Access Bank Plc

Consolidated and separate financial statements for the year ended 31 December 2017

ACCESS BANK PLC
Index to the consolidated financial statements
For the year ended 31 December 2017

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	Group Managing Director/Executive Director
Obinna David Nwosu*	Group Deputy Managing Director/Executive Director
Roosevelt Michael Ogbonna**	Group Deputy Managing Director/Executive Director
Anthonia Olufeyikemi Ogunmefun	Non-Executive Director
Paul Usoro, SAN	Non-Executive Director
Emmanuel Chiejina******	Non-Executive Director
Abba Mamman Tor Habib	Non-Executive Director
Ernest Chukwuka Ndukwe	Independent Non-Executive Director
Ajoritsedere Josephine Awosika	Independent Non-Executive Director
Mr. Adeniyi Adekoya****	Independent Non-Executive Director
Iboroma Akpana*****	Independent Non-Executive Director
Victor Okenyenbunor Etuokwu	Executive Director
Ojinika Nkechinyelu Olaghere	Executive Director
Titi Osuntoki	Executive Director
Gregory Jobome***	Executive Director
Hadiza Ambursa*******	Executive Director

* Resigned effective April 30, 2017
** Appointed GDMD effective April 18, 2017
*** Appointed effective January 17, 2017
**** Appointed effective March 7, 2017
***** Appointed effective March 8, 2017
****** Retired effective June 23, 2017
******* Appointed effective December 28, 2017

Company Secretary
Mr Sunday Ekwochi

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

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

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

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

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

Directors' Report

For the year ended 31 December, 2017

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 2017.

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 and 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. During the year, the Bank redeemed the outstanding USD237,003,000 of the Note (see note 35). The Bank also operates a Representative office in China, UAE and Lebanon. The Access Bank (UK) Limited operates a branch in United Arab Emirates (UAE).

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

Operating results

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

In thousands of Naira	Group Dec-17	Group Dec-16	Bank Dec-17	Bank Dec-16
Gross earnings	459,075,779	381,320,783	398,161,575	331,000,972
Profit before income tax	80,072,482	90,339,456	67,043,501	80,579,576
Income tax expense	(18,081,628)	(18,900,109)	(13,804,679)	(16,553,441)
Profit for the year	61,990,853	71,439,347	53,238,822	64,026,135
Other comprehensive income	28,999,933	32,060,673	12,352,975	12,653,178
Total comprehensive income for the year	90,990,786	103,500,020	65,591,796	76,679,312
Non-controlling interest	880,879	2,258,752	-	-
Profit attributable to equity holders of the Bank	90,109,907	101,241,268	65,591,796	76,679,312

In thousands of Naira	Group Dec-17	Group Dec-16	Bank Dec-17	Bank Dec-16
Earnings per share - Basic (k)	218	250	184	221
Dividend (paid):				
Interim dividend paid	7,231,993	7,231,993	7,231,993	7,231,993
Final dividend for 2015 paid in 2016 and for 2016 paid 2017 respectively	11,571,189	8,678,391	11,571,189	8,678,391
Proposed final dividend declared in 2017 to be paid in 2018	11,571,189	11,571,189	11,571,189	11,571,189

In thousands of Naira	Group Dec-17	Group Dec-16	Bank Dec-17	Bank Dec-16
Total equity	515,447,409	454,494,580	469,491,097	421,678,620
Total impaired loans and advances	101,349,866	36,613,540	82,496,444	28,260,557
Total impaired loans and advances to gross risk assets (%)	4.76%	1.97%	4.28%	1.66%

Interim dividend

The Board of Directors proposed and paid interim dividend of 25Kobo per ordinary shares (HY2016: 25K) each payable to shareholders on the register of shareholding at the closure date. Withholding Tax was be deducted at the time of payment.

Proposed dividend

The Board of Directors proposed a final dividend of 40 kobo per ordinary share for the year ended December 31, 2017 (December 2016: 40K per ordinary share). Withholding tax will be deducted at the time of payment.

Directors and their interests

The Directors who served during the year, 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-17		31-Dec-16	
	Direct	Indirect	Direct	Indirect
M. Belo-Olusoga- Chairman	3,604,838	-	3,604,838	-
H. O. Wigwe - GMD/CEO	206,231,713	2,480,582,395	206,231,713	2,480,582,395
O. D Nwosu - GDMD*	30,004,585	-	30,004,585	-
R. C. Ogbonna - GDMD**	28,000,558	-	28,000,558	-
E. Chiejina******	9,441,005	-	9,441,005	-
K. Ogunmefun	-	1,457,263	-	1,309,763
V.O. Etuokwu	13,579,889	-	13,579,889	-
O.N. Olaghere - ED	19,451,332	-	19,451,332	-
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	-	-	-	-
G. Jobome - ED***	5,264,346	-	-	-
I. T Akpana****	314,996	-	-	-
A. A. Adekoya*****	58,790	-	-	-
H. Ambursa *******				

* Resigned effective April 30, 2017
** Appointed GDMD effective April 18, 2017
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******* Appointed effective November 28, 2017

The indirect holdings relate to the holdings of the underlisted companies

		Dec-17	Dec-16
H.O. Wigwe	United Alliance Company of Nig. Ltd	1,075,468,437	1,075,468,437
	Trust and Capital Limited	1,405,113,958	1,405,113,958
A.O. Ogunmefun	L.O.C Nominees, Limited	1,457,263	1,457,263

Directors' interest in contracts

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

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

Analysis of shareholding:

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

	31 December 2017			
Range	Number of Shareholders	% of Shareholders	Number of shares held	% of Shareholders
Domestic Shareholders				
1 - 1,000	409,137	50.42	65,414,590	0.23
1,001 - 5,000	248,511	30.63	549,191,711	1.90
5001 - 10,000	64,519	7.95	442,048,836	1.53
10,001 - 50,000	68,729	8.47	1,381,041,857	4.77
50,001- 100,000	10,251	1.26	743,235,420	2.57
100,001 - 500,000	7,460	0.92	1,492,453,851	5.16
500,001 - 1,000,000	839	0.10	603,331,724	2.09
1,000,001 - 5,000,000	725	0.09	1,433,699,206	4.96
5,000,001 - 10,000,000	100	0.01	709,612,638	2.45
10,000,001 and above	152	0.02	19,137,906,166	66.16
	810,423	**99.88**	**26,557,935,999**	**91.81**
Foreign Shareholders				
1 - 1,000	237	0.03	74,058	0.00
1,001 - 5,000	231	0.03	601,857	0.00
5001 - 10,000	116	0.01	859,059.00	0.00
10,001 - 50,000	275	0.03	6,423,779	0.02
50,001- 100,000	57	0.01	4,013,961.00	0.01
100,001 - 500,000	25	0.00	4,276,094	0.01
500,001 - 1,000,000	4	0.00	2,314,669.00	0.01
1,000,001 - 5,000,000	3	0.00	8,473,930	0.03
5,000,001 - 10,000,000	1	0.00	9,485,549.00	0.03
10,000,001 and above	10	0.00	2,333,512,676	8.07
	959	**0.12**	**2,370,035,632**	**8.19**
Total	811,382	100.00	28,927,971,631	100.00

