	19,935,266	-
	2,231,513,050	**2,409,957,705**	**730,607,359**	**119,587,712**	**227,324,482**	**594,020,431**	**738,417,391**
Deposits from financial institutions	63,343,785	63,343,785	63,343,785	-	-	-	-
Deposits from customers	1,528,213,883	1,528,213,884	1,404,409,821	67,792,437	55,983,485	28,141	-
Derivative financial instruments	2,416,378	2,416,378	1,842,014	574,364	-	-	-
Other liabilities	62,871,485	62,871,485	62,871,485	-	-	-	-
Debt securities issued	78,516,655	120,096,325	-	3,687,605	3,687,605	112,721,115	-
Interest bearing borrowings	302,919,987	304,300,172	5,384,041	5,929,762	11,546,789	131,499,405	149,940,175
	2,038,282,173	2,081,242,029	1,537,851,146	77,984,168	71,217,879	244,248,661	149,940,175
Gap (asset - liabilities)	193,230,877	328,715,676	(807,243,787)	41,603,544	156,106,603	349,771,770	588,477,216
Cumulative liquidity gap			(807,243,787)	(765,640,243)	(609,533,640)	(259,761,870)	328,715,346
Off balance-sheet							
Transaction related bonds and guarantees	218,067,025	218,067,025	9,862,204	13,220,643	49,030,767	28,395,636	117,557,776
Guaranteed facilities	91,640,933	91,640,933	21,631,289	6,217,096	9,469,462	16,627,248	37,695,838
Clean line facilities for letters of credit and other commitments	160,094,292	160,094,291	105,975,243	41,958,728	8,323,794	3,836,525	-
Future, swap and forward contracts	440,800,900	440,800,900	211,365,494	69,995,407	19,930,000	139,510,000	-
	910,603,150	**910,603,150**	**348,834,229**	**131,391,875**	**86,754,023**	**188,369,409**	**155,253,614**

5.3.2 Financial instruments below and above 1 year's maturity

	December 2016			December 2015		
Group	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
In thousands of Naira						
Cash and balances with banks	413,421,081	300,468,024	**713,889,105**	228,454,519	249,954,817	**478,409,336**
Investments under management	13,041,247	1,830,000	**14,871,247**	10,403,608	-	**10,403,608**
Non pledged trading assets						
Treasury bills	34,381,635	-	**34,381,635**	50,209,443	-	**50,209,443**
Bonds	1,993	10,186,604	**10,188,597**	-	2,025,000	**2,025,000**
Derivative financial instruments	99,005,435	57,037,549	**156,042,984**	11,131,452	66,773,568	**77,905,020**
Loans and advances to banks	44,977,056	225,946	**45,203,002**	42,733,910	-	**42,733,910**
Loans and advances to customers						
Auto Loan	474,178	3,976,569	**4,450,747**	375,779	5,143,269	**5,519,048**
Credit Card	3,873,887	105,348	**3,979,235**	1,168,446	1,682,974	**2,851,420**
Finance Lease	373,096	3,614,801	**3,987,897**	597,611	1,215,297	**1,812,908**
Mortgage Loan	24,350,127	5,870,430	**30,220,556**	1,057,524	23,007,615	**24,065,139**
Overdraft	174,352,829	936,877	**175,289,705**	198,318,930	-	**198,318,930**
Personal Loan	1,862,003	16,210,069	**18,072,071**	699,698	19,483,910	**20,183,608**
Term Loan	61,000,474	1,027,718,775	**1,088,719,248**	95,500,227	683,705,912	**779,206,138**
Time Loan	415,677,251	69,062,457	**484,739,709**	333,013,239	860,400	**333,873,639**
Pledged assets						
Treasury bills	188,239,520	-	**188,239,520**	106,934,817	-	**106,934,817**
Bonds	11,757,237	114,950,745	**126,707,982**	11,591,562	85,189,018	**96,780,580**
Investment securities						
Available for sale						
Treasury bills	69,346,601	-	**69,346,601**	28,996,006	-	**28,996,006**
Bonds	4,363,270	28,528,579	**32,891,849**	2,013,715	59,190,499	**61,204,214**
Held to Maturity						
Treasury bills	27,350,114	-	**27,350,114**	7,687,281	-	**7,687,281**
Bonds	2,199,256	38,901,757	**41,101,014**	9,735,814	34,007,481	**43,743,295**
Other assets	22,429,091	19,366,977	**41,796,068**	44,058,783	28,101,956	**72,160,739**
	1,612,477,379	**1,698,991,506**	**3,311,468,888**	**1,184,682,364**	**1,260,341,716**	**2,445,024,080**
Deposits from financial institutions	167,356,583	-	**167,356,583**	72,914,421	-	**72,914,421**
Deposits from customers	2,080,224,795	8,972,491	**2,089,197,286**	1,683,216,179	28,141	**1,683,244,320**
Derivative financial instruments	30,444,501	-	**30,444,501**	3,077,927	-	**3,077,927**
Debt securities issued	104,164,136	212,380,366	**316,544,502**	-	149,853,640	**149,853,640**
Other liabilities	90,980,725	20,136,923	**111,117,648**	65,277,321	-	**65,277,321**
Interest-bearing borrowings	13,369,251	286,174,456	**299,543,707**	18,238,703	213,228,458	**231,467,161**
	2,548,627,221	**747,036,516**	**3,014,204,227**	**1,842,724,551**	**363,110,239**	**2,205,834,790**

	December 2016			December 2015		
Bank	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
In thousands of Naira						
Cash and balances with banks	517,997,249	-	**517,997,249**	157,816,159	248,182,477	**405,998,636**
Investment under management	14,871,247	-	**14,871,247**	10,403,608	-	**10,403,608**
Non pledged trading assets						
Treasury bills	34,381,635	-	**34,381,635**	50,209,443	-	**50,209,443**
Bonds	1,993	10,186,604	**10,188,597**	42,554	1,982,446	**2,025,000**
Derivative financial instruments	98,735,112	57,037,550	**155,772,662**	11,078,781	66,773,568	**77,852,349**
Loans and advances to banks	80,951,478	23,055,096	**104,006,574**	60,414,721		**60,414,721**
Loans and advances to customers						
Auto Loan	463,459	3,903,085	**4,366,544**	375,779	4,915,513	**5,291,292**
Credit Card	3,803,753	118,623	**3,922,377**	1,129,571	1,682,973	**2,812,544**
Finance Lease	373,097	3,614,801	**3,987,898**	597,611	1,215,297	**1,812,908**
Mortgage Loan	43,792	4,953,160	**4,996,952**	107,693	4,252,091	**4,359,784**
Overdraft	130,106,191	179,472	**130,285,663**	179,261,680	-	**179,261,680**
Personal Loan	1,286,581	15,502,522	**16,789,104**	699,698	17,163,875	**17,863,573**
Term Loan	38,491,569	979,154,686	**1,017,646,255**	95,315,746	650,615,566	**745,931,312**
Time Loan	343,535,968	69,031,586	**412,567,554**	285,021,816	860,400	**285,882,216**
Pledged assets						
Treasury bills	188,239,520	-	**188,239,520**	103,684,044		**103,684,044**
Bonds	11,757,236	114,950,746	**126,707,982**	11,303,267	85,477,313	**96,780,580**
Investment securities						
Available for sale						
Treasury bills	40,960,665	-	**40,960,665**	10,436,981	-	**10,436,981**
Bonds	4,363,270	17,336,610	**21,699,880**	1,505,604	59,190,499	**60,696,103**
Held to Maturity						
Treasury bills	-	-	**-**	-	-	**-**
Bonds	2,199,256	38,163,795	**40,363,051**	9,126,791	31,159,738	**40,286,529**
Other assets	18,724,289	14,540,783	**33,265,072**	40,571,033	28,938,714	**69,509,747**
	1,531,287,361	**1,351,729,119**	**2,883,016,480**	**1,029,102,584**	**1,202,410,470**	**2,231,513,049**
Deposits from financial institutions	95,122,188	-	**95,122,188**	63,343,785	-	**63,343,785**
Deposits from customers	1,804,070,381	8,972,491	**1,813,042,872**	1,528,213,883	-	**1,528,213,883**
Derivative financial instruments	30,275,181	-	**30,275,181**	2,416,378	-	**2,416,378**
Debt securities issued	31,572,052	212,380,366	**243,952,418**	7,375,210	71,141,445	**78,516,655**
Other liabilities	89,211,697	16,076,027	**105,287,724**	62,871,485	-	**62,871,485**
Interest-bearing borrowings	86,005,329	286,174,456	**372,179,785**	1,008,489	301,911,498	**302,919,987**
	2,136,256,828	**523,603,340**	**2,659,860,168**	**1,665,229,230**	**373,052,943**	**2,038,282,173**

6 Capital management

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:
i) To comply with the capital requirements set by the Central Bank;
ii) To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
iii) To maintain a strong capital base to support the development of its business.

The capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's risk weighted asset base. In accordance with Central Bank of Nigeria regulations, a minimum ratio of 16% (15% + additional 1%) is to be maintained for deposit money banks designated as significant financial institutions. Following the CBN guideline on regulatory capital computation, the Regulatory Risk Reserve has been excluded from the capital computation. Standardised approach has been adopted in computing the risk weighted assets for Credit, Operetional, and Market Risk. The following table provides an overview of the development of the capital ratios and risk-weighted assets (RWA):

The regulatory capital requirements are strictly observed when managing capital. The Bank's regulatory capital is managed by its Bank Treasury and comprises two tiers:
- Tier 1 capital: This includes ordinary share capital, share premium, retained earnings and other reserves excluding regulatory reseres. Intangible assets, deferred tax assets and investment in subsidiaries were also deducted from Tier I capital for capital adequacy purposes; and
- Tier 2 capital: This includes fair value reserves, foreign currency translation reserves with adjustments for investments in subsidiaries.

In thousands of Naira	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
Tier 1 capital				
Ordinary share capital	14,463,986	14,463,986	14,463,986	14,463,986
Share premium	197,974,816	197,974,816	197,974,816	197,974,816
Retained earnings	93,614,030	51,730,369	93,329,188	49,459,102
Other reserves	142,194,720	85,863,421	115,910,630	84,662,091
Non-controlling interests	6,247,028	3,899,966	-	-
	454,494,580	**353,932,558**	**421,678,620**	**346,559,995**
Add/(Less):				
Fair value reserve for available-for-sale	(23,240,250)	(13,268,889)	(23,354,093)	(13,291,054)
Foreign currency translational reserves	(11,992,025)	5,570,719	-	-
Other reserves	(1,211,978)	(554,898)	(1,008,118)	(527,331)
Total Tier 1	**418,050,326**	**345,679,491**	**397,316,409**	**332,741,610**
Add/(Less):				
50% Investments in subsidiaries	-	-	(29,619,626)	(22,719,623)
Deferred tax assets	(1,264,813)	(10,845,612)	-	(10,180,832)
Regulatory risk reserve	(42,932,550)	(39,625,042)	(35,058,266)	(37,826,382)
Intangible assets	(6,939,555)	(6,440,616)	(5,173,784)	(4,977,908)
Adjusted Tier 1	**366,913,409**	**288,768,221**	**327,464,733**	**257,036,865**
Tier 2 capital				
Debt securities issued	97,600,000	78,516,655	97,600,000	78,516,655
Fair value reserve for available-for-sale securities	23,240,250	13,268,889	23,354,093	13,291,054
Foreign currency translational reserves	11,992,025	(5,570,719)	-	-
Other reserves	1,211,978	554,898	1,008,118	527,331
50% Investments in subsidiaries	-	-	(29,619,626)	(22,719,623)
Total Tier 2	**134,044,253**	**86,769,723**	**92,342,587**	**69,615,417**
Adjusted Tier 2 capital (33% of Tier 1)	**122,292,239**	**86,769,723**	**92,342,587**	**69,615,417**
Total regulatory capital	**489,205,648**	**375,537,943**	**419,807,320**	**326,652,282**
Risk-weighted assets	**2,355,526,638**	**1,996,724,469**	**2,148,490,422**	**1,887,612,134**
Capital ratios				
Total regulatory capital expressed as a percentage of total risk-weighted assets	20.77%	18.81%	19.54%	17.31%
Total tier 1 capital expressed as a percentage of risk-weighted assets	15.58%	14.46%	15.24%	13.62%

7 Operating segments

The Group has four reportable segments, as described below, which are the Group’s strategic business units. The strategic business units offer different products and services, and are managed separately based on the Group’s management and internal reporting structure. For each of the strategic business units, the Executive Management Committee reviews internal management reports on at least a quarterly basis. The Group presents segment information to its Executive Committee, which is the Group’s Chief Operating Decision Maker, based on International Financial Reporting Standards.

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

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

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

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

- **Business Banking** - The Business banking division is a hybrid of Commercial and Personal Banking Divisions. It focuses on small and medium scale enterprises providing them with business solutions to support their growing business needs. The division delivers commercial banking products and services to SME customers with annual turnover of less than 1billion.

All of the Segments reported at the end of the year had its,

- Reported revenue, from both external customers and intersegment sales or transfers, 10 per cent or more of the combined revenue, internal and external, of all operating segments, or

-the absolute measure of its reported profit or loss 10 per cent or more of the greater, in absolute amount, of
(i) the combined reported profit of all operating segments that did not report a loss and
(ii) the combined reported loss of all operating segments that reported a loss, or

-its assets are 10% or more of the combined assets of all operating segments.

Unallocated Segments represents all other transactions than are outside the normal course of business and can not be directly related to a specific segment financial information.

Thus, in essence, unallocated segments reconcile segment balances to group balances. Material items comprising total assets and total liabilities of the unallocated segments have been outlined below;

Sales between segments are carried out at arm’s length. The revenue from external parties reported to the executive committee is measured in a manner consistent with that in the income statement.

Material total assets and liabilities	**Group December**	**Group December**
In thousands of Naira	**2016**	**2015**
Other Assets	63,255,054	83,014,503
Deferred tax (net)	1,264,813	10,845,612
Assets Held for Sale	140,727	179,843
Goodwill	681,007	681,007
	65,341,601	**94,720,965**
Other liabilities	113,571,240	69,355,947
Debt Securities issued	316,544,502	149,853,640
Interest-bearing loans and borrowings	299,543,707	231,467,161
Deferred tax	3,699,050	266,644
Retirement Benefit Obligation	3,075,453	5,567,800
Total liabilities	**736,433,952**	**456,511,192**

Material revenue and expenses

	Group December 2016	**Group December 2015**
Interest expense		
Interest expense on Eurobond	(18,369,256)	(12,474,603)

7a Operating segments (continued)

31 December 2016

In thousands of Naira	Corporate & Investment Banking	Commercial Banking	Business Banking	Personal Banking	Unallocated Segments	Total continuing operations	Total
Revenue:							
Derived from external customers	141,391,638	145,070,057	29,336,906	65,522,183	-	381,320,783	381,320,783
Derived from other business segments	(897)	(2,251)	1,063	2,084	-	0.00	0.00
Total Revenue	141,390,741	145,067,806	29,337,969	65,524,267	-	381,320,783	381,320,783
Interest Income	75,569,180	116,850,109	22,723,799	32,143,548	-	247,286,635	247,286,635
Interest expenses	(34,582,829)	(38,394,292)	(7,051,917)	(9,740,581)	(18,369,256)	(108,138,875)	(108,138,875)
Impairment Losses	(9,374,089)	(10,448,863)	(1,238,648)	(891,219)	-	(21,952,819)	(21,952,819)
Profit/(Loss) on ordinary activities before taxation	49,260,836	47,314,951	424,158	11,708,767	(18,369,256)	90,339,456	90,339,456
Share of profit from associate	-	-	-	-	-	-	-
Income tax expense	-	-	-	-	-	(18,900,109)	(18,900,109)
Profit after tax						71,439,347	71,439,347
Other segment information:							
Depreciation and amortisation	(607,070)	(2,279,376)	(4,066,223)	(4,341,123)	-	(11,293,791)	(11,293,791)
Assets and liabilities:							
Loans and Advances to customers	702,318,575	1,028,136,471	66,283,947	57,923,181	-	1,854,662,174	1,854,662,174
Goodwill	-	-	-	-	681,007	681,007	681,007
Tangible segment assets	1,303,757,470	1,886,823,131	121,643,467	106,299,895	-	3,418,523,962	3,418,523,962
Unallocated segment assets	-	-	-	-	65,341,601	65,341,601	65,341,601
Total assets	1,303,757,470	1,886,823,131	121,643,467	106,299,895	65,341,601	3,483,865,563	3,483,865,563
Deposits from customers	480,494,494	970,978,683	243,016,286	394,707,823	-	2,089,197,286	2,089,197,286
Segment liabilities	358,575,114	1,407,188,270	254,397,381	284,733,397	-	2,304,894,163	2,304,894,163
Unallocated segment liabilities	-	-	-	-	724,476,821	724,476,821	724,476,821
Total liabilities	358,575,114	1,407,188,270	254,397,381	284,733,397	724,476,821	3,029,370,984	3,029,370,984
Net assets	945,182,356	479,634,861	(132,753,914)	(178,433,503)	(659,135,220)	454,494,580	454,494,580