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

	31 December 2016			
Range	Number of Shareholders	% of Shareholders	Number of shares held	% of Shareholders
Domestic Shareholders				
1 - 1,000	311,899	38.11%	291,947,697	1.01%
1,001 - 5,000	348,102	42.54%	325,834,483	1.13%
5001 - 10,000	65,876	8.05%	450,728,829	1.56%
10,001 - 50,000	70,694	8.64%	1,419,116,782	4.91%
50,001- 100,000	10,665	1.30%	770,033,755	2.66%
100,001 - 500,000	4,960	0.61%	1,270,715,195	4.39%
500,001 - 1,000,000	4,016	0.49%	1,028,674,206	3.56%
1,000,001 - 5,000,000	701	0.09%	1,793,551,064	6.20%
5,000,001 - 10,000,000	234	0.03%	597,850,355	2.07%
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	224	0.03%	322,241	0.00%
1,001 - 5,000	250	0.03%	359,645	0.00%
5001 - 10,000	114	0.01%	842,655.00	0.00%
10,001 - 50,000	292	0.04%	7,013,024	0.02%
50,001- 100,000	60	0.01%	4,209,366.00	0.01%
100,001 - 500,000	21	0.00%	4,802,620	0.02%
500,001 - 1,000,000	17	0.00%	3,887,835.13	0.01%
1,000,001 - 5,000,000	3	0.00%	7,235,786	0.03%
5,000,001 - 10,000,000	1	0.00%	2,411,928.75	0.01%
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%**	**28,927,971,631**	**100%**

Shareholding Analysis as at 31 December 2017

Type of Shareholding	Holdings	Holding %
Retail investors	11,492,681,982	39.73%
Domestic institutional investors	17,146,566,231	59.27%
Foreign institutional investors	267,380,817	0.92%
Government related entities	21,342,601	0.07%
	28,927,971,631	**100%**

Substantial interest in shares

According to the register of members at 31 December 2017, the following shareholders held more than 5% of the issued share capital of the Bank as follows:

	31 December 2017		31 December 2016	
	Number of shares held	% of shareholding	Number of shares held	% of shareholding
Stanbic Nominees Nigeria Limited*	5,265,792,806	18.20%	4,622,161,946	16.00%

*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 N567,027,158 (December 2016: N285,339,153) during the year, as listed below:

S/N	Beneficiary	Purpose	Amount
1	The Africa Center	Donation to Africa Centre	150,000,000
2	Access Conference and Youth Initiative	Access Conference and Youth Initiative	125,000,000
3	Fire Diasaster Victims	Donations to Fire Diasaster Victims	100,000,000
4	National Youth Service Corps	Donation to National Youth Service Corps	77,798,792
5	Green Impact	Donation in favour Of Green Impact Initiative	27,063,366
6	Brains Initiative	Donation for 2017 Brains Initiative	14,525,000
7	United Nations Global Compact	Sponsorship of 15th anniversary of United Nations Global Compact	12,250,000
8	United Nations Environment Programme	Sponsorship of United Nations Environment Programme	10,890,000
9	Nigerian Football Federation	Donation to Nigerian Football Federation	10,000,000
10	Association of Senior Staff of Banks Insurance & Financial	Sponsorship of Capacity Building Programme	10,000,000
11	Nigerian Economic Summit	Sponsorship of 23rd Nigerian Economic Summit	5,000,000
12	Hacey Health Initiative	Contribution towards World Health day 2017	5,000,000
13	Hacey Health Initiative	Contribution towards Launch of Sexual Violence Response Platform	4,000,000
14	Nirvana Initiative	Contribution towards World Tuberculosis Day	4,000,000
15	COPE Initiative	Contribution towards Breast Cancer Screening	3,000,000
16	CSR-in-Action	Sponsorship Of 6th Sitei Conference	2,000,000
17	Dreamland Foundation	Donation to Dreamland Foundation for Economic Enpowerment	1,000,000
18	Center for Sustainable Development	Donation to Centre of Ethics Colloquim	1,000,000
19	Africa Clean Up Initiative	Donation to Africa Clean Up Initiative	1,000,000
20	Risk Managers Association of Nigeria (RIMAN)	Sponsorship Of RIMAN Annual Conference	1,000,000
21	Women in Management and Business (WIMBIZ)	Sponsorship Of WIMBIZ 16th Annual Conference	1,000,000
22	United Nations Urban Development	Sponsorship Of UN's Urban Development on World Habitat Day	1,000,000
23	CVL Widow Support Scheme	Donation to CVL Widow Support Centre	500,000
			567,027,158

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

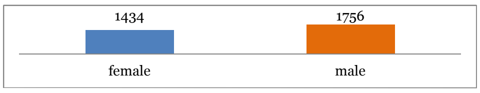
(i) Report on Diversity in employment

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.

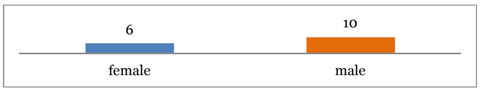
(a) Composition of employees by gender

Total number of female employees	1,434
Total number of male employees	1,756



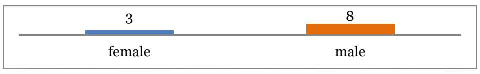
(b) Board Composition By Gender

Total number of female on the Board	6
Total number of men on the Board	10



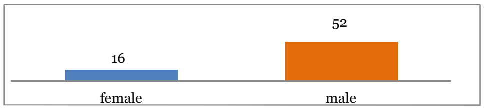
(c) Top Management (Executive Director To CEO) Compositon By Gender

Total number of female in Executive Management position	3
Total number of persons in Executive Management position	8



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

Total number of female in Top Management position	15
Total number of men in Top Management position	52



(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	Jun-17
FitchRatings	A	Jul-17
Agusto & Co	AA-	Jun-17
Moody's	Aa2	May-17

Long Term Counterparty Credit Ratings

	Long Term	
Standard & Poor's	B	Jun-17
FitchRatings	B	Jul-17
Moody's	B1	May-17

* FitchRating was upgraded to A+ on the 31 January 2018
More information on the rating reports can be obtained at https://www.accessbankplc.com/credit-rating

Audit committee

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

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

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

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

BY ORDER OF THE BOARD

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

Sunday Ekwochi
Company Secretary
FRC/2013/NBA/00000005528

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

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

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

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

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

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

ACCESS BANK PLC CUSTOMER'S COMPLAINTS FOR THE YEAR ENDED DECEMBER 31, 2017

	NAIRA						
S/N	**DESCRIPTION**	**NUMBER**		**AMOUNT CLAIMED (NAIRA)**		**AMOUNT REFUNDED (NAIRA)**	
		2017	**2016**	**2017**	**2016**	**2017**	**2016**
1	Pending compliants B/F	8,658	132,396	1,233,437,410	623,867,921	-	-
2	Received Complaints	285,737	204,773	26,168,583,765	31,382,190,881	-	-
3	Resolved complaints	285,842	328,511	27,229,511,381	30,772,621,392	104,994,124	3,058,341,677
4	Unresolved Complaints escalated to CBN for intervention	-	-	-	-	-	-
5	Unresolved complaints pending with the bank C/F	8,553	8,658	172,509,794	1,233,437,410	-	-

	USD						
S/N	**DESCRIPTION**	**NUMBER**		**AMOUNT CLAIMED (USD)**		**AMOUNT REFUNDED (USD)**	
		2017	**2016**	**2017**	**2016**	**2017**	**2016**
1	Pending compliants B/F	78	116	1,694,114	-	-	-
2	Received Complaints	1609	1,618	91,096,663	69,878,941	-	-
3	Resolved complaints	1637	1,656	90,365,863	68,184,828	-	-
4	Unresolved Complaints escalated to CBN for intervention	-	-	-	-	-	-
5	Unresolved complaints pending with the bank C/F	50	78	2,424,914	1,694,114	-	-

	GBP						
S/N	**DESCRIPTION**	**NUMBER**		**AMOUNT CLAIMED (GBP)**		**AMOUNT REFUNDED (GBP)**	
		2017	**2016**	**2017**	**2016**	**2017**	**2016**
1	Pending compliants B/F	3	6	-	7,000	-	-
2	Received Complaints	78	93	3,851,731	786,508	-	-
3	Resolved complaints	79	96	3,840,531	793,508	-	5,024
4	Unresolved Complaints escalated to CBN for intervention	-	-	-	-	-	-
5	Unresolved complaints pending with the bank C/F	2	3	11,200	-	-	-

	EUR						
S/N	**DESCRIPTION**	**NUMBER**		**AMOUNT CLAIMED (EUR)**		**AMOUNT REFUNDED (EUR)**	
		2017	**2016**	**2017**	**2016**	**2017**	**2016**
1	Pending compliants B/F	3	2	-	-	-	-
2	Received Complaints	60	61	16,009,241	1,528,345	-	-
3	Resolved complaints	59	60	16,004,241	1,528,345	-	1,720
4	Unresolved Complaints escalated to CBN for intervention	-	-	-	-	-	-
5	Unresolved complaints pending with the bank C/F	4	3	5,000	-	-	-

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

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

CORPORATE GOVERNANCE REPORT FOR YEAR ENDED DECEMBER 31, 2017

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

We are also transparent in all that we do, maintaining high ethical standards. We have implemented a robust 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 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.

The Board is responsible for embedding high standards of corporate governance across the Group. The Board recognises that effective corporate governance is a key imperative to achieving the sustainable growth of the enterprise. Accordingly, the Group's governance framework is designed to ensure on-going compliance with the Central Bank of Nigeria's Code of Corporate Governance for Banks and Discount Houses in Nigeria ('the CBN Code'); the Securities and Exchange Commission's Code of Corporate Governance for Public Companies ('the SEC Code') and the Post Listing Rules of the Nigerian 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 value of excellence, innovation, leadership, passion for customers, professionalism and empowered employees continue to define our corporate behaviour.

Developments on the Board

There is no doubt that effective boards are made possible by directors with appropriate skills, qualification and experience and who are guided by integrity in their private and public behaviour. In recognition of this imperative, the Board has established a formal process for the selection of new directors to ensure the transparency of the nomination process. Director's appointment process is documented in the Group's 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. Once candidates have been identified, the Committee will confirm that they meet the criteria contained in the policy and relevant statutes and regulations. The Committee may gather information about the candidates through interviews, questionnaires, enhanced due diligence checks or any other means that the Committee deems necessary. 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 outcome of the evaluation, 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, Mrs. Mosun Belo-Olusoga and Mr. Paul Usoro retired at the Bank's 29^{th} Annual General Meeting held on March 29, 2017 and being eligible for re-election were duly re-elected by shareholders. The shareholders also elected Mr. Adeniyi Adekoya and Mr. Iboroma Akpana as Independent Non-Executive Directors. The appointment of Dr. Gregory Jobome as an Executive Director was also ratified by shareholders at the said meeting.

In the course of the year, Mr. Obinna Nwosu resigned his position as the Group Deputy Managing Director with effect from April 30, 2017, to pursue other personal endeavours. Mr. Emmanuel Chiejina also retired from the Board effective June 23, 2017, following his successful completion of the maximum 12 years' term limit prescribed by the CBN's Code. Mrs Ojinika Olaghere, Executive Director in charge of Operations and Information Technology also on October 31, 2017 served the Board a notice of her resignation.

The Board commends the directors that exited the Board for their outstanding contributions to the progress of the Bank and wishes them success in their future endeavours.

Following the resignation of Mr. Obinna Nwosu, the Board upon the recommendation of the Governance and Nomination Committee appointed Mr. Roosevelt Ogbonna as Group Deputy Managing Director. Prior to his appointment, Mr Ogbonna was the Executive Director in charge of Commercial Banking Division. His appointment has been approved by the Central Bank of Nigeria. The Board in a bid to reinvigorate the Executive suite on October 25, 2017 appointed Messrs Adeolu Bajomo and Hadiza Ambursa as Executive Director Operations and Information Technology and Commercial Banking, North respectively. The three appointments have been approved by the Central Bank of Nigeria. The appointments of Messrs Adeolu Bajomo and Hadiza Ambursa will be presented to shareholders for ratification at this meeting.

Retirement and Re-election of Directors

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, **Dr. Ernest Ndukwe** and **Mrs. Anthonia Ogunmefun**, will retire during this Annual General Meeting and being eligible for re-election will submit themselves for re-election. The Board is convinced that the directors standing for ratification or re-election will continue to add value to the Bank. The Board believes that they are required to maintain the balance of skill, knowledge and experience on the Board. The biographical details of the directors standing for election or re-election are set out on page 3 of this Annual Report.

Towards Board Effectiveness

Today's boards are required to be more engaged, more knowledgeable and more effective than in the past as they contend with a host of new pressures, challenges and risks. As stakeholders' expectations from the Board continue to enlarge, the Board must set its strategic priorities often across diverse business segments and markets and monitor the firm's risk profile. The Board must demonstrate that good corporate governance is not a box-ticking exercise by setting the right ethical tone from the top. The Board's approach towards ensuring its effectiveness is achieved through composition, training and a rigorous board evaluation process.

Board Composition–Guiding Principles

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. 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 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. The Committee also considers the need for appropriate demographic and gender balance in recommending candidates for Board appointment. Candidates who meet the criteria set by the Committee are subjected to enhance due diligence enquiries.

We are comfortable that the Board is sufficiently diversified to optimize its performance and deliver sustainable value to stakeholders.
The Board's composition is aligned with global best practice on Non-Executive Directors to Executive Directors parity. In 2017, the Board had Non-Executive Directors than Executive Directors with four Non-Executive Directors being Independent as against two required by the CBN and SEC Codes. Non-Executive Directors are appointed to the Board to bring on board independence, specialist knowledge and impartiality in strategy development and execution monitoring.
Additional information on the composition of the Board in the 2017 financial year is provided at Page 3.

Training and Induction

The Board ensures the regular domestic and international training and education of Board members to improve their decision making capacity, thereby contributing to the overall effectiveness of the Board. New directors are exposed to personalized 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 is provided with an induction pack containing charters of the various Board Committees, significant reports, important statutes and policies, minutes of previous Board meetings and a calendar of Board activities. Based on the recommendation of the Governance and Nominations Committee the Board approves the annual training plan and budget for directors while the Company Secretary ensures the implementation of the plan with regular report to the Board.

During the period under review, the Directors attended the training programmes shown below.

S/N	Name of Director	Description of Training	Training Provider/Location	Date
1	Emmanuel Chiejina	International Programme for Directors of Banks and other Financial Institutions	Financial Institutions Training Centre /Dubai, UAE	May 8-12, 2017
2	Paul Usoro	Finance for Executives	Insead/France	April 25-May 5, 2017
3	Ojinika Olaghere	Competing on Business Analytics and Big Data	Harvard Business School/ USA	June 18-23, 2017
4	Victor Etuokwu	AVIRA (awareness, vision, imagination, role and action)	Insead/France	6th - 11th September
5	Titi Osuntoki	AVIRA (awareness, vision, imagination, role and action)	Insead/France	6th - 11th September
6	Gregory Jobome	The Next Level in Corporate Governance	Central Bank of Nigeria in conjunction with -Financial Institutions Training Centre/ Lagos	19-20th September, 2017
7	Abba Habib	The Next Level in Corporate Governance	Central Bank of Nigeria in conjunction with -Financial Institutions Training Centre/ Lagos	19-20th September, 2017
8	Adeniyi Adekoya	The Next Level in Corporate Governance	Central Bank of Nigeria in conjunction with -Financial Institutions Training Centre/ Lagos	19-20th September, 2017
9	Mosun Belo-Olusoga	Value Creation for Owners and Directors	Insead/ France	October 30-November 2, 2017