31 December 2015
Operating segments (continued)

In thousands of Naira	**Corporate & Investment Banking**	**Commercial Banking**	**Business Banking**	**Personal Banking**	**Unallocated Segments**	**Total continuing operations**	**Total**
Revenue:							
Derived from external customers	142,760,590	119,234,984	28,183,640	47,225,016	-	337,404,230	337,404,230
Derived from other business segments	(32,954)	18,809	5,723	8,422	-	-	-
Total Revenue	142,727,636	119,253,793	28,189,363	47,233,438	-	337,404,230	337,404,230
Interest Income	72,223,695	86,725,818	19,618,182	29,235,074	-	207,802,768	207,802,768
Interest expenses	(34,397,761)	(36,412,832)	(7,314,258)	(11,821,664)	(12,474,603)	(102,421,118)	(102,421,118)
Impairment Losses	(9,218,707)	(2,558,182)	(442,433)	(2,005,393)	-	(14,224,715)	(14,224,715)
							-
Profit/(Loss) on ordinary activities before taxation	60,012,005	31,758,802	(5,097,804)	839,717	(12,474,603)	75,038,117	75,038,117
Share of profit from associate							-
Income tax expense						(9,169,344)	(9,169,344)
Profit after tax						65,868,773	65,868,773
Other segment information:							
Depreciation and amortisation	(549,825)	(2,036,605)	(3,633,139)	(3,878,760)	-	(10,098,330)	(10,098,330)
Assets and liabilities:							
Loans and Advances to customers	552,849,791	716,514,393	47,951,257	48,515,390	-	1,365,830,831	1,365,830,831
Goodwill					681,007	681,007	681,007
Tangible segment assets	1,010,348,609	1,310,332,904	87,691,344	88,723,007	-	2,497,095,864	2,497,095,864
Unallocated segment assets	-	-	-	-	94,234,287	94,234,287	94,234,287
Total assets	1,010,348,609	1,310,332,904	87,691,344	88,723,007	94,234,287	2,591,330,151	2,591,330,151
Deposits from customers	457,760,677	678,870,157	202,449,439	344,164,047	-	1,683,244,320	1,683,244,320
Segment liabilities	480,542,909	712,656,760	212,525,120	361,292,703	-	1,767,017,492	1,767,017,492
Unallocated segment liabilities	-	-	-	-	456,511,195	456,511,195	456,511,195
Total liabilities	480,542,909	712,656,760	212,525,120	361,292,703	456,511,195	2,223,528,687	2,223,528,687
Net assets	529,805,700	597,676,144	(124,833,776)	(272,569,696)	(362,276,908)	367,801,464	367,801,464

7b Geographical segments

The Group operates in three geographic regions, being:

- Nigeria
- Rest of Africa
- Europe

31 December 2016 *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Total Continuing Operations**	**Discontinued Operations**	**Total**
Derived from external customers	331,000,972	42,385,383	7,934,428	381,320,783	-	381,320,783
Derived from other segments	-	-	-	-	-	-
Total Revenue	331,000,972	42,385,383	7,934,428	381,320,783	-	381,320,783
Interest Income	210,794,456	10,563,845	25,928,334	247,286,635	-	247,286,635
Impairment Losses	(17,641,128)	(4,311,692)	-	(21,952,819)	-	(21,952,819)
Interest expense	(94,777,050)	(9,086,318)	(4,275,507)	(108,138,875)	-	(108,138,875)
Fee and commission expenses	45,992,484	5,372,046	3,499,274	54,863,803	-	54,863,803
Operating Income	236,223,922	33,299,065	3,658,921	273,181,908	-	273,181,908
Profit/(loss) before income tax	80,579,577	5,257,274	4,502,605	90,339,456	-	90,339,456
Assets and liabilities:						
Loans and Advances to customers	1,698,568,920	92,329,154	63,764,101	1,854,662,174	-	1,854,662,174
Non current assets						
Goodwill	-	681,007	-	681,007	-	681,007
Total assets	3,094,960,515	163,680,065	225,224,983	3,483,865,563	-	3,483,865,563
Deposit from customers	1,813,042,872	204,070,854	72,083,559	2,089,197,286	-	2,089,197,286
Total liabilities	2,673,281,895	155,654,753	200,434,335	3,029,370,984	-	3,029,370,984
Net assets	421,678,620	8,025,311	24,790,648	454,494,580	-	454,494,580

31 December 2015	**Nigeria**	**Rest of Africa**	**Europe**	**Total continuing operations**	**Discontinued operations**	**Total**
Derived from external customers	302,061,975	28,852,495	6,489,760	337,404,230	-	337,404,230
Derived from other segments	-	-	-	-	-	-
Total Revenue	302,061,975	28,852,495	6,489,760	337,404,230	-	337,404,230
Interest Income	184,047,834	21,084,615	2,670,320	207,802,769	-	207,802,769
Impairment Losses	(13,287,613)	(937,101)	-	(14,224,714)	-	(14,224,714)
Interest expense	(94,001,878)	(5,626,676)	(2,792,564)	(102,421,118)	-	(102,421,118)
Fee and commission expenses	-	-	(151,118)	(151,118)	-	(151,118)
Operating Income	208,060,097	23,225,819	3,697,196	234,983,112	-	234,983,112
Profit/(loss) before income tax	65,169,612	7,279,608	2,588,897	75,038,117	-	75,038,117
Assets and liabilities:						
Loans and Advances to customers	1,243,215,309	79,853,950	42,761,573	1,365,830,832	-	1,365,830,832
Non current assets	70,878,291	8,570,473	321,779	79,770,543	-	79,770,543
Goodwill	-	681,007	-	-		-
Total assets	2,408,096,499	110,273,966	72,959,686	2,591,330,151	-	2,591,330,151
Deposit from customers	1,528,213,883	129,457,229	25,573,208	1,683,244,320	-	1,683,244,320
Total liabilities	2,047,932,763	104,726,423	70,869,501	2,223,528,687	-	2,223,528,687
Net assets	360,163,736	5,547,543	2,090,185	367,801,464	-	367,801,464

No revenue from transaction with a single external customer or a group of connected economic entities or counterparty amounted to 10% or more of the group's total revenue in year ended 31 December 2016 and for the year ended 31 December 2015. Information on revenue from external customers for each product and service had not been disclosed as the information is not readily available to the chief operating decision maker and the cost to develop is considered excessive.

8 Interest income

In thousands of Naira	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
Interest income				
Cash and balances with banks	1,929,092	3,694,903	1,328,371	2,502,485
Loans and advances to banks	1,587,816	864,610	149,624	340,830
Loans and advances to customers	198,886,057	158,888,873	172,571,696	142,481,073
Investment securities				
-Available for sale	16,769,084	14,686,495	15,366,667	13,608,530
-Held for trading	7,896,097	13,005,140	7,876,048	13,005,140
-Held to maturity	20,218,489	16,662,747	13,502,050	12,109,776
	247,286,635	**207,802,768**	**210,794,456**	**184,047,834**
Interest expense				
Deposit from financial institutions	7,434,354	8,884,392	6,822,272	6,939,364
Deposit from customers	77,187,483	79,630,442	60,921,911	71,578,103
Debt securities issued	18,369,256	12,474,603	13,569,723	7,321,901
Interest bearing borrowings and other borrowed funds	5,147,782	1,393,690	13,463,144	8,162,510
Securities dealing	-	37,991	-	-
	108,138,875	**102,421,118**	**94,777,050**	**94,001,878**
Net interest income	**139,147,760**	**105,381,650**	**116,017,406**	**90,045,956**

Interest income for the year ended 31 December 2016 includes interest accrued on impaired financial assets of Group: N2.24Bn (31 December 2015: N2.59Bn) and Bank: N1.74Bn (31 December 2015: N2.57Bn).

The increase in interest income is attributable to the increase in value of loans and advances to customers, the impact of currency devaluation and repricing.

9 Net impairment charge on financial assets

In thousands of Naira	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
Additional collective impairment charges on loans and advances to banks(note 22)	(14,300)	(2,745)	(14,300)	(2,745)
Additional collective impairment charges on loans and advances to customers (note 23)	(2,742,435)	(7,193,834)	(2,458,338)	(7,066,882)
Additional specific impairment charges on loans and advances to customers (see note 23)	(17,874,149)	(3,643,214)	(13,846,554)	(2,833,064)
Additional impairment allowance on financial assets in other assets (see note 26)	(1,321,935)	(3,204,542)	(1,321,935)	(3,204,542)
Impairment charge on available for sale	-	(180,380)	-	(180,380)
	(21,952,819)	**(14,224,715)**	**(17,641,127)**	**(13,287,613)**

10 Fee and commission income

In thousands of Naira	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
Credit related fees and commissions	17,921,606	15,032,494	12,487,249	12,829,413
Account maintenance charge and handling commission	2,615,538	3,202,396	2,203,851	2,752,784
Commission on bills and letters of credit	2,930,468	3,449,461	2,632,733	1,229,321
Commissions on collections	105,197	571,766	71,022	94,391
Commission on other financial services	3,324,878	2,652,955	1,664,160	1,253,290
Commission on virtual products	4,102,877	2,375,326	3,005,484	1,791,939
Commission on foreign currency denominated transactions	2,819,128	1,908,923	2,569,588	1,831,604
Channels and other E-business income	21,296,440	3,935,825	21,102,094	3,804,380
Retail account charges	324,368	334,741	256,303	305,162
	55,440,500	**33,463,887**	**45,992,484**	**25,892,284**

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

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

11 Net gains on investment securities

a Net gains on financial instruments designated as held for trading

In thousands of Naira	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
Fixed income securities	3,257,368	1,626,520	3,219,242	1,561,951
Derivative instruments	50,105,544	52,310,262	50,061,509	52,336,417
	53,362,912	**53,936,782**	**53,280,751**	**53,898,368**

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

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

b Net gains on financial instruments held as available for sale

In thousands of Naira	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
Fixed income securities	1,688,166	8,801,232	1,688,166	8,801,232
	1,688,166	**8,801,232**	**1,688,166**	**8,801,232**
Total	**55,051,078**	**62,738,014**	**54,968,917**	**62,699,600**

12 Net foreign exchange income/(loss)

In thousands of Naira	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
Foreign exchange trading income (net)	8,844,295	36,890,498	5,232,111	33,711,384
Unrealised foreign exchange loss on revaluation	(5,246,704)	(10,388,816)	(5,326,545)	(10,506,119)
	3,597,591	**26,501,682**	**(94,434)**	**23,205,265**

13 Other operating income

In thousands of Naira	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
Dividends on available for sale equity securities	860,339	3,734,392	860,339	4,190,824
Gain on disposal of property and equipment	167,340	151,937	143,985	138,975
Rental income	43,839	90,719	36,509	90,719
Bad debt recovered	808,458	1,343,966	631,191	635,355
Cash management charges	265,683	322,248	265,683	322,248
Income from agency and brokerage	191,507	89,093	180,308	89,083
Income from asset management	-	271,124	-	-
Income from other investments	1,258,607	680,008	1,012,251	680,008
Income from disposal of available for sale securities	16,206,410	-	16,206,410	-
Income from other finacial services	142,795	214,392	2,873	69,780
	19,944,978	**6,897,879**	**19,339,549**	**6,216,992**

Included in income from agency and brokerage is an amount of N79.746m representing the referral commission earned from bancassurance products.

The income from sale of other investments represents a gain of N16.2bn on the divestment of the Bank's 17.65 percent equity stake in StanbicIBTC Pension Managers. This divestment was done in compliance with the Central Bank of Nigeria (CBN) directive.

14 Personnel expenses

In thousands of Naira	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
Wages and salaries	47,950,743	39,187,244	38,824,275	33,636,094
Increase in liability for long term incentive plan (see note 37 (a) (i))	1,196,995	784,305	1,196,995	784,305
Contributions to defined contribution plans (a)	1,586,730	1,811,510	1,247,540	742,746
Restricted Share Performance Plan (b)	1,061,070	563,893	884,777	536,326
	51,795,538	**42,346,952**	**42,153,587**	**35,699,471**

(a) The increase in the defined contribution plan is due to:
(i) increase in the rate of the bank's contribution from 7.5% to 10% towards the end of financial year ended 31 December 2015. (see note 3.19(a))

(ii) general raise in employees' emoluments during the year.

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

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

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

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

Group

		December 2016		December 2015	
Description of shares		**Number of Shares**	**Weighted Share Price per Share - Naira**	**Number of Shares**	**Weighted Share Price per Share - Naira**
(i)	Shares allocated to staff at start of the year;	209,554,491	7.56	77,782,273	10.51
(ii)	Shares allocated during the year	349,775,330	5.19	186,657,709	6.90
(iii)	Forfeited during the year;	(14,057,608)	5.20	(28,404,021)	9.02
(iv)	Exercised during the year;	(41,392,368)	9.76	(26,481,470)	11.50
(v)	Shares allocated to staff at end of the year;	503,879,845	5.01	209,554,491	7.56
	Shares under the scheme at the end of the year	552,268,754	5.21	219,631,895	7.33
		Naira ('000)	**Price per Share - Naira**	**Naira ('000)**	**Price per Share - Naira**
Share based expense recognised during the year		1,061,070	5.01	563,893	7.56

Outstanding allocated shares to staff at the end of the year have the following maturity dates

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

Bank

		December 2016		December 2015	
Description of shares		**Number of Shares**	**Weighted Share Price per Share - Naira**	**Number of Shares**	**Weighted Share Price per Share - Naira**
(i)	Shares allocated to staff at start of the year;	202,485,483	7.56	77,782,273	10.51
(ii)	Shares allocated during the year	323,721,330	5.19	168,331,092	6.90
(iii)	Forfeited during the year;	(14,057,608)	5.20	(17,146,412)	9.02
(iv)	Exercised during the year;	(41,392,368)	9.76	(26,481,470)	11.50
(v)	Shares allocated to staff at end of the year;	470,756,837	5.76	202,485,483	7.56
(vi)	Shares under the scheme at the end of the period	519,145,746	5.93	219,631,895	7.30
		Naira ('000)	**Price per Share - Naira**	**Naira ('000)**	**Price per Share - Naira**
Share based expense recognised during the year		884,777	5.76	536,326	7.56

Outstanding allocated shares to staff at the end of the year have the following maturity dates

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

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

	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
	Years	**Years**	**Years**	**Years**
Weighted average contractual life of remaining shares	1.64	1.80	1.63	1.78

ii. The average number of persons other than directors, in employment at the Group level during the year comprise:

	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
	Number	Number	Number	Number
Managerial	307	313	242	257
Other staff	3,797	3,563	2,723	2,540
	4,104	**3,876**	**2,965**	**2,797**

iii. Employees, other than directors, earning more than N900,000 per annum, whose duties were wholly or mainly discharged in Nigeria, received remuneration (excluding pension contributions and certain benefits) in the following ranges:

	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
	Number	Number	Number	Number
Below N900,000	306	182	-	-
N900,001 - N1,990,000	408	78	9	9
N1,990,001 - N2,990,000	158	164	-	-
N2,990,001 - N3,910,000	71	1,098	-	771
N3,910,001 - N4,740,000	1,040	22	1,028	-
N4,740,001 - N5,740,000	21	733	-	666
N5,740,001 - N6,760,000	660	603	648	485
N6,760,001 - N7,489,000	31	35	-	-
N7,489,001 - N8,760,000	481	333	446	317
N8,760,001 - N9,190,000	311	7	306	-
N9,190,001 - N11,360,000	29	194	1	174
N11,360,001 - N14,950,000	296	140	276	118
N14,950,001 - N17,950,000	10	132	-	122
N17,950,001 - N21,940,000	177	63	167	55
N21,940,001 - N26,250,000	43	2	38	-
N26,250,001 - N30,260,000	3	45	-	42
N30,261,001 - N45,329,000	44	34	37	32
Above N45,329,000	15	11	9	6
	4,104	**3,876**	**2,965**	**2,797**

15 Other operating expenses

In thousands of Naira	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
Premises and equipment costs	8,170,973	7,824,339	6,627,493	6,968,940
Professional fees	2,119,700	3,379,829	1,558,808	1,988,530
Insurance	1,093,148	1,532,297	893,562	786,912
Business travel expenses	6,980,197	5,493,383	6,442,064	5,280,043
Asset Management Corporation of Nigeria (AMCON) surcharge (see note (a) below)	12,059,720	9,909,779	12,059,720	9,909,779
Deposit insurance premium	6,002,813	5,315,812	6,002,813	5,315,812
Auditor's remuneration	460,182	378,789	350,000	300,000
Administrative expenses	16,513,674	11,636,026	15,347,843	11,011,901
Board expenses	526,108	378,690	386,684	368,473
Communication expenses	2,523,023	3,635,731	1,698,749	3,521,714
Consultancy and IT expenses	13,983,760	12,873,441	12,246,639	9,056,513
Outsourcing costs	7,626,411	8,016,460	6,750,086	7,997,658
Advertisements and marketing expenses	4,211,075	6,524,647	3,771,607	6,493,271
Recruitment and training	1,639,273	1,861,726	1,342,458	1,822,435
Events, charities and sponsorship	2,618,909	3,693,924	2,447,297	3,685,736
Periodicals and subscriptions	1,007,974	645,417	869,154	638,090
Security expenses	3,104,455	3,574,685	2,691,644	3,548,163
Cash processing and management cost	1,671,083	1,224,895	1,548,319	1,224,895
Stationeries, postage and printing	1,576,253	1,486,600	1,205,990	1,486,600
Office provisions and entertainment	475,289	337,893	297,801	337,893
Net litigations claims (see note 34(i)	49,496	909,660	49,496	909,660
	94,413,516	**91,384,023**	**84,588,227**	**83,403,018**

(a) This represents the Group's contribution to AMCON's sinking fund for the year ended 31 December 2016. Effective 1 January 2011, the banks in Nigeria were required to contribute 0.3% of total assets as at the preceding year end to AMCON's sinking fund in line with existing guidelines. This was increased to 0.5% in 2013. The contribution to AMCON is a levy on all deposit money banks in Nigeria. It is non-refundable and does not represent any ownership interest nor does it confer any rights or obligations (save to pay the levy) on the contributor.