S/N	Name of Director	Description of Training	Training Provider/Location	Date
10	Ajoritsedere Awosika.	Value Creation for Owners and Directors	Insead/ France	October 30-November 2, 2017
10	Ajoritsedere Awosika.	Value Creation for Owners and Directors	Insead/ France	October 30-November 2, 2017
11	Anthonia Ogunmefun	Value Creation for Owners and Directors	Insead/ France	October 30-November 2, 2017
12	Herbert Wigwe	Digital Marketing and Social Media Analytics	Massachusetts Institute of Technology	October 16-17, 2017
13	Adeniyi Adekoya	Making Corporate Boards More Effective	Harvard Business School, USA	November 15-18, 2017
14	Abba Habib	Making Corporate Boards More Effective	Harvard Business School, USA	November 15-18, 2017

Performance Monitoring and Evaluation

The Board in discharge of its oversight function continuously engages with management and contributes ideas to the planning and execution of the Group's strategy. In line with the Bank's strategic planning cycle, the Board held a one-day strategy session on October 25, 2017 to deliberate on and approve the Bank's 2018-2022 strategic plan. The Board usually holds an annual Board retreat, where the strategy for the coming year is rigorously debated and agreed between management and the Board. Management provides the Board with quarterly update on implementation of the strategy affording the Board the opportunity to critique the Management and assess significant issues, risks or challenges encountered in the course of strategy implementation and the steps taken to mitigate the risks. Management's report on the Group's actual financial performance is presented relative to the planned budget to enable the Board assess the level of achievement. Peer comparison is also a crucial component of Management reporting to the Board to benchmark performance against that of our competitors.

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

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

The result of the Board performance evaluation was presented by the independent consultant during the Board Meeting held on January 30, 2018. The evaluation was a 360-degree on-line survey covering Directors' self-assessment, peer assessment and evaluation of the Board and the Committees. The effectiveness of the Independent Directors vis-à-vis the CBN Guidelines on Independent Directors of Banks was also evaluated. The board appraisal covered the Board's structure and composition, processes, relationships, competencies, roles and responsibilities. The result confirmed that the individual directors and the Board continue to operate at a very high level of effectiveness and efficiency. The result showed that the Bank's corporate governance practices were largely in compliance with the provisions of the CBN and SEC Codes.

The summary result of the independent evaluation will be presented by Accenture at this meeting.

Shareholders and Regulatory Engagement

The Board recognizes the importance of ensuring the flow of complete, adequate and timely information to existing and potential shareholders and regulators to enable them make informed decisions about the Bank. The Board is therefore committed to maintaining high standards of corporate disclosure. The implementation of our robust investors and regulatory engagement strategies enable us to understand stakeholders' views about the Bank and respond effectively.

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 Bank has a comprehensive 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. A copy of the Investors Communication and Disclosure Policy are available in the Investor Portal on the Bank's website.

The Bank has a dedicated Investors Relations Unit that facilitates communication with shareholders and analysts on a regular basis. Investors and stakeholders are frequently provided with information about the Bank through various channels, including Quarterly Investors Conference Calls, the General Meeting, the Bank's website, the Annual Report and Accounts, Non-Deal Road Shows and Investors Forum at the Stock Exchange. The Bank on December 4, 2017 held an engagement session at the Nigerian Stock Exchange during which the Board briefed the investing public on the Bank's 2018-2022 strategic plan and also received input from investors.

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 free flow of complete, adequate and timely information to the Directors to enable them make informed decisions in discharge of their responsibilities. There is ongoing engagement between Executive Management and the Board. The Heads of Strategic Business Units attend Board meetings to make presentations. The Bank's External Auditors attend the Group Board Audit Committee and the Statutory Audit Committee meetings to make presentations on the audit of the Group's Financial Statements.

Directors have unrestricted access to Group management and company information in addition to the necessary resources to carry out their responsibilities. This includes access to external professional advice at the Bank's expense as provided by the Board and Committees' charters.

Board Responsibilities

The primary responsibility 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 plan and performance objectives, 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.

Tenure of Board Members

The Bank's Non-Executive Directors are appointed for an initial term of four years. Subject to the provisions of the Articles of Association on the retirement of Non-Executive Directors by rotation they can be re-elected for a maximum of two subsequent terms of four years each, subject to satisfactory performance and shareholders' approval. The Independent Non-Executive Directors are subject to a maximum tenure of 8 years as stipulated by the Central Bank of Nigeria's Guidelines for the Appointment of Independent Directors**.**

Our Executive Directors are appointed for an initial term of four years and their tenure can be renewed for further terms subject to a satisfactory annual performance evaluation. Executive Directors are prohibited from holding other directorships outside the Access Bank Group or investee companies.

Composition and Role

As at December 31, 2017 the Board comprised 15 members, made up of 7 Executive Directors and 8 Non-Executive Directors four of whom are Independent Non-Executives.

Below are the profiles of the Board members.

Mrs. Mosun Belo-Olusoga, FCA
Group Chairman

Mrs. Belo-Olusoga is the Principal Consultant/Programme Director of The KRC Ltd. She served on the boards of Guaranty Trust Bank Plc, Asset and Resource Management Company Ltd and Equipment and Leasing Association of Nigeria. She currently sits on the boards of ActionAid, MTN Foundation and Premium Pension Limited. She had an illustrious banking career spanning nearly three decades and retired from Guaranty Trust Bank Plc in 2006 as an Executive Director.

Mrs. Belo-Olusoga is a graduate of Economics from University of Ibadan. She qualified as a Chartered Accountant in 1983 and is a fellow of the Institute of Chartered Accountants of Nigeria and the Chartered Institute of Bankers of Nigeria. She joined the Board of the Bank in November 2007. She was the Chairperson of the Board Credit and Finance Committee until her appointment as Chairman of the Board in July 2015.

She is 60 years old as at the date of this meeting.

Anthonia Ogunmefun
Non-Executive Director

Mrs. Ogunmefun is the Managing Partner of Kemi Ogunmefun Law Office, a Canadian based private legal practice specialising in Immigration Law, Family Law, Real Estate and Corporate Law. She served as the Chairperson of Governance Committee of Kinark Child and Family Services, a major Canadian Childcare Trust and is a Non-Executive Director of LOC Nominees Limited.

Mrs. Ogunmefun obtained her Bachelor of Laws degree from University of Lagos in 1974. She was called to the Nigerian Bar in 1975 and the Law Society of Upper Canada in 2004. She was appointed to the Board in April 2011.

Mrs. Ogunmefun is the Chairman of the Board Risk Management Committee and Vice Chairman of the Governance and Nominations Committee.

She is 66 years old as at the date of this meeting.

Ernest Ndukwe, OFR
Independent Non-Executive Director

Dr. Ndukwe is an Electrical/Electronics Engineer, with over three decades experience in the telecommunications industry. He was the Managing Director of General Telecoms between 1989 and 2000 and Executive Vice Chairman of Nigerian Communications Commission between 2000 and 2010.

He is a graduate of University of Ife and an alumnus of Lagos Business School. He is a fellow of the Nigerian Society of Engineers, Nigerian Institute of Management and Nigerian Academy of Engineering. Dr. Ndukwe sits on the boards of SystemSpecs Limited, Open Media Group and Salt & Einsten MTS Limited.

He joined the Board of Access Bank in December 2012 and chairs the Board Audit Committee and Board Digital and Information Technology Committee.

Dr. Ndukwe is 69 years old as at the date of this meeting.