16 Income tax expense

In thousands of Naira	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
Current tax expense				
Corporate income tax	6,096,035	7,841,533	3,571,312	5,207,035
IT tax	805,796	643,078	805,796	643,078
Education tax	-	-	-	-
Capital gains tax	3,808	511	3,808	511
Prior year's under provision	-	-	-	-
	6,905,639	8,485,122	4,380,916	5,850,624
Deferred tax expense				
Origination of temporary differences	11,994,470	684,222	12,172,525	402,545
Income tax expense	**18,900,109**	**9,169,344**	**16,553,441**	**6,253,169**

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

	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
Balance at the beginning of the year	7,780,824	8,180,969	6,442,311	7,113,226
Tax paid	(8,007,140)	(6,259,617)	(5,222,302)	(4,125,701)
Income tax charge	6,905,639	8,485,122	4,380,916	5,850,624
Witholding tax utilisation	(596,764)	(2,395,838)	(596,763)	(2,395,838)
Reclassifications	-	(83,009)	-	-
Translation adjustments	(143,897)	(129,492)	-	-
Income tax receivable	-	(17,311)	-	-
Balance at the end of the year	**5,938,662**	**7,780,824**	**5,004,160**	**6,442,311**

Income tax liability is to be settled within one year

In thousands of Naira	Group December 2016	Group December 2016	Group December 2015	Group December 2015
Profit before income tax		90,339,456		75,038,117
Income tax using the domestic tax rate	30%	27,101,837	30%	22,511,435
Effect of tax rates in foreign jurisdictions	0%	(399,963)	0%	-
Information technology tax	1%	805,796	1%	643,078
Capital allowance utilised for the year	0%	-	0%	-
Non-deductible expenses	20%	18,083,506	39%	29,584,951
Tax exempt income	-36%	(32,335,829)	-66%	(49,475,519)
Tax losses unutilised	0%	-	1%	697,854
Capital gain tax	0%	3,808	0%	510
Impact of dividend as tax base	6%	5,640,954	7%	5,207,035
Effective tax rate	**21%**	**18,900,109**	**12%**	**9,169,344**

In thousands of Naira	Bank December 2016	Bank December 2016	Bank December 2015	Bank December 2015
Profit before income tax	-	80,579,576	-	65,177,914
Income tax using the domestic tax rate	30%	24,173,873	30%	19,553,374
Effect of tax rates in foreign jurisdictions	0%	-	0%	-
Information technology tax	1%	805,796	1%	643,078
Non-deductible expenses	23%	18,188,958	43%	28,315,770
Tax exempt income	-40%	(32,259,947)	-73%	(47,466,598)
Education tax levy	0%	-	0%	-
Capital gain tax	0%	3,808	0%	510
Over provided in prior years	0%	-	0%	-
Impact of dividend as tax base	7%	5,640,953	8%	5,207,035
Effective tax rate	**21%**	**16,553,441**	**10%**	**6,253,169**

17 Earnings per share

(a) Basic from continuing operations

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the company and held as treasury shares.

In thousands of Naira	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
Profit for the year from continuing operations	71,117,025	65,332,540	64,026,135	58,924,745
Weighted average number of ordinary shares in issue	28,927,972	24,897,936	28,927,972	24,897,936
Weighted average number of treasury Shares	461,618	240,850	-	
	28,466,354	24,657,086	28,927,972	24,897,936
In kobo per share				
Basic earnings per share from continuing operations	250	265	221	237

Diluted earnings per share is calculated by considering the impact of the treasury shares in weighted average number of ordinary shares outstanding

Potential Diluted EPS

In thousands of Naira	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
Profit for the year from continuing operations	71,117,025	65,332,540	64,026,135	58,924,745
Weighted average number of ordinary shares in issue	28,927,972	24,897,936	28,927,972	24,897,936
In kobo per share				
Diluted earnings per share from continuing operations	246	262	221	237

18 Cash and balances with banks

In thousands of Naira	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
Cash on hand and balances with banks (see note (i))	115,380,195	85,299,149	106,594,205	57,546,509
Restricted deposits with central banks (see note (ii))	250,831,529	249,954,817	248,547,664	248,182,477
Unrestricted balances with central banks	139,954,922	90,721,388	33,160,736	74,158,434
Money market placements	119,826,012	52,433,982	41,798,197	26,111,216
Other deposits with central banks (see note (iii))	87,896,447	-	87,896,447	-
	713,889,105	**478,409,336**	**517,997,249**	**405,998,636**

(i) Included in cash on hand and balances with banks is an amount of N46.956Bn (31 Dec 2015: N6.567Bn) representing the Naira value of foreign currencies held on behalf of customers to cover letter of credit transactions. The corresponding liability is included in customer's deposit for foreign trade reported under other liabilities (see Note 34). This has been excluded for cash flow purposes.

(ii) Restricted deposits with central banks comprise the cash reserve requirements of the Central Bank of Nigeria and other central banks of jurisdictions that the group operates in. These balances are not available for day to day operations of the group.

(ii) Other deposits with central banks comprise a special intervention fund with the Central Bank of Nigeria of N49.6Bn introduced in January 2016 as a reduction in the cash reserve ratio with a view of channeling the reduction to financing the real sector. The special intervention fund is restricted and not available for day to use by the Bank. The balance of N38.26Bn represents the nominal value held for outstanding forward contracts entered on behalf of customers with Central Bank of Nigeria.

19 Investment under management

In thousands of Naira	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
Relating to unclaimed dividends:				
Call Deposits and Cash	-	918	-	918
Placements	1,070,385	4,926,562	1,070,385	4,926,562
Commercial Paper	6,454,067	304,378	6,454,067	304,378
Nigerian Treasury Bills	2,887,102	3,090,432	2,887,102	3,090,432
Mutual Funds	2,629,693	2,081,318	2,629,693	2,081,318
Eurobonds	1,830,000	-	1,830,000	-
	14,871,247	**10,403,608**	**14,871,247**	**10,403,608**

The Bank entrusted the sum transferred to it by the Registrars in respect of unclaimed dividends with select Asset Managers who will ensure safekeeping and manage the funds for the benefit of the Bank. The investments by the Asset Managers are as listed above (the corresponding liability which is due to the Registrar is reported in Other liabilities. See note 34).

20 Non pledged trading assets

In thousands of Naira	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
Government bonds	10,170,293	1,961,355	10,170,293	1,961,355
Eurobonds	18,304	63,645	18,304	63,645
Treasury bills	34,381,635	50,209,443	34,381,635	50,209,443
Equity securities	59,348	63,979	59,348	63,979
	44,629,579	**52,298,422**	**44,629,579**	**52,298,422**

21 Derivative financial instruments

In thousands of Naira	Notional amount	Fair Value Assets/ (Liabilities)	Notional amount	Fair Value Assets/ (Liabilities)
	December 2016		December 2015	
Group				
Foreign exchange derivatives				
Total derivative assets	**709,617,853**	**156,042,984**	**347,991,933**	**77,905,020**
Non-deliverable Future contracts	390,410,492	65,280,723	-	-
Forward and Swap contract	319,207,362	90,762,261	347,991,933	77,905,020
Total derivative liabilities	**223,456,040**	**(30,444,501)**	**120,767,876**	**(3,077,927)**
Non-deliverable Future contracts	41,349,705	(10,668,411)	-	-
Forward and Swap contract	182,106,335	(19,776,089)	120,767,876	(3,077,927)

	Notional amount	Fair Value Assets/ (Liabilities)	Notional amount	Fair Value Assets/ (Liabilities)
	December 2016		December 2015	
Bank				
Foreign exchange derivatives				
Total derivative assets	**698,771,698**	**155,772,662**	**340,643,495**	**77,852,349**
Non-deliverable Future contracts	319,207,362	65,280,723	-	-
Forward and Swap contract	379,564,336	90,491,939	340,643,495	77,852,349
Total derivative liabilities	**201,664,660**	**(30,275,181)**	**100,157,405**	**(2,416,378)**
Non-deliverable Future contracts	41,349,705	(10,668,411)	-	-
Forward and Swap contract	160,314,955	(19,606,770)	100,157,405	(2,416,378)

Derivative financial instruments consist of forward,sawap and futrure contracts. These are held for day to day cash management rather than for trading purposes and are held at fair value. The contracts have intended settlement dates of between 30 days and two years. All derivative contracts are considered to be valued with reference to data obtained from FMDQ.

Included in Other liabilities are security deposit for Swap and future deals which are deposits (collaterised deposits) by counter parties.

The movement in fair value is as a result of a depreciation of the functional currency of the group (Naira) within the year and an increase in the volume of transactions.

22 Loans and advances to banks

In thousands of Naira	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
Loans and advances to banks	45,226,388	42,742,996	104,029,960	60,423,807
Less collective allowances for impairment	(23,386)	(9,086)	(23,386)	(9,086)
	45,203,002	**42,733,910**	**104,006,574**	**60,414,721**

Collective allowances for impairment on loans and advances to banks

In thousands of Naira	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
Balance beginning of year	9,086	6,341	9,086	6,341
- Charge for the year	14,300	2,745	14,300	2,745
Balance end of year	23,386	9,086	23,386	9,086

23 Loans and advances to customers

a Group

December 2016 *In thousands of Naira*	Gross amount	Specific impairment allowance	Collective impairment allowance	Total impairment allowance	Carrying amount
Loans to individuals					
Retail Exposures					
Auto Loan (note 23c)	2,511,013	-	(42,628)	(42,628)	2,468,384
Credit Card	3,475,443	(4,367)	(58,216)	(62,583)	3,412,860
Finance Lease (note 23c)	60,912	-	(1,053)	(1,053)	59,859
Mortgage Loan	24,375,564	-	(79,867)	(79,867)	24,295,697
Overdraft	5,639,049	(264,216)	(538,680)	(802,896)	4,836,153
Personal Loan	18,754,870	(286,847)	(395,950)	(682,798)	18,072,072
Term Loan	6,964,075	-	(46,451)	(46,451)	6,917,624
Time Loan	721,711	-	(11,667)	(11,667)	710,044
Loans to corporate entities and other organizations					
Non-Retail Exposures					
Auto Loan (note 23c)	2,003,352	-	(20,988)	(20,988)	1,982,363
Credit Card	576,553	-	(10,178)	(10,178)	566,375
Finance Lease (note 23c)	3,946,347	-	(18,308)	(18,308)	3,928,038
Mortgage Loan	5,929,037	-	(4,176)	(4,176)	5,924,860
Overdraft	181,242,213	(8,677,151)	(2,111,510)	(10,788,661)	170,453,552
Term Loan	1,102,912,471	(5,523,054)	(15,587,792)	(21,110,846)	1,081,801,625
Time Loan	486,052,855	(92)	(2,023,099)	(2,023,191)	484,029,663
	1,845,165,464	**(14,755,727)**	**(20,950,565)**	**(35,706,291)**	**1,809,459,172**

Group

December 2015 *In thousands of Naira*	**Gross amount**	**Specific impairment allowance**	**Collective impairment allowance**	**Total impairment allowance**	**Carrying amount**
Loans to individuals					
Retail Exposures					
Auto Loan (note 23c)	2,175,207	-	(25,446)	(25,446)	2,149,761
Credit Card	2,608,764	-	(28,629)	(28,629)	2,580,135
Finance Lease (note 23c)	-	-	-	-	-
Mortgage Loan	17,954,586	-	(51,306)	(51,306)	17,903,280
Overdraft	5,261,080	(250,624)	(543,561)	(794,185)	4,466,895
Personal Loan	20,393,836	-	(210,228)	(210,228)	20,183,608
Term Loan	4,777,259	-	(74,834)	(74,834)	4,702,425
Time Loan	799,692	-	(7,174)	(7,174)	792,518
Loans to corporate entities and other organizations					
Non-Retail Exposures					
Auto Loan (note 23c)	3,406,742	-	(37,455)	(37,455)	3,369,287
Credit Card	274,133	-	(2,848)	(2,848)	271,285
Finance Lease (note 23c)	1,821,023	-	(8,115)	(8,115)	1,812,908
Mortgage Loan	6,208,567	(46,391)	(317)	(46,708)	6,161,859
Overdraft	208,224,839	(7,574,569)	(6,798,235)	(14,372,804)	193,852,035
Term Loan	785,921,553	(2,162,757)	(9,255,082)	(11,417,837)	774,503,714
Time Loan	334,694,358	(448,337)	(1,164,900)	(1,613,237)	333,081,121
	1,394,521,639	**(10,482,678)**	**(18,208,130)**	**(28,690,806)**	**1,365,830,831**

Impairment on loans and advances to customers

In thousands of Naira	**Specific allowances** December 2016	**Specific allowances** December 2015	**Collective allowances** December 2016	**Collective allowances** December 2015
Balance beginning of year	10,482,678	7,967,529	18,208,130	11,014,296
Impairment loss for the year:				
- Charge for the year	17,874,149	3,643,214	2,742,435	7,193,834
Write-offs	(13,601,100)	(1,128,065)	-	-
Balance end of year	**14,755,727**	**10,482,678**	**20,950,565**	**18,208,130**

23 Loans and advances to customers
b Bank

December 2016 *In thousands of Naira*	**Gross amount**	**Specific impairment allowance**	**Collective impairment allowance**	**Total impairment allowance**	**Carrying amount**
Loans to individuals					
Retail Exposures					
Auto Loan (note 23c)	2,426,024	-	(41,976)	(41,976)	2,384,048
Credit Card	3,431,339	(4,367)	(57,775)	(62,142)	3,369,197
Finance Lease (note 23c)	60,912	-	(1,053)	(1,053)	59,859
Mortgage Loan	5,053,845	-	(75,135)	(75,135)	4,978,710
Overdraft	5,033,990	(115,021)	(515,982)	(631,003)	4,402,987
Personal Loan	17,369,909	(285,812)	(294,993)	(580,805)	16,789,104
Term Loan	2,427,653	-	(42,759)	(42,759)	2,384,894
Time Loan	586,532	-	(10,139)	(10,139)	576,394
Loans to corporate entities and other organizations					
Non-Retail Exposures					
Auto Loan (note 23c)	2,003,352	-	(20,856)	(20,856)	1,982,496
Credit Card	563,357	-	(10,178)	(10,178)	553,179
Finance Lease (note 23c)	3,946,347	-	(18,308)	(18,308)	3,928,038
Mortgage Loan	18,437	-	(195)	(195)	18,242
Overdraft	135,065,623	(7,573,737)	(1,609,209)	(9,182,946)	125,882,676
Term Loan	1,032,873,587	(2,105,378)	(15,506,849)	(17,612,227)	1,015,261,361
Time Loan	413,976,952	-	(1,985,792)	(1,985,792)	411,991,160
	1,624,837,859	**(10,084,316)**	**(20,191,198)**	**(30,275,514)**	**1,594,562,345**