Ajoritsedere Awosika, MFR
Independent Non-Executive Director

Dr. Awosika is an accomplished administrator with over three decades experience in public sector governance. She was at various times the Permanent Secretary in the Federal Ministries of Internal Affairs, Science & Technology and Power. She is a fellow of the Pharmaceutical Society of Nigeria and the West African Postgraduate College of Pharmacy. 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 and Chairman of the Board Credit and Finance Committee.

Dr. Awosika sits on the boards of Capital Express Assurance Ltd, Chams Plc and Josephine Consulting Limited.

She is 65 years old as at the date of this meeting.

Paul Usoro, SAN
Non-Executive Director

Mr. Usoro is a Senior Advocate of Nigeria, a Fellow of the Chartered Institute of Arbitrators and the Founder and Senior Partner of the Law firm of Paul Usoro & Co. He has over 30 years law practice experience and is acknowledged as a highly experienced litigator and communication law expert. He is currently a director of Airtel Network Limited and PZ Cussons Nigeria Plc.

He had represented Access Bank as a Non-Executive Director on the board of defunct Intercontinental Bank Plc. He holds a Bachelor of Laws degree from University of Ife (1981) and was called to the Nigerian Bar in 1982.
Mr. Usoro joined the Board in January 2014 and currently chairs the Board Governance and Nomination and Board Remuneration Committees.

He is aged 59 at the date of this meeting.

Abba Habib
Non-Executive Director

Mr. Habib is a thoroughbred banking professional with over 20 years' experience, 15 of which were spent with Guaranty Trust Bank Plc where he voluntarily resigned in 2008 as an Executive Director. His experience in Guaranty Trust Bank spanned Corporate Banking and Risk Management.

Mr. Habib is the Managing Director of Gremcoh Services Limited his family owned agricultural and real estate enterprise. He holds a First Class Bachelor of Science degree in Agricultural Economics from University of Maiduguri and Master of Science in Banking and Finance from Bayero University, Kano.

He has attended several Executive Development Programmes in leading institutions including African Development Bank, Harvard, IMD, D.C Gardner London and INSEAD.

He joined the Board in January 2016 and currently serves as the Vice-Chairman of the Board Credit and Finance Committee.

Mr. Habib is 56 years old as at the date of this meeting.

Adeniyi Adekoya
Independent Non- Executive Director

Mr. Adekoya is a highly experienced maritime and oil and gas industry expert with significant investment banking experience. He is currently an Executive Director with Synerpet Nigeria Limited (formerly Akeprime Limited). Prior to this, he had been a General Manager of Peacegate Holdings Ltd where he was responsible for setting up and developing the company's marine operations.

He was also consultant to Maine Nigeria Ltd where he developed the framework for the private placement to raise USD 500 million start-up capital and led the company's participation in bid rounds for oil blocks in the Republic of Equatorial Guinea. He was appointed to the Board in October 2016 and approved by the Central Bank of Nigeria in January 2017, He worked with Mobil Producing Company as a Budget Officer, Exploration Department and also obtained financial service industry experience from AIM Fund and Trimark Investment Service both in Ontario, Canada.

Mr. Adekoya holds a Bachelor's degree in Business Administration from University of Lagos.
He joined the Board in March 2017.

He is the Vice-Chairman of the Board Digital and Information Technology Committee.

Mr. Adekoya is aged 51 years old at the date of this meeting.

Iboroma Akpana
Independent Non- Executive Director

Mr. Akpana is the Managing Partner of Solola & Akpana one of the leading commercial and oil and gas law firms in Nigeria. He is a consummate corporate and commercial lawyer with a career spanning over two decades. Mr. Akpana has a proven track record of academic excellence. He graduated as a top student in Law from University of Jos and obtained a Masters Degree from Harvard Law School.

Mr. Akpana is a Notary of the Federal Republic of Nigeria. Based on his work, he was recognized in the Chambers Global 2006, 2007, 2008 and 2009 editions as a 'Leading Individual' in Nigeria in its Corporate/Commercial section. The International Financial Law Review 1000 similarly ranked him as a 'Leading Lawyer' in Nigeria in its 2006, 2007,
2008 and 2009 editions while the Legal 500 Europe, Middle East and Africa profiled him as a 'Recommended Individual'.

He is a member of the International Bar Association, American Bar Association, New York State Bar Association, Nigerian Bar Association and the Law Society of England and Wales.

He joined the Board in March 2017.

Mr. Akpana is the Vice-Chairman of the Board Remuneration Committee

He is aged 53 at the date of this meeting.

Herbert Wigwe, FCA
Group Managing Director /Chief Executive Officer

Mr. Wigwe started his professional career with Coopers & Lybrand Associates, an international firm of Chartered Accountants. He spent over 10 years at Guaranty Trust Bank where he managed several portfolios including Financial Institutions, Large Corporates and Multinationals. He left Guaranty Trust Bank as an Executive Director
to co-lead the transformation of Access Bank Plc in March 2002 as Deputy Managing Director. He was appointed Group Managing Director/CEO effective January 1, 2014. Mr. Wigwe is an alumnus of Harvard Business School Executive Management Programme.

He holds a Masters degree in Banking and International Finance from the University College of North Wales; a Masters degree in Financial Economics from the University of London and a B.Sc. degree in Accounting from the University of Nigeria, Nsukka. He is also a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN). Mr Wigwe is the Chairman of The Access Bank (UK) Ltd and Non-Executive Director of Nigerian
Mortgage Refinance Company Plc.

He is 51 years old at the date of this meeting.

Roosevelt Ogbonna, FCA
Group Deputy Managing Director

Mr. Ogbonna was appointed Executive Director, Commercial Banking Division in October 2013. He has over 19 years' experience in banking cutting across Treasury, Commercial and Corporate Banking. He joined Access Bank in 2002 from Guaranty Trust Bank.

He is a Fellow of the Institute of Chartered Accountants of Nigeria and holds a Second Class Upper degree in Banking and Finance from University of Nigeria, Nsukka. He has attended Executive Management Development Programmes on Leadership, Credit and Risk-Management in leading institutions.

Mr. Ogbonna represents the Bank on the boards of Access Bank (Zambia) Ltd, Central Securities Clearing System Plc, Africa Finance Corporation and The Access Bank (UK) Limited.

He is 43 years old at the date of this meeting.

Victor Etuokwu
Executive Director
Personal Banking

Mr. Etuokwu's appointment as Executive Director was renewed in October 2013 following the expiration of his initial term. He was first appointed Executive Director of Access Bank in January 2012, He oversees the Personal Banking Division and has over two decades of banking experience cutting across operations, Information Technology, and Business Development. He joined the Bank in July 2003 from Citibank Nigeria.

He holds a Bachelor of Science degree and a Masters of Business Administration from University of Ibadan and University of Benin respectively. Mr. Etuokwu is a Senior Honorary member of the Chartered Institute of Bankers of Nigeria and represents the Bank on the boards of E-Tranzact Plc and Unified Payments Systems Plc.

Mr Etuokwu is 50 years old at the date of the meeting.

Ojinika Olaghere, FCA
Executive Director
Operations and Information Technology

Mrs. Olaghere was appointed Executive Director, Operations and IT in October 2013. She has over 23 years banking experience, 16 of which were with Ecobank Group. She joined Access Bank in August 2007 as a

General Manager in charge of Enterprise Business Support. She was appointed Executive Director of the defunct Intercontinental Bank in October 2011 upon its acquisition by Access Bank. Her banking experience covers Operations, Business Development, General Administration and Information Technology.

Mrs Olaghere holds a Second Class Upper degree in French language from University of Nigeria, Nsukka. She is a Fellow of the Institute of Chartered Accountant of Nigeria. She has attended Executive Management Development Programmes in leading institutions. She represents the Bank on the Governing Council of Bank Directors Association of Nigeria.

The Board received Mrs Olaghere's notice of resignation from the Bank on October 31, 2017.

Titi Osuntoki
Executive Director
Business Banking

Mrs. Osuntoki was appointed Executive Director, Business Banking in October 2013. She is an accomplished banker with over 2 decades' experience cutting across several facets of banking. She joined Guaranty Trust Bank in 1991 and was appointed Executive Director in 2008. She resigned from Guaranty Trust Bank in October 2011. Until her appointment at Access Bank, she was an Independent Non-Executive Director of Wapic Insurance Plc.

She holds a Second Class Upper degree in Civil Engineering and a Masters of Business Administration from University of Lagos. She has attended Executive Management Programmes in leading business schools.

She represents the Bank on the Board of Financial Institutions Training Centre.

Mrs. Osuntoki is aged 51 at the date of this meeting.

Gregory Ovie Jobome
Executive Director/Chief Risk Officer

Dr. Jobome is a thorough bred banking professional with excellent academic pedigree. He obtained a First Class Degree in Economics from the University of Maiduguri in 1986 and a Distinction in Master of Business Administration from Obafemi Awolowo University in 1990. Dr. Jobome also obtained a Master of Science Degree (1994) and a Doctorate Degree (2002) both in Economics and Finance from Loughborough University, UK. He has over 25 years working experience obtained from Guaranty Trust Bank Plc, University of Liverpool Management School, Manchester Business School and Access Bank Plc. He joined Access Bank Plc in July 2010 as a General Manager and Chief Risk Officer. Prior to joining the Bank, he was a Risk Management Consultant to Guaranty Trust Bank Plc. Dr Jobome has been instrumental to the many giant strides attained by the Bank in the risk management space.

Dr. Jobome is a highly sought after resource person and has held several key industry leadership position including; Director, CRC Credit Bureau Ltd; President, Risk Management Association of Nigeria; Member, Working Group on Regulatory Reforms of the Institute of International Finance and Member, Capacity Building Committee, Chartered Institute of Bankers of Nigeria Member
He was appointed to the Board in October 2016.

He is the Chairman of CRC Credit Bureau Limited an investee company of the Bank.

Dr. Jobome is 52 years old at the date of this meeting.

Hadiza Ambursa
Executive Director
Commercial Banking (North)

Ms. Ambursa was appointed Executive Director, Commercial Banking- North in October 2017. She has over two decades banking experience from Guaranty Trust Bank and Access Bank. Her experience covers Transaction Services, Public Sector, Commercial Bank and Corporate Finance. Prior to joining Access Bank in 2003, she was a Relationship Manager Public Sector in Guaranty Trust Bank Plc.

She graduated with a B.Sc in Political Science from University of Jos in 1991 and also obtained an M.A in Law and Diplomacy in 1996 from the same University. She subsequently attended Massachusetts Institute of Technology ('MIT') where she bagged an MBA in 2009. She has attended several Executive Management Programmes in leading institutions including Harvard Business School and MIT.

Ms. Ambursa represents Access Bank on the Board of Access Bank (Gambia) Ltd.

She is 47 years old at the date of this meeting.

Sunday Ekwochi
Company Secretary

Mr. Ekwochi was appointed as the Company Secretary of the Bank in March 2010. He graduated a top student in Law from University of Jos with a Second Class Upper Degree in 1996 and Nigerian Law School in February 1998 with Second Class Upper Degree. He has over 18 years banking experience from the then African Express Bank, Fidelity Bank and Access Bank Plc.

Mr. Ekwochi qualified as a Chartered Secretary with the Institute of Chartered Secretaries and Administrators, London in 2003. He has attended several management development programmes at London Business School, Wharton Business School and IMD.

In line with best practice, the Chairman and Chief Executive Officer's roles are assumed by different individuals; this ensures the balance of power and authority. The Board is able to reach impartial decisions as its Non-Executive Directors are a blend of Independent and Non-Independent Directors with no shadow or Alternate Directors, which ensures that independent thought is brought to bear on decisions of the Board.

The principal responsibility of the Board is to promote the long term success of the Group by creating and delivering sustainable shareholder value. The Board leads and provides direction for the management by setting policy directions and strategy, and overseeing its implementation. The Board seeks to ensure that management delivers on both its long-term growth, and short-term objectives, striking the right balance between both goals. In setting and monitoring the execution of our strategy, consideration is given to the impact that those decisions will have on the Group's obligations to various stakeholders, such as shareholders, employees, suppliers and the community in which the Group operates as a whole.

The Board is also responsible for ensuring robust systems of internal controls are maintained and that management maintains an effective risk management and oversight process across the Group so that growth is delivered in a controlled and sustainable way. In addition, the Board is responsible for determining and promoting the collective vision of the Group's purpose, values, culture and behaviours.

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

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

- Ensuring effective communication with shareholders.
- Ensuring the integrity of financial reports by promoting disclosure and transparency.
- Succession planning for key positions.

The Role of Group Chairman

Her principal role is to provide leadership and direction to the Board of Directors. She is accountable to the Board and shareholders, and liaises directly between the Board and the management of the Company, through the Group Managing Director/Chief Executive Officer ('GMD/CEO'). The positions of the Group Chairman and the GMD/CEO are held by separate individual.

More specifically, the duties and responsibilities of the Group Chairman are as follows:

- primarily responsible for the effective operation of the Board and ensures that the Board works towards achieving the Bank's strategic objectives.
- setting the agenda for board meetings in conjunction with the GMD/CEO and the Company Secretary;
- approval of the Annual Board Activities Calendar;
- playing a leading role in ensuring that the Board and its committees have the relevant skills, competencies and desired experience;
- ensuring that Board meetings are properly conducted and that the Board is effective and functions in a cohesive manner;
- ensuring that the Directors receive accurate and clear information about the affairs of the Bank in a timely manner to enable them take sound decisions;
- acting as the main link between the Board and the GMD/CEO as well as advising the GMD/CEO on the effective discharge of his duties;
- ensuring that all Directors focus on their key responsibilities and play constructive roles in the affairs of the Bank;
- ensuring that induction programmes are conducted for new directors and continuing education programs are in place for all directors;
- ensuring effective communication with the Bank's institutional shareholders and strategic stakeholders;
- taking a leading role in the assessment, improvement and development of the Board; and
- presiding over General Meetings of shareholders.

The role of our GMD/CEO

The Group Managing Director (GMD) has overall responsibility for leading the development and execution of the Bank's long-term strategy, with a view to creating sustainable shareholder value. He manages the day-to-day operations of the Bank and ensures that operations are consistent with the policies approved by the Board.

Specifically, the duties and responsibilities of the GMD include the following:

- acts as head of the Management team and is answerable to the Board.

- responsible for ensuring that a culture of integrity and legal compliance is imbibed by personnel at all levels of the Bank.
- responsible for the Bank's consistent achievement of its financial objectives and goals.
- ensures that the Bank's philosophy, vision, mission and values are disseminated and practised throughout the Bank.
- ensures that the allocation of capital reflects the Bank's risk Management philosophy.
- ensures that the Bank's risks are controlled and managed effectively, optimally and in line with the Bank's strategies and objectives.
- supervision to the Group Deputy Managing Director, Executive Directors and all subsidiaries and affiliate companies;
- serves as the Bank's Chief Spokesman and ensures that it is properly presented to its various publics;
- ensures that the Directors are provided with sufficient information to support their decision making;

The role of the Group Deputy Managing Director ('GDMD')

The GDMD provides support to the GMD/CEO towards the achievement of the corporate philosophy, business strategy, financial and other objectives of the Bank. He reports to the GMD/CEO and is responsible for the supervision of such aspects of the Bank as may be approved by the Board of Directors and exercise such powers and carry out such functions as may be delegated by the GMD/CEO.