Bank

December 2015 *In thousands of Naira*	**Gross amount**	**Specific impairment allowance**	**Collective impairment allowance**	**Total impairment allowance**	**Carrying amount**
Loans to individuals					
Retail Exposures					
Auto Loan (note 23c)	1,976,020	-	(25,446)	(25,446)	1,950,574
Credit Card	2,579,265	-	(28,629)	(28,629)	2,550,636
Finance Lease (note 23c)	-	-	-	-	-
Mortgage Loan	4,383,538	-	(51,306)	(51,306)	4,332,232
Overdraft	5,054,135	(250,624)	(503,788)	(754,412)	4,299,723
Personal Loan	18,073,801	-	(210,228)	(210,228)	17,863,573
Term Loan	3,066,501	-	(35,061)	(35,061)	3,031,440
Time Loan	640,645	-	(7,174)	(7,174)	633,471
Loans to corporate entities and other organizations					
Non-Retail Exposures					
Auto Loan (note 23c)	3,378,173	-	(37,455)	(37,455)	3,340,718
Credit Card	264,756	-	(2,848)	(2,848)	261,908
Finance Lease (note 23c)	1,821,023	-	(8,115)	(8,115)	1,812,908
Mortgage Loan	74,260	(46,391)	(317)	(46,708)	27,552
Overdraft	188,628,138	(7,027,040)	(6,639,141)	(13,666,181)	174,961,957
Term Loan	753,319,155	(1,400,831)	(9,018,452)	(10,419,283)	742,899,872
Time Loan	286,861,982	(448,337)	(1,164,900)	(1,613,237)	285,248,745
	1,270,121,392	**(9,173,223)**	**(17,732,860)**	**(26,906,083)**	**1,243,215,309**

Impairment on loans and advances to customers

	Specific Impairment		**Collective Impairment**	
In thousands of Naira	**December 2016**	**December 2015**	**December 2016**	**December 2015**
Balance beginning of year	9,173,223	6,340,159	17,732,860	10,665,978
Impairment loss for the year:				
- Charge for the year	13,846,554	2,833,064	2,458,338	7,066,882
Write-offs	(12,935,461)	-	-	-
Balance end of year	**10,084,316**	**9,173,223**	**20,191,198**	**17,732,860**

23(c) Advances under finance leases

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

In thousands of Naira	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
Gross investment in finance lease, receivable	#VALUE!	9,034,595	#VALUE!	8,728,141
Unearned finance income on finance leases	(1,937,583)	(1,631,622)	(1,890,469)	(1,552,925)
Net investment in finance leases	#VALUE!	7,402,973	#VALUE!	7,175,216
Gross investment in finance leases, receivable:				
Less than one year	2,217,863	4,094,867	2,286,156	3,932,588
Between one and five years	7,976,709	4,939,727	7,782,749	4,795,553
Later than five years	264,635	-	258,199	-
	10,459,206	9,034,594	10,327,104	8,728,141
Unearned finance income on finance leases	(1,937,583)	(1,631,622)	(1,890,469)	(1,552,925)
Present value of minimum lease payments	8,521,623	7,402,972	8,436,635	7,175,216
Present value of minimum lease payments may be analysed as:				
- Less than one year	2,018,383	3,230,261	2,091,526	3,108,297
- Between one and five years	6,215,439	4,172,712	6,064,306	4,066,919
- Later than five years	287,801	-	280,803	-

24 Pledged assets

In thousands of Naira	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
Treasury bills	188,239,520	106,934,817	188,239,520	103,684,044
Government bonds	126,707,982	96,780,580	126,707,982	96,780,580
	314,947,502	**203,715,397**	**314,947,502**	**200,464,624**
The related liability for assets pledged as collateral include:				
Bank of Industry (BOI)	39,566,300	29,227,231	39,566,300	29,227,231

(i) The assets pledged as collateral include assets pledged to third parties under secured borrowing with the related liability disclosed above. Also included in pledged assets are assets pledged as collateral or security deposits to clearing house and payment agencies of N17.58bn (31 December 2015: N25.78Bn) for which there is no related liability. The pledges have been made in the normal course of business of the Bank. In the event of default, the pledgee has the right to realise the pledged assets.

25 Investment securities

Available for sale investment securities *In thousands of Naira*	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
Debt securities				
Government bonds	26,699,706	51,205,831	15,507,737	51,205,831
Treasury bills	69,346,601	28,996,006	40,960,665	10,436,981
Eurobonds	2,760,661	6,524,859	2,760,661	6,016,748
Corporate bonds	3,431,482	3,473,524	3,431,482	3,473,524
Equity securities				
Equity securities with readily determinable fair values (i)	58,667,555	44,772,710	58,420,406	44,755,565
Unquoted equity securities at cost	3,145,697	3,145,697	3,145,697	3,145,697
	164,051,703	138,118,627	124,226,649	119,034,346
Specific allowance for impairment on available for sale investments	(3,389,059)	(3,326,077)	(3,389,059)	(3,326,077)
	160,662,644	**134,792,550**	**120,837,590**	**115,708,269**

The fair value of the unquoted equity securities carried at cost cannot be reliably estimated as there are no active market for these financial instruments; they have therefore been disclosed at cost less impairment. These equity investments have been fully impaired and has a nil balance in the group financial statement.

(i) Equity securities with readily determinable fair values (carrying amount)

MTN Nigeria	7,451,138	8,317,689	7,451,138	8,317,689
Central securities clearing system limited	1,559,612	1,775,756	1,559,612	1,775,756
Nigeria interbank settlement system plc.	1,175,570	1,027,168	1,175,570	1,027,168
IBTC pension managers limited	-	1,144,748	-	1,144,748
Unified payment services limited	2,340,346	2,518,309	2,340,346	2,518,309
Africa finance corporation	44,230,177	28,658,942	44,230,177	28,658,942
Juli pharmacy plc	-	11,358	-	11,358
E-Tranzact	1,147,387	729,738	1,147,387	729,738
African export-import bank	10,754	2,675	10,754	2,675
FMDQ OTC Plc	130,610	147,746	130,610	137,746
Nigerian mortage refinance company plc.	93,186	200,000	93,186	200,000
Credit reference company	281,626	231,436	281,626	231,436
Others	247,149	7,145	-	-
	58,667,555	44,772,710	58,420,406	44,755,565

Held to maturity investment securities
In thousands of Naira

Debt securities				
Treasury bills	27,350,114	7,687,281	-	-
Federal government bonds	31,754,372	31,962,858	31,016,409	31,044,676
State government bonds	5,276,855	6,550,060	5,276,855	6,550,060
Corporate bonds	1,624,228	3,580,595	1,624,228	1,684,150
Eurobonds	2,445,558	1,649,782	2,445,558	1,007,643
	68,451,128	51,430,576	40,363,051	40,286,529
Total	**229,113,772**	**186,223,126**	**161,200,642**	**155,994,798**

Specific allowance for impairment on available for sale investment securities

In thousands of Naira	**Group December 2016**	**Group December 2015**	**Bank December 2016**	**Bank December 2015**
Balance, beginning of year	3,326,077	3,145,697	3,326,077	3,145,697
Additional allowance	-	180,380	-	180,380
Allowance written off	(21,358)	-	(21,358)	-
Revaluation difference	84,339	-	84,339	-
Balance, end of year	**3,389,059**	**3,326,077**	**3,389,059**	**3,326,077**

26 Other assets

In thousands of Naira	**Group December 2016**	**Group December 2015**	**Bank December 2016**	**Bank December 2015**
Financial assets				
Accounts receivable	23,063,084	37,555,560	13,804,165	34,067,809
Receivable on E-business channels	2,333,865	9,163,800	2,253,689	9,163,800
Receivable from disposal of Non-current asset	19,341,974	22,578,046	19,341,974	22,578,046
Receivable from AMCON	-	5,498,909	-	5,498,909
Subscription for investment	25,004	25,001	833,101	861,759
	44,763,926	74,821,316	36,232,930	72,170,323
Non-financial assets				
Prepayments	20,751,237	10,234,249	16,668,917	8,494,119
Inventory	707,748	619,515	660,491	619,516
	21,458,986	10,853,764	17,329,408	9,113,635
Gross other assets	66,222,912	85,675,080	53,562,337	81,283,958
Allowance for impairment on financial assets				
Accounts receivable	(2,942,857)	(2,635,576)	(2,942,857)	(2,635,576)
Subscription for investment	(25,001)	(25,001)	(25,001)	(25,001)
	63,255,054	**83,014,503**	**50,594,480**	**78,623,381**

Movement in allowance for impairment on other assets:

In thousands of Naira	**Group Accounts Receivable**	**Group subscription for investments**	**Bank Accounts Receivable**	**Bank subscription for investments**
Balance as at 1 January 2015	22,296,170	25,001	22,296,170	25,001
Impairment loss for the year:				
- Additional provision	3,204,542	-	3,204,542	-
Net impairment	3,204,542	-	3,204,542	-
Allowance written off	(22,865,136)	-	(22,865,136)	-
Balance as at 31 December 2015/1 January 2016	2,635,576	25,001	2,635,576	25,001
Impairment loss for the year:				
- Additional provision	1,321,936	-	1,321,936	-
Net impairment	1,321,936	-	1,321,936	-
Allowance written off	(1,016,504)	-	(1,016,504)	-
Translation difference	1,849	-	1,849	-
Balance as at 31 December 2016	2,942,857	25,001	2,942,857	25,001

Inventory consists of blank debit cards, cheque leaves, computer consumables and other stationery held by the Bank.

Increase in prepayments resulted from services that have been paid in advance for the year for which the amortization will be over the relevant period of service. These include rents and advertisements.

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

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

Set out below are the group's subsidiaries as at 31 December 2016. Unless otherwise stated, the subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the group and the proportion of ownership interests held equals to the voting rights held by the group. The country of incorporation is also their principal place of business.

There are no significant restrictions on the Group's ability to access or use the assets and settle the liabilities of any member of the Group to the extent that regulation does not inhibit the group from having access, and in liquidation scenario, this restriction is limited to its level of investment in the entity .
There are no significant restrictions on the ability of subsidiaries to transfer funds to the Group in the form of cash dividends or repayment of loans and advances

			Ownership interest	
	Nature of business	**Country of incorporation**	**December 2016**	**December 2015**
Access Bank Gambia Limited	Banking	Gambia	64%	64%
Access Bank Sierra Leone Limited	Banking	Sierra Leone	97%	97%
Access Bank Rwanda Limited	Banking	Rwanda	75%	75%
Access Bank Zambia	Banking	Zambia	92%	92%
The Access Bank UK	Banking	United Kingdom	100%	100%
Access Bank R.D. Congo	Banking	Congo	74%	74%
Access Bank Ghana	Banking	Ghana	91%	92%
Access Finance B.V.	Banking	Netherlands	100%	100%

Access Finance B.V. was incorporated in 2011 and commenced operations in 2012. An obligation also exists between the Bank and Access Finance B.V., for which Access Finance B.V. lent to the Bank the sum of USD 2,462,000 as a share premium loan. The loan agreement between both parties however permits that the obligation of Access Finance B.V. to grant the loan, be set off against the obligation of the Bank to repay the loan such that each party's obligation either as a borrower or lender is discharged. In view of this, no loan payable has been recognized in the Bank's financial statements.

The transaction for which the entity was set up will mature in 2017. Management has not decided on the possibility of the entity existing beyong the maturity of the obligation.

During the period, Access Bank Ghana raised additional capital through a public offer. Consequently, this caused a dilution in the Bank's share of ownership and an increase in non controlling interest.

(ii) Structured entities:

			Ownership interest	
	Nature of business	**Country of incorporation**	**December 2016**	**December 2015**
Restricted Share Performance Plan (RSPP)	Financial services	Nigeria	100%	100%

27(b) Investment in subsidiaries

In thousands of Naira	Bank December 2016	Bank December 2015
Subsidiaries with continuing operations		
Access Bank, UK (a)	29,104,081	18,501,269
Access Bank, Ghana (a)	15,558,107	13,704,428
Access Bank Rwanda	1,578,825	1,578,825
Access Bank, Congo	2,779,650	2,779,650
Access Bank, Zambia	4,274,925	4,274,925
Access Bank, Gambia	1,853,756	1,853,756
Access Bank, Sierra Leone	1,019,951	1,019,951
Investment in RSPP scheme	3,065,865	1,722,350
Access Bank Finance B.V. (b)	4,092	4,092
Subsidiaries undergoing liquidation		
Flexmore Technologies Limited	-	100,000
	59,239,252	45,539,246
Specific allowances for impairment on investment in subsidiaries	-	(100,000)
Balance, end of year	**59,239,252**	**45,439,246**

(a) During the year, the Bank made additional investments of GBP25m and USD 6.07m in Access Bank UK and Access Bank Ghana respectively.

Specific allowances for impairment on investment in subsidiaries

In thousands of Naira	Bank December 2016	Bank December 2015
Balance, beginning of year	100,000	100,000
Allowance written off	(100,000)	-
Balance, end of year	-	100,000

Based on the contractual arrangements between the Group and the shareholders in each of the entities, the Group has the power to appoint and remove the majority of the board of Directors of each entity.

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

On 13 April 2016, the Corporate Affairs Commission (CAC) gave approval for the liquidation of Flexmore Technologies Limited with a three month notice period starting 1 April 2016. At the expiration of the notice period, the Bank liquidated the entity and consequently wrote off the investment.

27 (c) Condensed results of consolidated entities

(i) The condensed financial data of the consolidated entities as at 31 December 2016, are as follows:

Condensed profit and loss *In thousands of naira*	**The Access Bank UK**	**Access Bank Ghana**	**Access Bank Rwanda**	**Access Bank (R.D. Congo)**	**Access Bank Zambia**	**Access Bank Gambia**	**Access Bank Sierra Leone**	**Access Bank Investment in RSPP**	**Access Bank B.V.**
Operating income	8,563,021	18,801,271	2,734,273	2,489,687	1,742,976	930,033	949,130	-	170,898
Operating expenses	(4,223,554)	(10,518,589)	(2,214,927)	(2,036,649)	(1,429,535)	(639,171)	(716,827)	-	(7,757)
Net impairment loss on financial assets	-	(3,697,655)	(648,310)	(1,095)	(309,215)	(106,733)	(71,390)	-	-
Profit before tax	4,339,467	4,585,027	(128,964)	451,943	4,226	184,129	160,913	-	163,141
Income tax expense	(867,924)	(2,560,584)	(15,851)	(15,897)	(21,186)	(19,586)	(4,297)	-	(12,084)
Profit for the year	3,471,543	2,024,443	(144,815)	436,046	(16,960)	164,543	156,616	-	151,057
Assets									
Cash and cash equivalents	206,090,386	53,060,292	12,843,280	4,081,910	7,748,129	1,850,740	3,189,614	-	433,441
Pledged assets	-	-	-	-	-	-	-	-	-
Derivative financial instruments		-	152,386	-	-	-	-	-	-
Loans and advances to banks	105,115,705		-	-	-	-	-	-	72,641,947
Loans and advances to customers	90,553,072	93,656,210	12,888,097	11,764,620	4,580,996	1,011,580	442,252	-	-
Investment securities	23,316,245	30,800,861	1,390,502	-	2,211,138	6,332,347	4,082,549	-	-
Other assets	1,668,759	8,262,701	354,956	746,564	2,484,113	197,067	476,667	-	4,319
Investment in associates	-	-	-	-	-	-	-	-	-
Investment in subsidiaries	-	-	-	-	-	-	-	3,286,375	-
Property and equipment	98,390	8,039,370	733,065	1,425,053	734,526	845,655	408,520	-	-
Intangible assets	320,219	436,493	-	85,669	100,736	102,207	39,440	-	-
Deferred tax assets	-	1,014,466	-	-	432,094	-	168,936	-	-
Assets classified as held for sale	-	-	-	-	-	-	-	-	-
	427,162,776	195,270,393	28,362,286	18,103,816	18,291,733	10,339,596	8,807,979	3,286,375	73,079,707
Financed by:									
Deposits from banks	261,480,316	14,677,731	-	2,171,148	1,245,861	-	787,165	-	-
Deposits from customers	119,243,361	146,112,643	22,459,781	10,524,795	12,947,085	6,389,283	5,637,268	-	-
Derivative Liability	51,382	-	-	-	-		-	-	-
Debt securities issued	-	-	-	-	-	-	-	-	72,592,084
Retirement benefit obligations	841	9,921	-	-	95	-	-	-	-
Current tax liabilities	607,272	1,843,534	(126,448)	63,564	-	7,331	-	-	60,674
Other liabilities	1,998,068	1,498,809	614,869	834,620	642,039	686,958	477,233	-	41,673
Interest-bearing loans and borrowings	-	159,393	1,848,571	-	-	-	-	-	-
Deferred tax liabilities	-	303,345	211,019	-	-	82,932	-	-	-
Liabilities classified as held for sale	-	-	-	-	-	-	-	-	-
Equity	43,781,536	30,665,017	3,354,496	4,509,689	3,456,653	3,173,092	1,906,313	3,286,375	385,276
	427,162,776	195,270,393	28,362,286	18,103,816	18,291,733	10,339,596	8,807,979	3,286,375	73,079,707
Net cashflow from investing activities	(17,961,436)	(7,188,778)	(108,505)	(490,831)	-	(2,784,760)	-	-	-
Net cashflow from financing activities	9,579,150	7,080,739	908,018	-	-	-	-	-	-
Increase in cash and cash equivalents	147,608,099	3,084,064	431,681	(2,272,754)	-	(757,388)	-	-	112,381,427
Cash and cash equivalent, beginning of year	45,245,533	30,593,847	7,808,703	4,796,124	9,360,900	1,568,257	1,144,498	-	268,239
Effect of exchange rate fluctuations on cash held	-	-	-	-	-	-	-	-	39,740,811
Cash and cash equivalent, end of year	192,853,632	33,677,911	8,240,384	2,523,368	9,360,900	810,869	1,144,498	-	152,390,477

27 (d) Condensed results of consolidated entities

(i) The condensed financial data of the consolidated entities as at 31 December 2015, are as follows:

Condensed profit and loss *In thousands of naira*	The Access Bank UK	Access Bank Ghana	Access Bank Rwanda	Access Bank (R.D. Congo)	Access Bank Zambia	Access Bank Gambia	Access Bank Sierra Leone	Access Bank Investment in RSPP	Access Bank B.V.
Operating income	5,929,949	14,248,052	1,746,767	1,755,209	1,346,817	1,081,310	724,805	-	438,562
Operating expenses	(3,354,724)	(7,107,573)	(1,561,741)	(1,490,186)	(1,279,419)	(533,547)	(635,919)	-	(16,624)
Net impairment loss on financial assets	-	(787,888)	24,123	-	(24,158)	(235,348)	(16,540)	-	-
Profit before tax	2,575,225	6,352,591	209,149	265,023	43,240	312,415	72,346	-	421,938
Taxation	(521,483)	(2,189,931)	(108,885)	-	(28,989)	(17,326)	(26,355)		(23,206)
Profit for the year	2,053,742	4,162,660	100,264	265,023	14,251	295,089	45,991	-	398,732
Assets									
Cash and cash equivalents	45,245,533	34,911,799	7,637,323	5,171,427	4,375,250	1,762,148	2,133,665	-	2,327,751
Derivative financial instruments	63,528	-	-	-	-	-	-	-	-
Loans and advances to banks	86,554,437	-	-	-	-	-	-	-	69,584,024
Loans and advances to customers	42,761,574	62,251,287	6,669,073	6,262,020	3,100,601	824,185	746,783	-	-
Pledged assets	-	-	-	-	-	3,250,773	-	-	-
Investment securities	4,181,497	18,313,343	2,008,702	-	2,042,227	-	3,763,874	-	-
Other assets	714,834	3,604,904	239,902	559,934	1,252,686	124,350	262,785	-	-
Investment in subsidiaires	-	-	-	-	-	-	-	1,722,350	-
Property and equipment	292,135	4,780,307	42,002	916,619	425,257	619,042	354,179	-	-
Intangible assets	29,644	276,988	307,609	32,550	44,055	59,861	30,994	-	-
Deferred tax assets	-	266,434	-	-	277,836		120,510	-	-
	179,843,182	**124,405,062**	**16,904,611**	**12,942,550**	**11,517,912**	**6,640,359**	**7,412,790**	**1,722,350**	**71,911,775**
Financed by:									
Deposits from banks	103,782,307	13,714,385	-	-	583,834	-	-	-	-
Deposits from customers	50,042,098	88,548,465	13,440,311	8,904,983	9,426,433	4,103,594	5,033,441	-	-
Derivative Liability	672,406	-	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-	71,336,985
Retirement benefit obligations	-	-	-	-	-	-	8,471	-	-
Current tax liabilities	482,483	756,851	(5,372)	23,834	28,989	-	-	-	51,728
Other liabilities	1,837,532	2,701,530	937,044	672,699	(481,930)	438,292	942,628	-	(164,701)
Contingent settlement provisions	-	55,186	-	-	-	-	-	-	-
Deferred tax liability	-	149,719	61,570	-	-	55,355	-	-	-
Equity	23,026,356	18,478,926	2,471,058	3,341,034	1,960,586	2,043,118	1,428,250	1,722,350	687,763
	179,843,182	**124,405,062**	**16,904,611**	**12,942,550**	**11,517,912**	**6,640,359**	**7,412,790**	**1,722,350**	**71,911,775**
Net cashflow from investing activities	17,935,552	(2,660,525)	761,628	(122,315)	(442,024)	(119,630)	(786,315)	-	-
Net cashflow from financing activities	4,400,100	(830,053)	583,202	-	-	-	-	-	6,914,832
Increase/(Decrease) in cash and cash equivalents	25,849,261	2,343,374	1,318,540	1,284,155	1,565,905	423,797	(486,380)	-	74,738
Cash and cash equivalent, beginning of year	19,396,272	28,250,473	6,490,163	3,511,969	7,794,994	1,144,460	1,630,878	-	76,333
Effect of exchange rate fluctuations on cash held	-	-	-	-	-	-	-	-	117,168
Cash and cash equivalent, end of year	45,245,533	30,593,847	7,808,703	4,796,124	9,360,899	1,568,257	1,144,498	-	268,239

28 Property and equipment
Group
In thousands of Naira

	Land and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Cost						
Balance at 1 January 2016	57,073,875	17,762,955	29,241,820	9,898,894	7,755,533	121,733,077
Acquisitions	3,981,137	5,474,190	4,978,500	1,785,155	1,823,777	18,042,759
Disposals	(122,313)	(290,101)	(530,187)	(558,855)	(129,535)	(1,630,991)
Transfers	3,586,520	74,632	87,346	-	(3,748,497)	-
Write-offs	(187,281)	-	(18,575)	-	(155,144)	(361,000)
Reclassifications	-	-	-	-	(556,893)	(556,893)
Translation difference	1,406,355	1,006,846	1,544,451	490,247	502,022	4,949,921
Balance at 31 December 2016	**65,738,293**	**24,028,521**	**35,303,354**	**11,615,441**	**5,491,267**	**142,176,873**
Balance at 1 January 2015	54,681,145	15,712,421	25,564,194	8,366,282	7,016,361	111,340,403
Acquisitions	2,968,814	1,874,068	4,683,327	2,155,869	2,212,955	13,895,033
Disposals	(629,392)	(672,148)	(587,871)	(870,818)	(404,199)	(3,164,428)
Transfers	122,018	711,695	69,259	52,446	(955,418)	-
Write offs	-	-	-	-	(58,394)	(58,394)
Translation difference	(68,710)	136,919	(487,089)	195,115	(55,772)	(279,537)
Balance at 31 December 2015	57,073,875	17,762,955	29,241,820	9,898,894	7,755,533	121,733,077

Depreciation and impairment losses	Leasehold improvement and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Balance at 1 January 2016	9,286,024	12,318,555	20,442,415	6,356,156	-	48,403,150
Charge for the year	1,864,239	2,658,469	3,340,041	1,244,137	-	9,106,886
Disposal	(10,538)	(281,617)	(515,657)	(428,352)	-	(1,236,164)
Write-Offs	(14,219)	-	(6,267)	-	-	(20,486)
Translation difference	68,468	351,416	1,376,152	18,399	-	1,814,435
Balance at 31 December 2016	**11,193,974**	**15,046,823**	**24,636,684**	**7,190,340**	**-**	**58,067,821**
Balance at 1 January 2015	7,723,192	10,955,180	17,509,380	5,492,944	-	41,680,695
Charge for the year	1,652,283	1,841,749	3,589,272	1,531,833	-	8,615,138
Disposal	(66,157)	(671,981)	(579,859)	(804,134)	-	(2,122,131)
Translation difference	(23,294)	193,607	(76,378)	135,513	-	229,448
Balance at 31 December 2015	9,286,024	12,318,555	20,442,415	6,356,156	-	48,403,150
Carrying amounts:						
Balance at 31 December 2016	**54,544,319**	**8,981,698**	**10,666,670**	**4,425,101**	**5,491,267**	**84,109,052**
Balance at 31 December 2015	47,787,851	5,444,400	8,799,405	3,542,738	7,755,533	73,329,927

28 Property and equipment
Bank

In thousands of Naira	Land and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Cost						
Balance at 1 January 2016	52,737,675	15,863,065	26,748,469	8,644,919	5,388,964	109,383,092
Acquisitions	3,070,721	5,008,811	4,490,233	1,477,916	655,470	14,703,151
Disposals	(118,662)	(257,520)	(492,138)	(428,086)	(129,535)	(1,425,941)
Transfers	1,956,836	-	29,306	-	(1,986,142)	-
Reclassifications	-	-	-	-	(556,893)	(556,893)
Write-Offs	-	-	-	-	(155,143)	(155,143)
Balance at 31 December 2016	**57,646,570**	**20,614,356**	**30,775,870**	**9,694,749**	**3,216,721**	**121,948,266**
Balance at 1 January 2015	50,672,751	14,220,988	23,331,037	7,457,145	6,185,630	101,867,551
Acquisitions	2,648,337	1,601,863	3,975,251	1,870,477	496,193	10,592,121
Disposals	(629,392)	(668,870)	(587,831)	(735,149)	(396,944)	(3,018,186)
Transfers	45,979	709,084	30,012	52,446	(837,521)	-
Write-Offs	-	-	-	-	(58,394)	(58,394)
Balance at 31 December 2015	52,737,675	15,863,065	26,748,469	8,644,919	5,388,964	109,383,092

Depreciation and impairment losses	Leasehold improvement and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Balance at 1 January 2016	8,207,291	10,985,168	18,767,401	5,522,848	-	43,482,708
Charge for the year	1,504,195	2,269,674	2,981,425	1,019,297	-	7,774,591
Disposal	(10,540)	(257,339)	(489,240)	(376,386)	-	(1,133,505)
Balance at 31 December 2016	**9,700,946**	**12,997,503**	**21,259,586**	**6,165,759**	**-**	**50,123,794**
Balance at 1 January 2015	6,782,532	9,982,857	16,071,183	4,870,652	-	37,707,224
Charge for the year	1,476,578	1,671,014	3,276,037	1,338,662	-	7,762,291
Disposal	(51,819)	(668,703)	(579,819)	(686,466)	-	(1,986,807)
Balance at 31 December 2015	8,207,291	10,985,168	18,767,401	5,522,848	-	43,482,708
Carrying amounts:						
Balance at 31 December 2016	**47,945,624**	**7,616,853**	**9,516,284**	**3,528,990**	**3,216,721**	**71,824,472**
Balance at 31 December 2015	44,530,384	4,877,897	7,981,068	3,122,071	5,388,964	65,900,384

(a) The amount of contractual commitments for the acquisition of property and equipment as at 31 December 2016 is N365,409,847 (31 Dec 2015: N330,891,261)

(b) Estimates of useful life and residual value, and the method of depreciation, are reviewed at a minimum at each reporting period. Any changes are accounted for prospectively as a change in estimate.

During the year, the sum of N556m was reclassified from property, plant and equipments to other assets having failed the requirements for assets under this classification.

29 Intangible assets

Group

In thousands of Naira	**Goodwill**	**WIP**	**Purchased Software**	**Total**
Cost				
December 2016				
Balance at 1 January 2016	681,007	-	12,060,445	12,741,452
Acquisitions	-	286,724	2,250,300	2,537,024
Transfer	-	-	322,529	322,529
Write off	-	-	(54,460)	(54,460)
Translation difference	-	-	285,996	285,996
Balance at 31 December 2016	**681,007**	**286,724**	**14,864,810**	**15,832,541**
December 2015				
Balance at 1 January 2015	681,007	740,711	9,946,474	11,368,192
Acquisitions	-	-	2,146,643	2,146,643
Transfer	-	(740,711)	740,711	-
Write off	-	-	(512,802)	(512,802)
Translation difference	-	-	(260,581)	(260,581)
Balance at 31 December 2015	681,007	-	12,060,445	12,741,452
Amortization and impairment losses				
Balance at 1 January 2016	-	-	6,300,836	6,300,836
Amortization for the year	-	-	2,186,905	2,186,905
Translation difference	-	-	405,245	405,245
Balance at 31 December 2016	-	-	**8,892,986**	**8,892,986**
Balance at 1 January 2015	-	-	5,775,201	5,775,201
Amortization for the year	-	-	1,483,193	1,483,193
Write off	-	-	(512,802)	(512,802)
Translation difference	-	-	(444,756)	(444,756)
Balance at 31 December 2015	-	-	6,300,836	6,300,836
Net Book Value				
Balance at 31 December 2016	**681,007**	**286,724**	**5,971,824**	**6,939,555**
Balance at 31 December 2015	681,007	-	5,759,609	6,440,616

Bank

In thousands of Naira	**WIP**	**Purchased Software**	**Total**
Cost			
December 2016			
Balance at 1 January 2016	-	10,348,678	10,348,678
Acquisitions	231,569	1,818,744	2,050,313
Balance at 31 December 2016	231,569	12,167,422	12,398,991
December 2015			
Balance at 1 January 2015	740,711	8,255,600	8,996,311
Acquisitions	-	1,865,169	1,865,169
Transfers	(740,711)	740,711	-
Write off	-	(512,802)	(512,802)
Balance at 31 December 2015	-	10,348,678	10,348,678
Amortization and impairment losses			
Balance at 1 January 2016	-	5,370,770	5,370,770
Amortization for the year	-	1,854,437	1,854,437
Balance at 31 December 2016	-	7,225,207	7,225,207
Balance at 1 January 2015	-	4,559,497	4,559,497
Amortization for the year	-	1,324,075	1,324,075
Write off		(512,802)	(512,802)
Balance at 31 December 2015	-	5,370,770	5,370,770
Carrying amounts			
Balance at 31 December 2016	**231,569**	**4,942,214**	**5,173,784**
Balance at 31 December 2015	-	4,977,908	4,977,908

There were no capitalised borrowing costs related to the internal development of software during the year under review, 31 December 2016 (2015: nil). Computer software has a definite useful life of not more than five years in line with the Bank's accounting policy, while Goodwill has an indefinite useful life and is annually assessed for impairment.

The work in progress relates to the cost of the CR2 Omnichannel Banking solution aimed at providing a unique experience to customers at every touch point and empowering the bank to create, manage and deliver personalied product offerings and services to each customers or customer group across all channels.

Amortization method used is straight line.

29(b) Intangible assets

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

In thousands of Naira	December 2016	December 2015
Access Bank Rwanda	681,007	681,007
	681,007	681,007

The recoverable amount of Goodwill as at 31 December 2016 is greater than its carrying amount and is thus not impaired.

(ii) Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. Impairment assessment has been performed for the year, while no losses on goodwill were recognized during the year under review 31 December 2016 (31 December 2015: Nil)

The recoverable amount of Goodwill as at 31 December 2016 was greater than its carrying amount and is thus not impaired. The recoverable amount was determined using a value-in-use computation as N4.9bn

Goodwill is monitored by the Group on an entity by entity basis
The key assumption used in computing the value-in-use for goodwill in during the year are as follows:

	Access Bank Rwanda
Compound annual volume growth (i)	6.62%
Long term growth rate (ii)	4.70%
Discount rate (ii)	19.50%
Revenue Growth	9.60%

(i) Compound annual volume growth rate in the initial four-year period.
(ii) Weighted average growth rate used to extrapolate cash flows beyond the budget year.
(ii) Pre-tax discount rate applied to the cash flow projections.