The role of 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 their professional development.

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 agenda for the various Board and Board Committee meetings. The appointment and the removal of the Company Secretary are subject to the Board's approval.

Delegation of Authority

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

Board Meetings

The Board meets quarterly and emergency meetings are convened as may be required. The Annual Calendar of Board and Committee meetings is approved in advance during the last quarter of the preceding year. Material decisions may be taken between meetings through written resolutions in accordance with the Bank's Articles of Association. The Board holds an annual 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 them adequately prepare for the meeting. Where a Director is unable to attend a meeting he/she is still provided with the relevant papers for the meeting. Such a Director also reserves the right to discuss with the Chairman any matter he/she may wish to raise at the meeting. Directors are also provided with regular updates on developments in the regulatory and business environment.

The Board met 6 times during the period under review. The Board also held its 9th Annual Board Retreat on March 3-4, 2017 in Cape Town, South Africa 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's commitment to embrace environmental sustainability by reducing paper usage.

The Board channelled considerable time and efforts in discussing the following issues in 2017

- Review of Board Committee charters/policies
- Reconstitution of Board Committees
- Consideration and approval of 2017 budget
- Approval of appointments to subsidiary boards
- Development of 2018-2022 Strategic Plan
- Approval of credit facilities
- Consideration of top management and board appointments
- Consideration of updates on the implementation of Board Retreat outcomes.

Board Meeting Attendance

The membership of the Board and attendance at meetings in 2017 are set out below;

	Type of Meeting	**Annual General Meeting**	**Annual Retreat**	**Board Meetings**					
	Date	**Mar 29th**	**March 3rd & 4th**	**Jan 26th**	**Apr 26th**	**Jun 23rd**	**Jul 26th**	**Oct 25th**	**Dec 15th**
1	Mosun Belo-Olusoga	✓	✓	✓	✓	✓	✓	✓	
2	Emmanuel Chiejina	✓	✓	✓	✓	Retired			
3	Anthonia Ogunmefun	✓	✓	✓	✓	✓	✓	✓	✓
4	Paul Usoro	✓	✓	✓	✓	✓	✓	✓	✓
5	Ernest Ndukwe	✓	✓	✓	✓	✓	✓	✓	✓

6	Ajoritsedere Awosika	✓	✓	✓	✓	✓	✓	✓	✓
7	Abba Habib	✓	✓	✓	✓	Apology	✓	✓	✓
8	Iboroma Akpana	✓	✓	Not yet appointed	✓	✓	✓	✓	✓
9	Adeniyi Adekoya	✓	✓	Not yet appointed	✓	✓	✓	✓	✓
10	Herbert Wigwe	✓	✓	✓	✓	✓	✓	✓	✓
11	Obinna Nwosu	✓	✓	✓	✓	Resigned			
12	Roosevelt Ogbonna	✓	✓	✓	✓	✓	✓	✓	✓
13	Victor Etuokwu	✓	✓	✓	✓	✓	✓	✓	✓
14	Ojinika Olaghere	✓	✓	✓	✓	✓	✓	✓	✓
15	Titi Osuntoki	✓	✓	✓	✓	✓	✓	✓	✓
16	Gregory Jobome	✓	✓	✓	✓	✓	✓	✓	✓
17	Hadiza Ambursa	Not Yet Appointed							✓

Board Committees

The Board carries out its oversight function through its standing committees, each of which has a charter that clearly defines its purpose, composition, structure, frequency of meetings, duties, tenure and reporting lines to the Board. In line with best practice, the Chairman of the Board does not sit on any committee. The Board has six standing committees, namely: the Risk Management Committee, the Audit Committee, the Governance and Nomination Committee, the Remuneration Committee; the Credit and Finance Committee and the Digital and Information Technology Committee. The Digital and Information Technology Committee was constituted by the Board on October 25, 2017 to provide focused oversight over the Bank's information technology investments and the end-to-end digital delivery of its products and services.

While the various Board committees have the authority to examine issues within their remit and report back to the Board with their decisions and/or recommendations, the ultimate responsibilities on all matters lies with the Board.

Reports of Board Committees

The report of the activities of the Board Committees in 2017 are as documented below.

Board Governance & Nomination Committee

The membership of the Committee and attendance at meetings in 2017 are set out below

Name	**Jan 10th**	**Apr 11th**	**Jul 11th**	**Oct 9th**
Emmanuel Chiejina	✓	✓	Retired	
Paul Usoro	✓	✓	✓	✓
Anthonia Ogunmefun	✓	✓	✓	✓
Ajoritsedere Awosika	✓	✓	✓	✓
Ernest Ndukwe	✓	✓	✓	✓
Iboroma Akpana	Not yet a member		✓	✓
Adeniyi Adekoya	Not yet a member		✓	✓
Herbert Wigwe	✓	✓	✓	✓

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

The key decisions of the Committee in the reporting period included recommendation of board appointment; review and recommendation of human resources policies to the Board for approval and consideration of quarterly reports on human resources and sustainability.

The Committee met 4 times in 2017 financial year.

Mr. Paul Usoro succeeded Mr. Emmanuel Chiejina as the Chairman of the Committee following the latter's completion of his term limit on June 23, 2017.

Board Credit & Finance Committee

The membership of the Committee and attendance at meetings in 2017 are as set out below.

Name	Jan 10th	Feb 15th	Mar 15th	Apr 11th	May 17th	Jun 14th	Jun 23rd	Jul 11th	Aug 16th	Sep 13th	Oct 9th	Nov 15th	Dec 15th
Ajoritsedere Awosika	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Abba Habib	✕	✓	✓	✓	✓	✕	✕	✓	✓	✓	✓	On training	✓
Emmanuel Chiejina	✓	✓	✓	✓	✓	✓	✓	Retired					
Anthonia Ogunmefun	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ernest Ndukwe	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Paul Usoro	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Iboroma Akpana	✓		✓	✓	✓	✓	✓	✓	✕	✓	✓	✓	✓
Adeniyi Adekoya	Not yet a member				✓	✓	✓	✓	✓	✓	✓	✓	✓
Herbert Wigwe	Not yet a member				✓	✓	✓	✓	✓	✓	✓	✓	✓
Obinna Nwosu	✕	✓	✕	✓		Resigned							
Roosevelt Ogbonna	✓	✓	✕	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Victor Etuokwu	✓	✓	✕	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Titi Osuntoki	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Gregory Jobome	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Hadiza Ambursa		Not yet a member											

✓ Present

✕ Apology

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 13 times in the 2017 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 reports and monitoring the implementation of credit risk management policies.

The Committee is chaired by Dr (Mrs.) Ajoritsedere Awosika.

Board Risk Management Committee

The membership of the Committee and attendance at meetings in 2017 are as set out below.

Name	**Jan 11th**	**Apr 12th**	**Jul 10th**	**Oct 10th**
Emmanuel Chiejina	✓	✓	Retired from the Board	
Anthonia Ogunmefun	✓	✓	✓	✓
Ernest Ndukwe	✓	✓	✓	✓
Paul Usoro	✓	✓	✓	✓
Abba Habib	✓	✓	✓	✓
Adeniyi Adekoya	Not yet a member		✓	✓
Iboroma Akpana	Not yet a member		✓	✓
Herbert Wigwe	✓	✓	✓	✓
Obinna Nwosu	On official Assignment		Resigned from the Board	
Roosevelt Ogbonna	Not yet a Member		✓	✓
Ojinika Olaghere	✓	✓	✓	✓
Gregory Jobome	Not yet a member	✓	✓	✓

The Committee assists the Board in fulfilling its oversight responsibility relating to establishment of policies, standards and guidelines for non-credit 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 the internal or external environment.