Cash Flow Forecast
Cash flows were projected based on past experience, actual operating results and the 4-year business plan. These cashflows are based on the expected revenue growth for the entity over this 4-year period.

Discount Rate
Pre-tax discount rate of 19.50% was applied in determining the recoverable amounts for the only entity with goodwill (Access Bank Rwanda). This discount rate was estimated using the risk-free rate and the country risk premium for Rwanda.

Long-term term growth rate

The long term growth rate applied was based on the long term growth rate in GDP of Rwanda

The key assumptions described above may change as economic and market conditions change. The Group estimates that reasonably possible changes in these assumptions are not expected to cause the recoverable amount of the subsidiaries (from which the goodwill arose) to decline below their carrying amount.

Revenue Growth
Revenue growth were projected based on past growth, actual operating income and the company's 4 year strategic plan. The revenue growth of 9.6% represents the average revenue growth of 4 years. The revenue growth was used to project the cashflow for the business.

Sensitivity analysis of key assumptions used

	10% increase	10% decrease
Impact of change in discount rate on value-in-use computation	(481,959)	626,557
Impact of change in growth rate on value-in-use computation	85,169	(79,926)
Impact of change in revenue growth on value-in-use computation	490,918	(490,918)

30 Deferred tax assets and liabilities

(a) Group

Deferred tax assets and liabilities are attributable to the following:

In thousands of Naira	December 2016			December 2015		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	14,329,164	(443,943)	13,885,221	11,259,522	-	11,259,522
Allowances/(Reversal) for loan losses	9,009,821	-	9,009,821	10,791,440	-	10,791,440
Tax loss carry forward	4,549,454	-	4,549,454	9,385,122	-	9,385,122
Exchange gain/(loss) unrealised	-	(29,234,934)	(29,234,934)	-	(22,630,791)	(22,630,791)
Fair value gain on Available for sale investmei	-	-	-	-	(13,349)	(13,349)
Employee benefits	11,421	-	11,421	4,452	(111,469)	(107,017)
Actuarial loss on retirement benefit obligation	-	(655,220)	(655,220)	1,894,041	-	1,894,041
Deferred tax assets (net)	27,899,860	(30,334,096)	(2,434,236)	33,334,577	(22,755,609)	10,578,968

(b) Bank

Deferred tax assets and liabilities are attributable to the following:

In thousands of Naira	December 2016			December 2015		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	13,937,906	-	13,937,906	11,092,769	-	11,092,769
Allowances/(Reversal) for loan losses	8,344,683	-	8,344,683	10,496,790	-	10,496,790
Tax loss carry forward	4,505,812	-	4,505,812	9,328,023	-	9,328,023
Exchange gain/(loss) unrealised	-	(29,234,934)	(29,234,934)	-	(22,630,791)	(22,630,791)
Fair value gain on investment property	-	-	-	-	-	-
Actuarial loss on retirement benefit obligation	-	(655,220)	(655,220)	1,894,041	-	1,894,041
Net deferred tax assets/(liabilities)	26,788,401	(29,890,154)	(3,101,753)	32,811,623	(22,630,791)	10,180,832

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

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

	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
Deferred income tax assets				
– Deferred income tax asset to be recovered after more than 12 months	13,559,275	20,176,562	12,850,495	19,824,813
– Deferred income tax asset to be recovered within 12 months	14,340,585	13,158,015	13,937,906	12,986,810
	27,899,860	33,334,578	26,788,401	32,811,623
Deferred income tax liabilities				
– Deferred income tax liability to be recovered after more than 12 months	(30,334,096)	(22,630,791)	(29,890,154)	(22,630,791)
– Deferred income tax liability to be recovered within 12 months	-	(124,818)	-	-
	(30,334,096)	(22,755,609)	(29,890,154)	(22,630,791)

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

In thousands of Naira	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
Balance, beginning of year	10,578,968	10,822,946	10,180,831	10,128,537
Tax charge	(11,994,560)	(684,222)	(12,172,525)	(402,545)
Translation adjustments	91,416	(14,595)	-	-
Items included in OCI	(1,110,059)	454,839	(1,110,059)	454,839
Net deferred tax assets/(liabilities)	(2,434,236)	10,578,968	(3,101,754)	10,180,831
Out of which				
Deferred tax assets	27,899,860	33,334,577	26,788,401	32,811,623
Deferred tax liabilities	(30,334,096)	(22,755,609)	(29,890,154)	(22,630,791)

Temporary difference relating to the Group's Investment in subsidiaries as at December 2016 is N28.6billion (Dec 2015: N3.0 billion). As the Group exercises control over the subsidiaries, it has the power to control the timing of the reversals of the temporary difference arising from its investments in them. The group has determined that the subsidiaries' profits and reserves will not be distributed in the foreseeable future and that the subsidiaries will not be disposed of. Hence, the deferred tax arising from the temporary differences above will not be recognised.

Items included in Other Comprehensive Income

In thousands of Naira	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
Actuarial gain/loss on retirement benefit obligation				
Gross loss on retirement benefit obligation	3,700,198	(1,516,131)	3,700,198	(1,516,131)
Deferred tax @ 30%	(1,110,059)	454,839	(1,110,059)	454,839
Net balance loss after tax	2,590,139	(1,061,292)	2,590,139	(1,061,292)

31 Assets classified as held for sale

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

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

Assets held for sale

In thousands of Naira	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
Balance at 1 January	179,843	23,438,484	179,843	23,438,484
Disposals	(39,116)	(23,258,641)	(39,116)	(23,258,641)
Fair value gain on assets held for sale	-	-	-	-
Balance at 31 December	**140,727**	**179,843**	**140,727**	**179,843**

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

32 Deposits from financial institutions

In thousands of Naira	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
Money market deposits	85,020,959	35,923,012	26,209,999	1,522,968
Trade related obligations to foreign banks	82,335,624	36,991,409	68,912,189	61,820,817
	167,356,583	**72,914,421**	**95,122,188**	**63,343,785**

33 Deposits from customers

In thousands of Naira	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
Term deposits	925,976,555	706,327,211	799,495,575	632,818,563
Demand deposits	984,150,905	838,954,263	853,780,226	767,609,081
Saving deposits	179,069,825	137,962,846	159,767,071	127,786,239
	2,089,197,286	**1,683,244,320**	**1,813,042,872**	**1,528,213,883**

34 Other liabilities

In thousands of Naira	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
Financial liabilities				
Certified and bank cheques	2,430,832	1,780,404	2,018,166	1,676,220
E-banking payables	3,758,302	8,925,439	3,561,974	8,920,286
Collections account balances	18,677,355	28,271,575	17,692,904	28,249,768
Due to subsidiaries	-	-	714,192	914,789
Accruals	1,294,775	2,214,382	434,811	747,829
Creditors	5,043,127	1,904,665	3,404,703	1,622,762
Customer deposits for foreign exchange	59,738,350	7,973,447	59,574,436	7,973,447
Agency services	37,984	9,506	36,140	9,506
Unclaimed dividend	11,957,131	10,350,486	11,957,131	10,350,486
Other financial liabilities	8,179,792	3,847,417	5,893,267	2,406,392
	111,117,648	65,277,321	105,287,724	62,871,485
Non-financial liabilities				
Litigation claims provision (see (i)below)	613,886	1,220,780	613,886	1,220,780
Other current non-financial liabilities	1,839,705	2,857,846	1,637,331	2,093
Total other liabilities	**113,571,240**	**69,355,947**	**107,538,941**	**64,094,358**

Increase in customer deposits for foreign exchange is attributable to the change in the Bank's process which requires all customers with foreign currency obligations to deposit foreign currency to back these transactions due to the prevailing FX environment.

(i) Movement in litigation claims provision	**Group December 2016**	**Group December 2015**	**Bank December 2016**	**Bank December 2015**
Opening balance	1,220,780	311,120	1,220,780	311,120
Additions	49,496	920,200	49,496	920,200
Payment	(656,390)	-	(656,390)	-
Provision no longer required	-	(10,540)	-	(10,540)
Closing balance	**613,886**	**1,220,780**	**613,886**	**1,220,780**

35 Debt securities issued

In thousands of Naira	**Group December 2016**	**Group December 2015**	**Bank December 2016**	**Bank December 2015**
Debt securities at amortized cost:				
Eurobond debt from Access Bank B.V (see (i) below)	72,592,084	71,336,985	-	-
Eurobond debt security (see (ii) below)	212,380,366	78,516,655	212,380,366	78,516,655
Commercial Papers	31,572,052	-	31,572,052	-
	316,544,502	**149,853,640**	**243,952,418**	**78,516,655**

(i) This refers to USD350,000,000 guaranteed notes issued on 25 July 2012 by Access Finance B.V., Netherlands with a maturity date of 25 July 2017 . In Oct 2016, USD 112,997,000 out of USD 350,000,000 was exchanged at a premium for a new note issued by Access Bank Plc . The amount of N72.59Bn represents the amortized cost as at 31 December 2016 on the outstanding balance of USD237,003,000

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

(ii) This refers to US$400,000,000 subordinated notes of 9.25% resettable interest issued on 24 December 2014 with a maturity date of 24 December 2021 and US$300,000,000 notes of 10.5% interest issued on 19 October 2016 with a maturity date of 19 October 2021. These represent an amortized cost of N212.63bn.

The principal amount on both notes are payable at maturity, whilst interest is payable on a semi-annual basis at their respective interest rates.

36 Interest bearing borrowings

In thousands of Naira	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
African Development Bank (see note (a))	29,026,302	18,920,425	29,026,302	18,920,425
Netherlands Development Finance Company (see note (b))	1,513,901	1,363,990	1,513,901	1,363,990
French Development Finance Company (see note (c))	11,580,283	10,212,950	11,580,283	10,212,950
European Investment Bank (see note (d))	26,979,759	14,237,242	26,979,759	14,237,242
International Finance Corporation (see note (e))	2,554,646	4,997,286	2,554,646	4,997,286
Central Bank of Nigeria under the Commercial Agriculture Credit Scheme (see note (f))	9,766,871	5,544,920	9,766,871	5,544,920
Bank of Industry-Intervention Fund for SMEs (see note (g))	4,500,284	7,193,737	4,500,284	7,193,737
Bank of Industry-Power & Airline Intervention Fund (see note (h))	12,881,897	15,188,861	12,881,897	15,188,861
Access Finance B.V. (see note (i))	-	-	74,425,046	71,523,252
Special Refinancing & Restructuring Intervention fund (SRRIF) see note (j)	6,633,475	6,844,633	6,633,475	6,844,633
Central Bank of Nigeria - Salary Bailout facilities (see note (k))	66,479,721	56,442,213	66,479,721	56,442,213
Central Bank of Nigeria - Excess Crude Account (see note (l))	125,837,600	90,000,000	125,837,600	90,000,000
Other loans and borrowings	1,788,969	520,904	-	450,478
	299,543,707	**231,467,161**	**372,179,785**	**302,919,987**

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

(a) The amount of N29,026,301,669 (USD 95,168,202) represents the outstanding balance in the on-lending facility granted to the Bank by ADB (Africa Development Bank) in two tranches one in June 2016 (USD 10m) for a period of 9 years, another in August 2014 (USD 90m) for a period of 10years and the other in June 2016 (USD 10m) . The principal amount is repayable semi-annually from February 2010 for the first tranche and February 2017 for the second and third tranche. Interest is paid semi annually at 3% above 6 months LIBOR. The annual effective interest rate is 4.28% ,2.00% and 2.04% respectively. From this creditor, the bank has nil undrawn balance as at 31 December 2016.

(b) The amount of N1,513,900,980 (USD 4,963,609) represents the outstanding balance in the on-lending facility granted to the Bank by the Netherlands Development Finance Company effective from 15 December 2012 and disbursed in February 2013 (USD 10m) for a period of 6.5 years. The principal amount is repayable semi-annually from December 2015 while interest is paid semi annually at 3% above 6 months LIBOR. The annual effective interest rate is 5.16%. From this creditor, the bank has nil undrawn balance as at 31 December 2016.

(c) The amount of N11,580,282,545 (USD 37,968,139) represents the outstanding balance in the on-lending facility granted to the Bank by the French Development Finance Company effective from 15 December 2012 and disbursed in four tranches; February 2013 (USD 6m) , October 2013 (USD 15m) , October 2013 (USD 9m) and November 2014 (USD 30m) for a period of 6.5 years each and 5 years respectively. The principal amount is repayable semi-annually from December 2014 with the latter repayable from January 2016 while interest is paid semi annually at 3% above 6 months LIBOR. The annual effective interest rate is 4.36% for the first tranche, 4.04% for the second tranche, 4.06% for the third tranche and 3.57% for the fourth tranche. From this creditor, the bank has nil undrawn balance as at 31 December 2016.

(d) The amount of N26,979,759,117 (USD 88,458,226) represents the outstanding balance on five on-lending facilities granted to the Bank by the European Investment Bank (EIB) in May 2013(USD 25m), September 2013 (USD 26.75m) , June 2014 (USD 14.7m) , September 2015 (USD 27.9m) and March 2016 (USD 27.1m) for a period of 6 years each for the first three and period of 8 years each for the last two. The average annual effective interest rates are 3.48%, 2.97% , 3.18%, 2.97% and 2.97% respectively. From this creditor, the bank has nil undrawn balance as at 31 December 2016.

(e) The amount of N2,554,645,892 (USD 8,375,888) represents the outstanding balance on the on-lending facilities granted to the Bank by the International Finance Corporation (IFC) in November 2013 (USD 50m) for a period of 5 years. The principal amount is repayable semi-annually from December 2014 while interest is paid semi annually at 4% above 6months LIBOR. The annual effective interest rate is 4.80%.From this creditor, the bank has nil undrawn balance as at 31 December 2016.

(f) The amount of N9,766,870,572 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 however, a management fee of 1% deductible at source is paid by the Bank under the on-lending agreement. The Bank did not provide security for this facility.From this creditor, the bank has nil undrawn balance as at 31 December 2016.

(g) The amount of N4,500,284,025 represents an outstanding balance on the intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria for the purpose of refinancing or restructuring existing loans to Small and Medium Scale Enterprises (SMEs) and manufacturing companies. The total has a 15 year tenor. A management fee of 1% deductible at source is paid by the Bank under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. Though the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 31 December 2016.

(h) The amount of N12,881,897,417 represents the outstanding balance on intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria, to be applied to eligible power and airline projects. The total facility has a maximum tenor of 15 years. A management fee of 1% deductible at source is paid by the Bank under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. Though the facility is meant for on-lending to borrowers within the power and aviation sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 31 December 2016.

(i) The amount of N74,425,046,093 (USD237,003,000) represents the outsatnding borrowings of Access Bank Plc from Access Finance BV in respect of the dollar guaranteed notes issued by Access Finance B.V., Netherlands which is due on 25 July 2017. The notes were issued on 25 July 2012 for a period of 5 years with the principal amount repayable at the end of the tenor while interest on the Notes is payable semi-annually at 7.34%, in arrears on 25 January and 25 July in each year.In Oct 2016 , USD 112,997,000 out of USD 350,000,000 was exchanged at a premium for a new note issued by Access Bank Plc .The annual effective interest rate is 7.65%. From this creditor, the bank has nil undrawn balance as at 31 December 2016.

(j) The amount of N6,633,474,944 represents the outstanding balance on intervention credit granted to the bank by the Bank of Industry (BOI) under the Special refinancing and Restructuring intervention fund, with a 10 year tenor which is due on the 31 August 2024. The bank has a 36 months moratorium on the facility after which principal repayment will be charged quarterly. Though the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 31 December 2016.

(k) The amount of N66,479,721,447 represents the outstanding balance on the state salary bailout facilities granted to the bank by the Central Bank of Nigeria for onward disbursements to state governments for payments of salary of workers of the states. The facility has a tenor of 20 years with a 2% interest payable to the CBN. The Bank is under obligation to on-lend to the states at an all-in interest rate of 9% per annum. From this creditor, the bank has nil undrawn balance as at 31 December 2016.

(l) The amount of N125,837,600,258 represents the outstanding balance on the excess crude account loans granted to the bank by the Central Bank of Nigeria for onward disbursements to state governments. The facility has a tenor of 20 years with a 2% interest payable to the CBN. The Bank is under obligation to on-lend to the states at an all-in interest rate of 9% per annum. From this creditor, the bank has nil undrawn balance as at 31 December 2016.

Movement in interest bearing loans and borrowings:

In thousands of Naira	**Group**	**Bank**
Balance as at 1 January 2015	79,816,309	146,345,767
Additions	162,576,810	162,647,056
Repayments	(15,331,150)	(15,331,150)
FV gain/loss	4,405,192	9,258,314
Balance as at 31 December 2015/ 1 January 2016	**231,467,161**	**302,919,987**
Additions	69,307,930	69,307,930
Repayments	(28,626,050)	(63,090,135)
FV gain/loss	27,394,666	63,042,003
Balance as at 31 December 2016	**299,543,707**	**372,179,785**

37 Retirement benefit obligation

In thousands of Naira	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
Recognised liability for defined benefit obligations (see note (a) below)	3,064,597	5,567,800	3,064,597	5,567,800
Liability for defined contribution obligations	10,856	-	-	-
	3,075,453	**5,567,800**	**3,064,597**	**5,567,800**

(a) Defined benefit obligations

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

In thousands of Naira	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
Post employment benefit plan (see note (i) below)	3,064,597	5,567,800	3,064,597	5,567,800
Recognised liability	**3,064,597**	**5,567,800**	**3,064,597**	**5,567,800**

(i) Post employment benefit plan

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

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

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

In thousands of Naira	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
Deficit on defined benefit obligations at 1 January	5,567,800	3,267,364	5,567,800	3,267,364
Charge for the year:				
-Interest costs	692,268	466,121	692,268	466,121
-Current service cost	504,727	318,184	504,727	318,184
-Past service cost	-	-	-	-
-Benefits paid	-	-	-	-
Net actuarial gain/(loss) for the year remeasured in OCI:				
Remeasurements - Actuarial gains and losses arising from changes in demographic assumptions	(577,343)	(415,090)	(577,343)	(415,090)
Remeasurements - Actuarial gains and losses arising from changes in financial assumption	(3,122,855)	1,931,221	(3,122,855)	1,931,221
Balance, end of year	**3,064,597**	**5,567,800**	**3,064,597**	**5,567,800**
Expense recognised in income statement:				
Current service cost	504,727	318,184	504,727	318,184
Interest on obligation	692,268	466,121	692,268	466,121
Total expense recognised in profit and loss (see Note 14)	**1,196,995**	**784,305**	**1,196,995**	**784,305**

The weighted average duration of the defined benefit obligation is 10.7years. The information on the maturity profile of the defined benefit plan includes the maturity analysis and the distribution of the timing of payment. The estimated contribution to the plan for the next annual reporting period is: N757Mn

31 December 2016

In thousands of Naira	Impact on defined benefit obligation: Decrease in assumption by 1%	Liability changes to	Total comprehensive income
Effect of changes in the assumption to the discount rate	Increase in liability by 5.5%	3,232,367	(167,770)
Effect of changes in assumption to the salary growth	Decrease in liability by 5.1%	2,909,189	155,408
Effect of changes in assumption to the mortality rate	Decrease in liability by 0.2%	3,057,012	7,585

	Impact on defined benefit obligation		
	Increase in assumption by 1%	**Liability changes to**	**Total comprehensive income**
Effect of changes in the assumption to the discount rate	Increase in liability by 5.0%	2,910,376	154,221
Effect of changes in assumption to the salary growth	Increase in the liability by 5.5%	3,232,322	(167,725)
Effect of changes in assumption to the mortality rate	Increase in the liability by 0.3%	3,073,008	(8,411)

31 December 2015	Impact on defined benefit obligation		
In thousands of Naira	**Decrease in assumption by 1%**	**Liability changes to**	**Total comprehensive income**
Effect of changes in the assumption to the discount rate	Increase in liability by 7.7%	5,996,911	429,111
Effect of changes in assumption to the salary growth	Decrease in liability by 6.75%	5,194,354	(373,446)
Effect of changes in assumption to the mortality rate	Decrease in liability by 6.75%	5,566,289	(1,511)

	Impact on defined benefit obligation		
	Increase in assumption by 1%	**Liability changes to**	**Total comprehensive income**
Effect of changes in the assumption to the discount rate	Increase in the liability by 6.9%	5,180,880	(386,920)
Effect of changes in assumption to the salary growth	Increase in the liability by 7.3%	5,975,830	408,030
Effect of changes in assumption to the mortality rate	Increase in the liability by 0.03%	5,569,471	1,671

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the year) has been applied as when calculating the pension liability recognised within the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

Actuarial assumptions:
Principal actuarial assumptions at the reporting date (expressed as weighted averages):
The most recent valuation was performed by Alexander Forbes as at 31 December 2016.

	December 2016	December 2015
Discount rate	16.70%	11.40%
Future salary increases	5.00%	10.00%
Retirement age for both male and female	60 years	60 years
Retirement rate: 50 – 59 (average rate)	3.40%	3.40%
Withdrawal rate: 16 – 29	4.50%	4.50%
Withdrawal rate: 30 – 44	6.00%	6.00%
Withdrawal rate: 45 – 50	5.00%	5.00%
Withdrawal rate: 51 – 55 (average rate)	3.75%	3.50%

Assumptions regarding future mortality before retirement are based on A49/52 ultimate table published by the Institute of Actuaries of United Kingdom. The rate used to discount post employment benefit obligations has been determined by reference to the yield on Nigerian Government bonds of medium duration. This converts into an effective yield of 16.70% as at 31 December 2016. For members in active service as at the valuation date, the projected unit credit method of valuation as required under the IFRS has been adopted.

38 Capital and reserves

A Share capital

In thousands of Naira	Bank December 2016	Bank December 2015
(a) Authorised:		
Ordinary shares:		
38,000,000,000 Ordinary shares of 50k each	19,000,000	19,000,000
(2013: 24,000,000,000 ordinary share of 50k each)		
Preference shares:		
2,000,000,000 Preference shares of 50k each	1,000,000	1,000,000
	20,000,000	20,000,000

In thousands of Naira	Bank December 2016	Bank December 2015
(b) Issued and fully paid-up :		
28,927,971,631 Ordinary shares of 50k each	14,463,986	14,463,986

Ordinary shareholding:
The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Bank. All ordinary shares rank pari-passu with the same rights and benefits at meetings of the Bank.

Preference shareholding:
Preference shares do not carry the right to vote. Preference shareholders have priority over ordinary shareholders with regard to the residual assets of the Bank and participate only to the extent of the face value of the shares plus any accrued dividends. No preference shares were in issue as at the end of the year

The movement on the issued and fully paid-up share capital account during the year was as follows:

In thousands of Naira	Bank December 2016	Bank December 2015
Balance, beginning of year	14,463,986	11,441,460
Additions through issuance of rights	-	3,022,526
Balance, end of year	14,463,986	14,463,986

(c) The movement on the number of shares in issue during the year was as follows:

In thousands of units	Group December 2016	Group December 2015
Balance, beginning of year	28,927,972	22,882,919
Additions through issuance of rights	-	6,045,053
Balance, end of year	28,927,972	28,927,972

B Share premium

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

In thousands of Naira	Group December 2016	Group December 2015
Balance, beginning of year	197,974,816	161,036,211
Additions through issuance of rights	-	36,938,605
Balance, end of year	197,974,816	197,974,816

C Reserves

(i) Other Reserves
Other regulatory reserves

Statutory reserves

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

SMEEIS Reserves

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

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

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

(ii) Share scheme reserve

This represents the total expenses incurred in providing the Bank's shares to its qualifying staff members under the RSPP scheme.

(iii) Treasury shares

This represents the shares held by the new RSPP scheme which have not yet been allocated to staff based on the pre-determined vesting conditions.

(iv) Capital reserve

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

(v) Fair value reserve

The fair value reserve comprises the net cumulative change in the fair value of available-for-sale investments until the investment is derecognised or impaired.

(vi) Foreign currency translation reserve

This balance appears only in the Group accounts and represents the foreign currency exchange difference arising from translating the results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency.

(vii) Regulatory risk reserve

The regulatory risk reserves warehouses the difference between the allowance for impairment losses on balance on loans and advances based on Central Bank of Nigeria prudential guidelines and Central Bank of the foreign subsidiaries regulations, compared with the loss incurred model used in calculating the impairment under IFRSs.

(viii) Retained earnings

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

D Non-controlling interest

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

In thousands of Naira	Group December 2016	Group December 2015
Access Bank, Gambia	1,142,313	735,523
Access Bank, Sierra Leone	57,189	42,848
Access Bank Zambia	276,532	156,847
Access Bank, Rwanda	838,624	617,765
Access Bank, Congo	1,172,519	868,669
Access Bank, Ghana	2,759,852	1,478,314
	6,247,029	**3,899,966**

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

In thousands of Naira	Group December 2016	Group December 2015
Access Bank, Gambia	59,235	106,232
Access Bank, Sierra Leone	4,698	1,876
Access Bank Zambia	(980)	1,140
Access Bank, Rwanda	(36,204)	25,066
Access Bank, Congo	113,372	68,906
Access Bank, Ghana	182,200	333,013
	322,322	**536,233**

	Group December 2016	Group December 2015
Proportional Interest of NCI in subsidiaries	%	%
Access Bank, Gambia	36%	36%
Access Bank, Sierra Leone	3%	3%
Access Bank Zambia	8%	8%
Access Bank, Rwanda	25%	25%
Access Bank Congo	26%	26%
Access Bank, Ghana	9%	8%

E Dividends

In thousands of Naira	**Bank December 2016**	**Bank December 2015**
Interim dividend paid (2016: 25k, 2015: 25k)	7,231,993	7,231,993
Final dividend paid (2015: 30k)	-	8,678,392
	7,231,993	15,910,385
Number of shares	28,927,972	28,927,972

The Directors proposed a final dividend of 40k for the year ended 31 December 2016

39 Contingencies

Claims and litigation
The Group is a party to numerous legal actions arising out of its normal business operations. The Directors believe that, based on currently available information and advice of counsel, none of the outcomes that result from such proceedings will have a material adverse effect on the financial position of the Group, either individually or in the aggregate. A provision of N614mn has been made for the year ended 31 December 2016

Contingent liability and commitments
In common with other banks, Group conducts business involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise acceptances, endorsements, guarantees and letters of credit.

Nature of instruments
An acceptance is undertaken by a bank to pay a bill of exchange drawn on a customer. The Group expects most acceptances to be presented, but reimbursement by the customer is normally immediate. Endorsements are residual liabilities of the Group in respect of bills of exchange, which have been paid and subsequently rediscounted.

Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Group will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

Other contingent liabilities include transaction related custom and performance bonds and are generally short term commitments to third parties which are not directly dependent on the customer's credit worthiness. Commitments to lend are agreements to lend to a customer in the future, subject to certain conditions. Such commitments are either made for a fixed period, or have no specific maturity dates but are cancellable by the lender subject to notice requirements. Documentary credits commit the Group to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers.

The table below summarises the fair value amount of contingent liabilities and commitments off-financial position risk:
Acceptances, bonds, guarantees and other obligations for the account of customers:

a. These comprise:

In thousands of Naira	**Group December 2016**	**Group December 2015**	**Bank December 2016**	**Bank December 2015**
Contingent liabilities:				
Transaction related bonds and guarantees	186,251,718	221,127,530	136,163,848	218,067,025
Financial guarantees	99,582,709	94,135,927	85,513,821	91,640,933
Commitments:				
Clean line facilities for letters of credit, unconfirmed letters of credit and other commitments	261,208,243	188,826,683	158,994,793	160,094,292
Future, swap and forward contracts	933,073,893	468,759,809	900,436,358	440,800,900
	1,480,116,562	**972,849,949**	**1,281,108,819**	**910,603,150**

The Bank granted clean line facilities for letters of credit during the year to guarantee the performance of customers to third parties.
Contractual capital commitments undertaken by the Bank during the year amounted to N365.4Mn (31 Dec 2015: N330.9Mn)

40 Cash and cash equivalent

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

In thousands of Naira	Group December 2016	Group December 2015	Bank December 2016	Bank December 2015
Cash on hand and balances with banks	68,423,783	80,060,005	59,637,792	52,307,363
Unrestricted balances with central banks	139,954,922	90,721,388	33,160,736	74,158,434
Money market placements	119,826,012	52,433,982	41,798,197	26,111,216
Investment under management	14,871,247	10,403,608	14,871,247	10,403,608
Treasury bills with original maturity of less than 90days	-	425,128	-	425,128
	343,075,964	234,044,111	149,467,972	163,405,749

Cash and cash equivalent for the purpose of the preparation of the statement of cash flows excludes cash collaterals held for letters of credit and the mandatory cash deposit held with the Central Bank of Nigeria.

41 Contraventions of the Banks and Other Financial Institutions Act of Nigeria and CBN circulars

S/N	Regulatory Body	Infraction
i)	Central Bank of Nigeria	Sum of N24 million in discharge for the penalties on AML/CFT examination.
ii)	Central Bank of Nigeria	Sum of N18 million in respect of risk based supervision examination.
iii)	Central Bank of Nigeria	Sum of N 6 million for 3 violations as noted below: (a) N2 million penalty with respect to the rendition of reports on PEPS (Politically Exposed Persons), (b) N2 million penalty for failure to Conduct Enhanced Due Diligence on directors of some customers, (c) N2 million penalty for usage of general/blanket PEP approval for a particular customer.
iv)	Securities and Exchange Commission	Sum of N1.475 million penalty to SEC for late submission of annual report

42 Events after reporting date

Subsequent to the end of the reporting period, the Board of Directors proposed a final dividend of 40k each payable to shareholders on register of shareholding at the closure date.
There are no other post balance sheet event that require disclosure in these consolidated financial statements.

43 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes subsidiaries, associates, joint ventures and the Group's pension schemes, as well as key management personnel.

Transactions with key management personnel

The Group's key management personnel, and persons connected with them, are also considered to be related parties. The definition of key management includes the close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the Group. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Access Bank Plc and its subsidiaries.

Parent

The parent company, which is also the ultimate parent company, is Access Bank Plc.

(a) Loans and advances to related parties

The bank granted various credit facilities to its subsidiary companies and key management personnel. Key Management Personnel is defined as members of the Board of Directors of the bank, including their close members of family and any entity over which they exercise control. Close member of family are those who may be expected to influence or be influenced by that individual in dealings with the bank.
The rates and terms agreed are comparable to other facilities being held in the bank's portfolio. Details of these are described below:

Year ended 31 December 2016	**Directors and other key management personnel (and close family members)**	**Subsidiaries**	**Total**
In thousands of Naira			
Balance, beginning of year	3,473,640	59,780,277	**63,253,917**
Net movement during the year	(2,442,741)	32,234,324	**29,791,583**
Balance, end of year	1,030,899	92,014,601	93,045,500
Interest income earned	73,810	754,918	828,728
Bad or doubtful debts due from related parties expense	-	-	-

The loans issued to directors and other key management personnel (and close family members) as at 31 December 2016 of N1.03Bn are repayable in various cycles ranging from monthly to annually over the tenor. The transactions were carried out at arms length and have an average tenor of 3 years. The loans are collateralised by a combination of lien on shares of quoted companies, fixed and floating debentures, corporate guarantee, negative pledge, domiciliation of proceeds of company's receivables, legal mortgages and cash.

The loan to subsidiaries relates to a foreign interbank placements of USD302M granted during the year. It is a non-collateralised placement advanced at an average interest rate of 1.32% and a tenor less than 12 months. This loan has been eliminated on consolidation and does not form part of the reported Group loans and advances balance.

No impairment losses have been recorded against balances outstanding during the year with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at year end.

(b) Deposits from related parties

	Directors (and close family members and related entities)	Subsidiaries	Total
Year ended 31 December 2016			
In thousands of Naira			
Balance, beginning of year	1,011,482	60,994,350	**62,005,832**
Net movement during the year	1,026,542	48,631,914	**49,658,456**
Balance, end of year	2,038,024	109,626,264	**111,664,288**
Interest expenses on deposits	89,035	2,415,717	**2,504,752**

The deposits are majorly term deposit with an average interest rate and tenor of approximately 4.37% and 6months for directors and 2.20% and 3 months for subsidiaries.

(c) Borrowings from related parties

In thousands of Naira	Subsidiaries	Total
Borrowings at 1 January 2016	71,523,252	71,523,252
Net movement during the year	2,901,794	2,901,794
Borrowings at 31 December 2016	74,425,046	74,425,046
Interest expenses on borrowings	6,172,795	6,172,795

The borrowings from subsidiaries represent the borrowings of Access Bank Plc from Access Finance BV in respect of the dollar guaranteed notes issued by Access Finance B.V, Netherlands which is due on 25 July 2017. The notes were issued on 25 July 2012 for a period of 5 years with the principal amount repayable at the end of the tenor while interest on the Notes is payable semi-annually at 7.34%, in arrears on 25 January and 25 July in each year. The annual effective interest rate is 7.65%. In October 2016 , USD 112,997,000 out of USD 350,000,000 was exchanged at a premium for a new note issued by Access Bank Plc.

(d) Other balances and transactions with related parties

In thousands of Naira	Directors (and close family members and related entities)	Subsidiaries	Total
Cash and cash equivalent	-	38,354,656	38,354,656
Derivative financial instruments	-	-	-
Deposit for Investments	-	11,949	11,949
Deposit from financial institutions	-	70,132,669	70,132,669
Receivables	-	19,626	19,626
Payables	-	35,491	35,491
Other Liabilities	-	706,852	706,852
Fee and commission expense	-	705,127	705,127
Off balance sheet exposures	-	52,348,673	52,348,673

(e) Key management personnel compensation for the year comprises:

Directors' remuneration

In thousands of Naira	December 2016	December 2015
Non-executive Directors		
Fees	51,875	58,125
Other emoluments:		
Allowances	112,438	125,750
	164,313	183,875
Executive directors		
Short term employee's benefit	680,435	680,435
Defined contribution plan	14,813	14,813
Share based payment	52,960	25,438
Long term incentive plan	-	500,000
	748,208	**1,220,686**
Total compensation to key management personnel	**912,521**	**1,404,561**

(f) Directors remuneration:

Remuneration paid to Directors of the Bank (excluding pension contributions and other benefits) was as follows:

In thousands of LCY	December 2016	December 2015
Fees as Directors	51,875	58,125
Other emoluments	207,898	180,138
Executives Directors	264,220	264,220
Allowances	112,438	125,750

The Directors remuneration show above includes

	December 2016	December 2015
Chairman	41,993	43,406
Highest paid Director	85,160	85,160

The emoluments of all other directors fell within the following ranges:

	December 2016	December 2015
N20,000,001 - N37,000,000	16	16
	16	16

44 Director-related exposures

Access Bank has some exposures that are related to its Directors. The Bank however follows a strict process before granting such credits to its Directors. The requirements for creating and managing this category of risk assets include the following amongst others:

a. Complete adherence to the requirements for granting insider-related exposure as stated in the Bank's Credit Policy Guidelines, the Insider-related Policy as well as the Bank's duly approved Standard Operating Procedure for managing insider-related exposures.
b. Full compliance with the relevant CBN policies on insider-related lending.
c. All affected Directors are precluded from taking part in the approval process of credit request wherein they have interest.
d. The related Director is required to execute a document authorizing the Bank to use their accruable dividends to defray any related-obligor's delinquent exposures.
e. The Directors are required to execute documents for the transfer of their shares to the Bank's nominated broker to ensure effective control as required by the CBN policy to enhance the bank's Corporate Governance structure.
f. Section 89 of the Bank's Article of Association also reiterated that "a related Director shall vacate office or cease to be a Director, if the Director directly or indirectly enjoys a facility from the Bank that remains non-performing for a period of more than 12months."

The Bank's gross exposure to all its directors as at 31 December 2016 is N2.69bn. However, the relevant obligors under this category also have credit balances and deposits maintained in their bank accounts which mitigate the risks to the bank.

Below is a schedule showing the details of the Bank's director-related lending:

S/N	Name of borrower	Relationship to reporting institution	Name of related Directors	Facility type	Outstanding Principal	Status	Nature of security
1	Combined Industrial Agro	Ex-Chairman	Mr. Gbenga Oyebode	Overdraft	106,250,000	Performing	Corporate Guarantee of Assets Management Group Limited.
2	Asset Management Group Limited	Ex-Chairman	Mr. Gbenga Oyebode	Time loan	1,460,189,022	Performing	1. Pledged properties at Ikoyi Lagos 2. Personal guarantee 3 Domicilliation of Rental Income
4	Sic Property And Investment Company Ltd	Non-executive director	Mr Ortisedere Otubu	Term Loan	945,000,000	Performing	1. Legal Mortgage 2. Personal Guarantee 3. Debenture
5	Paul Usoro & Company	Non-executive director	Mr Paul Usoro	Overdraft	180,013,000	Performing	Cash collateral
				Credit Card	1,679,000	Performing	Cash collateral
	Balance, end of year				**2,693,131,022**		

45 Non-audit services

During the year, the bank's auditor, PricewaterHouseCoopers, were awarded the following contracts;

	Service	Description	Contractual sum N'000
1	Opinion on the summary of the financial statements of the Bank with relations to the commercial paper issued by the Bank	Audit opinion on the summary of the Bank's financial statements for the periods ended 31 December, 2014, 31 December 2015 and 30 June 2016 for statement of financial positions, statement of comprehensice income and statement of cash flows.	3,000
2	Comfort letter on the summary of the Bank's financial statement with relations to the Eurobond issued by the Bank	Tick and tie of the financial statements for the period ended 31 December 2014, 31 December 2015 and 30 June 2016 and subsequent comforting of the numbers for the Eurobond	55,000
3	Automation of Revenue assurance reviews	Revenue review automation to reduce income leakages and facilitate recoveries	10,000
			68,000

In the bank's opinion, the provision of these services to the bank did not impair the independence and objectivity of the external auditor.

OTHER NATIONAL DISCLOSURES

Value Added Statement

In thousands of Naira

	Group December 2016	%	Group December 2015	%
Gross earnings	381,320,783		337,404,230	
Interest expense				
Foreign	(29,874,830)		(2,448,292)	
Local	(59,894,789)		(86,104,533)	
	291,551,164		248,851,405	
Net impairment (loss) on financial assets	(20,009,422)		(10,839,793)	
Net impairment loss on other financial assets	(1,943,398)		(4,284,977)	
Bought-in-materials and services				
Foreign	(3,859,283)		(2,044,934)	
Local	(92,771,676)		(90,330,010)	
Value added	**172,967,385**		**141,351,691**	
Distribution of Value Added				
To Employees:				
Employees costs	51,795,538	30%	42,346,952	30%
To government				
Government as taxes	18,900,109	11%	9,169,344	6%
To providers of finance				
Interest on borrowings	18,369,256	11%	13,868,292	10%
Dividend to shareholders	15,910,384	9%	15,241,014	11%
Retained in business:				
For replacement of property and equipment and intangible assets	11,293,791	7%	10,098,330	7%
Retained profit (including Statutory and regulatory risk reserves	56,105,661	33%	50,627,759	36%
	172,374,739	**100%**	**141,351,691**	**100%**

OTHER NATIONAL DISCLOSURES

Value Added Statement

In thousands of Naira	Bank December 2016	%	Bank December 2015	%
Gross earnings	331,000,972		302,061,975	
Interest expense				
Foreign	(32,402,507)		(2,448,292)	
Local	(48,892,468)		(76,069,175)	
	249,705,997		223,544,508	
Net impairment (loss) on financial assets	(16,319,192)		(9,902,690)	
Net impairment loss on other financial assets	(1,321,935)		(4,284,977)	
Bought-in-materials and services				
Foreign	(3,859,283)		(2,044,934)	
Local	(82,273,670)		(81,863,745)	
Value added	**145,931,916**		**125,448,162**	
Distribution of Value Added				
To Employees:				
Employees costs	42,153,587	29%	35,699,471	28%
To government				
Government as taxes	16,553,441	11%	6,253,168	5%
To providers of finance				
Interest on borrowings	13,569,723	9%	15,484,411	12%
Dividend to shareholders	15,910,384	11%	15,241,014	12%
Retained in business:				
For replacement of property and equipment	9,629,029	7%	9,086,366	7%
Retained profit (including Statutory and regulatory risk reserves	48,115,751	33%	43,683,732	35%
	145,931,915	**100%**	**125,448,162**	**100%**

OTHER NATIONAL DISCLOSURES
Other financial Information
Five-year Financial Summary

Group	December 2016	December 2015	December 2014	December 2013	December 2012
	12 months	12 months	12 months	12 months	12 months
In thousands of Naira	N'000	N'000	N'000	N'000	N'000
Assets					
Cash and balances with banks	713,889,105	478,409,336	405,014,793	439,459,541	405,292,241
Investment under management	14,871,247	10,403,608	-	-	-
Non pledged trading assets	44,629,579	52,298,422	28,411,644	3,877,969	27,906,803
Pledged assets	314,947,502	203,715,397	87,072,147	63,409,851	60,949,856
Derivative financial instruments	156,042,984	77,905,020	24,866,681	102,123	30,949
Loans and advances to banks	45,203,002	42,733,910	12,435,659	24,579,875	4,564,943
Loans and advances to customers	1,809,459,172	1,365,830,831	1,110,464,442	786,169,703	604,073,399
Trading properties	-	-	-	-	2,693,227
Investment securities	229,113,772	186,223,126	270,211,388	353,811,348	447,281,811
Insurance receivables	-	-	-	-	627,337
Other assets	63,255,054	83,014,503	56,310,620	52,019,723	67,935,352
Investment properties	-	-	-	23,974,789	14,360,567
Investments in equity accounted investee	-	-	-	3,623,326	2,774,647
Investment in subsidiary	-	-	-	-	-
Property and equipment	84,109,052	73,329,927	69,659,707	67,243,305	64,634,438
Intangible assets	6,939,555	6,440,616	5,592,991	3,659,072	3,404,945
Deferred tax assets	1,264,813	10,845,612	10,881,984	10,687,635	8,113,973
Assets classified as held for sale	140,727	179,843	23,438,484	2,847,740	30,827,257
Total assets	3,483,865,564	2,591,330,151	2,104,360,539	1,835,466,000	1,745,471,746
Liabilities					
Deposits from financial institutions	167,356,583	72,914,421	119,045,423	72,147,956	96,893,015
Deposits from customers	2,089,197,286	1,683,244,320	1,454,419,052	1,331,418,659	1,201,481,996
Derivative financial instruments	30,444,501	3,077,927	1,989,662	32,955	35,515
Claims payable	-	-	-	-	118,226
Current tax liabilities	5,938,662	7,780,824	8,180,969	6,899,558	8,937,964
Other liabilities	113,571,240	69,355,947	21,689,079	56,847,216	58,418,260
Deferred tax liabilities	3,699,050	266,644	59,038	37,861	-
Liabilities on investment contracts	-	-	-	-	65,591
Liabilities on insurance contracts	-	-	-	-	3,351,234
Debt securities issued	316,544,502	149,853,640	138,481,179	55,828,248	54,685,891
Interest-bearing borrowings	299,543,707	231,467,161	79,816,309	64,338,982	48,369,849
Retirement benefit obligations	3,075,453	5,567,800	3,269,100	1,933,021	2,487,589
Contingent settlement provisions	-	-	-	-	3,548,250
Liabilities classified as held for sale	-	-	-	1,499,495	25,793,512
Total liabilities	3,029,370,984	2,223,528,684	1,826,949,811	1,590,983,951	1,504,186,892
Equity					
Share capital and share premium	212,438,802	212,438,802	172,477,671	172,477,671	176,628,255
Retained earnings	93,614,030	51,730,369	34,139,453	22,232,374	17,856,630
Other components of equity	142,194,720	99,732,330	67,262,761	48,003,894	38,700,374
Non controlling interest	6,247,028	3,899,966	3,530,843	1,768,110	8,099,594
Total equity	454,494,580	367,801,467	277,410,728	244,482,049	241,284,853
Total liabiities and Equity	3,483,865,564	2,591,330,151	2,104,360,539	1,835,466,000	1,745,471,746
Gross earnings	381,320,783	337,404,230	245,383,536	206,891,219	197,081,930
Profit before income tax	90,339,456	75,038,117	52,022,290	44,996,410	46,534,979
Profit from continuing operations	-	65,868,773	43,063,479	36,101,830	44,839,636
Discontinued operations	-	-	(87,267)	265,760	(5,511,361)
Profit for the year	-	65,868,773	42,976,212	36,367,590	39,328,275
Non controlling interest	322,322	536,233	560,883	195,762	(191,904)
Profit attributable to equity holders	(322,322)	65,332,540	42,415,329	36,171,828	39,520,179
Dividend paid	15,910,384	15,910,384	13,729,777	13,729,777	12,588,538
Earning or (loss) per share -Basic	249k	265k	189k	158k	172k
- Adjusted	245k	262k	189k	158k	172k
Number of ordinary shares of 50k	28,927,971,631	28,927,971,631	22,882,918,908	22,882,918,908	22,882,918,908

OTHER NATIONAL DISCLOSURES

Other financial Information
Five-year Financial Summary

Bank	**December 2016**	**December 2015**	**December 2014**	**December 2013**	**December 2012**
	12 months	**12 months**	**12 months**	**12 months**	**12 months**
In thousands of Naira	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Assets					
Cash and balances with banks	517,997,249	405,998,636	351,174,879	395,808,747	284,062,159
Investment under management	14,871,247	10,403,608	-	-	-
Non pledged trading assets	44,629,579	52,298,422	28,411,644	3,877,969	3,769,260
Pledged assets	314,947,502	200,464,624	85,183,353	63,347,823	60,949,856
Derivative financial instruments	155,772,662	77,852,349	24,831,145	72,675	-
Loans and advances to banks	104,006,574	60,414,721	55,776,837	13,048,651	3,054,520
Loans and advances to customers	1,594,562,345	1,243,215,309	1,019,908,848	735,300,741	554,592,199
Trading properties	-	-	-	-	-
Investment securities	161,200,642	155,994,798	226,137,983	309,071,802	420,346,295
Insurance receivables	-	-	-	-	-
Other assets	50,594,480	78,623,381	48,246,307	44,326,360	61,431,658
Investment properties	-	-	-	23,974,789	14,072,673
Investments in equity accounted investee	-	-	-	1,521,812	1,980,808
Investment in subsidiary	59,239,252	45,439,246	40,120,572	38,029,992	43,209,688
Property and equipment	71,824,472	65,900,384	64,160,327	63,203,245	58,938,450
Intangible assets	5,173,784	4,977,908	4,436,814	2,661,553	2,339,510
Deferred tax assets	-	10,180,832	10,128,537	9,847,853	7,007,387
Assets classified as held for sale	140,727	179,843	23,438,484	-	-
Total assets	3,094,960,515	2,411,944,061	1,981,955,730	1,704,094,012	1,515,754,463
Liabilities					
Deposits from banks	95,122,188	63,343,785	134,509,662	61,295,352	16,312,516
Deposits from customers	1,813,042,872	1,528,213,883	1,324,800,611	1,217,176,793	1,093,979,220
Derivative financial instruments	30,275,181	2,416,378	1,737,791	-	-
Debt securities issued	243,952,418	78,516,655	73,155,391	-	-
Claims payable		-	-	-	-
Current tax liabilities	5,004,160	6,442,311	7,113,226	6,075,590	7,686,568
Other liabilities	107,538,941	64,094,358	16,870,132	52,092,559	50,246,164
Retirement benefit obligations	3,064,597	5,567,800	3,267,364	-	2,485,093
Liabilities on investment contracts		-	-	-	-
Liabilities on insurance contracts	-	-	-	-	-
Interest-bearing borrowings	372,179,785	302,919,987	146,345,767	120,342,026	103,872,441
Contingent settlement provisions	-	-	-	1,929,695	3,548,250
Deferred tax liabilities	3,101,753	-	-	-	-
Liabilities classified as held for sale		-	-	-	-
Total liabilities	2,673,281,895	2,051,515,157	1,707,799,944	1,458,912,015	1,278,130,252
Equity					
Share capital and share premium	212,438,802	212,438,802	172,477,671	172,477,671	176,628,255
Retained earnings	93,329,188	49,459,102	36,499,779	23,095,392	18,880,711
Other components of equity	115,910,630	98,531,000	65,178,336	49,608,934	42,115,245
Total equity	421,678,620	360,428,904	274,155,786	245,181,997	237,624,211
Total liabilities and Equity	3,094,960,515	2,411,944,061	1,981,955,730	1,704,094,012	1,515,754,463
Gross earnings	331,000,972	302,061,975	221,610,769	182,888,906	172,719,708
Profit before income tax	80,579,576	65,177,914	46,142,422	31,365,396	36,259,530
Profit for the year	71,439,347	65,868,773	39,941,126	26,211,844	35,815,611
Dividend paid	15,241,014	15,910,384	13,729,777	13,729,777	12,588,538
Earning or (loss) per share -Basic	221k	237k	174k	114k	157k
- Adjusted	221k	237k	174k	114k	157k
Number of ordinary shares of 50k	28,927,971,631	28,927,971,631	22,882,918,908	22,882,918,908	22,882,918,908