During the period under review the Committee considered and recommended some policies to the Board for approval and received risk report from all the risk areas except credit. The Committee met 4 times in 2017 financial year.

Mrs. Anthonia Ogunmefun succeeded Mr. Emmanuel Chiejina as the Chairman of the Committee following the latter's completion of his term limit on June 23, 2017.

Board Audit Committee

The membership of the Committee and attendance at meetings in 2017 are as set out below.

Name	**Jan 12th**	**Jan 25th**	**Apr 13th**	**Jul 13th**	**Jul 25th**	**Oct 11th**
Ernest Ndukwe	✓	✓	✓	✓	✓	✓
Ajoritsedere Awosika	✓	✓	✓	✓	✓	✓
Abba Habib	✓	✓	✓	✓	✓	✓
Paul Usoro	✓	✓	✓	✓	✓	✓
Adeniyi Adekoya	**Not yet a member**		✓	✓	✓	✓

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

The key issues considered by the Committee during the period included the review and recommendation of 2017 Full Year Audited Financial Statements and 2017 Interim Audited Financial Statements and reports of the Group Internal Auditor and Internal Audit Consultants. The Committee approved the Group Internal Audit Work Plan for 2017 and also reviewed the whistle-blowing reports.

The Committee met 4 times during the reporting period.

Board Remuneration Committee

The membership of the Committee and attendance at meetings in 2017 are as set out below.

Name	Apr 12th	Apr 25th
Emmanuel Chiejina	✓	✓
Paul Usoro	✓	✓
Anthonia Ogunmefun	✓	✓
Ajoritsedere Awosika	✓	✓
Ernest Ndukwe	✓	✓
Adeniyi Adekoya	✓	✓

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 consideration of Remuneration Survey reports for the Group Office and the subsidiary entities. The Committee met 2 times during the review period.

The Committee is chaired by Mr. Paul Usoro

Board Digital & Information Technology Committee

The Committee was set up by the Board on October 25, 2017 and held its Inaugural Meeting on January 18, 2018.

The composition of the Committee is as set out below.

Name	Role
Ernest Ndukwe	Chairman
Adeniyi Adekoya	Member
Anthonia Ogunmefun	Member
Abba Habib	Member
Ajoritsedere Awosika	Member
Iboroma Akpana	Member
Herbert Wigwe	Member
Roosevelt Ogbonna	Member
Gregory Jobome	Member
Adeolu Bajomo	Member

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 comprising executive and senior management staff of the Bank. 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, Assets and Liabilities Committee, Enterprise Risk Management Committee, the Operational Risk Management Committee, the Criticised Assets Committee; Digital Steering Committee, Digital Design Council and Information Technology Steering Committee.

Statutory Audit Committee

The Companies and Allied Matters Act ('CAMA') 1990 in Section 359 (3) requires every public company to constitute a Statutory Audit Committee made up of equal number of directors and shareholders representatives subject to a maximum of six members in the committee. The Bank has constituted a Statutory Audit Committee made up of three Non-Executive Directors and three shareholders.

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

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

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

Henry Aragho, FCA
Chairman, Statutory Audit Committee

Mr. Aragho received his Higher National Diploma (Accounting) from Federal Polytechnic Auchi in 1981 and a Master's Degree in Business Administration (MBA) from Ogun State University (1999). He 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 a 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.

Emmanuel Eleoramo
Member, Statutory Audit Committee

Mr. 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).

Idaere Gogo-Ogan
Member, Statutory Audit Committee

Mr. Ogan is a 1987 graduate of Economics 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 Plc 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 Meeting in 2017

Name	Status	Role	Jan 25th	Jul 25
Henry Aragho	**Shareholder representative**	**Chairman**	✓	✓
Idaere Gogo-Ogan	**Shareholder representative**	**Member**	✓	✓
Emmanuel Eleoramo	**Shareholder representative**	**Member**	✓	✓
Ernest Ndukwe	**Independent Non-Executive Director**	**Member**	✓	✓
Ajoritsedere Awosika	**Independent Non-Executive Director**	**Member**	✓	✓
Abba Habib	**Non-Executive Director**	**Member**	✓	✓

Independence and Tenure of the Statutory Audit Committee

We recognize that the independence of the Statutory Audit Committee is fundamental to maintaining stakeholders' confidence in its report and the Bank's financial statements. We have therefore ensured that the composition of the committee complies with the statutory requirement. Two of the Board representatives on the Committee are Independent Non-Executive Directors. In addition, the shareholder representatives are independent and answerable to the shareholders.

The tenure of each Committee member lasts from the date of election at an Annual General Meeting till the next. The membership may, however, be renewed through re-election at the next Annual General Meeting.

Role and focus

The duties of the Statutory Audit Committee as enshrined in Section 359 (3) and (4) of CAMA. The statutory provisions are supplemented by the provision for the Codes of Corporate Governance issued by the CBN and SEC and are highlighted as follows:

- ✓ ascertain whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices;
- ✓ review the scope and planning of audit requirements;

- ✓ review the findings on management matters in conjunction with the external auditor and departmental responses thereon (management letter);
- ✓ keep under review the effectiveness of the Company's system of accounting and internal control;
- ✓ make recommendations to the Board with regard to the appointment, removal and remuneration of the external auditors of the Company, ensuring the independence and objectivity of the external auditors and that there is no conflict of interest which could impair their independent judgement.
- ✓ authorise the internal auditor to carry out investigations into any activity of the Company which may be of interest or concern to the Committee; and
- ✓ assist in the oversight of the integrity of the company's financial statements and establish and develop the internal audit function.

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.

External auditors

Messrs PricewaterhouseCoopers (PwC) acted as our external auditors for the 2017 financial year. The Board confirms that the Bank has complied with the regulatory requirement as enshrined in the CBN and SEC Codes of Corporate Governance on the rotation of audit firm and audit partners. PwC was appointed the Bank's sole external auditors from the 2013 financial year and has held office for 5 years.

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 is a proper 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

In accordance with the provisions of the Rule 17.2 of the Amendment to the Listing Rules of the Nigerian Exchange, the Bank implements a Securities Trading Policy that prohibits Directors, members of the Audit Committee, employees and all other insiders from abusing, or placing themselves under the suspicion of abusing price sensitive information in relation to the Bank's securities. In line with the policy, affected persons are prohibited from trading on the company's security during a closed period which is usually announced by the Company Secretary. The Bank has put in place a mechanism for monitoring compliance with the policy.

Remuneration Policy

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

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

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

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

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

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

Whistle-Blowing Procedure

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

Telephone

Internal: +234-1-2712065

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

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

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

9MOBILE:
0809-993-6366

GLO:
0705-889-0140

E-Mail

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

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

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

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

Customer Complaints and Resolution

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

Statement of Compliance

The Bank complies with the relevant provisions of the SEC and the CBN Codes of Corporate Governance. In the event of any conflict between the provisions of the two codes regarding any matter, the Bank will defer to the provisions of the CBN Code as its primary regulator.

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

The Companies and Allied Matters Act and the Banks and Other Financial Institutions Act, require the directors to prepare financial statements for each financial 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
Group Managing Director
FRC/2013/ICAN/00000001998

Roosevelt Ogbonna
Group Deputy Managing Director
FRC/2017/ICAN/00000016638

Report of the statutory audit committee

To the members of Access Bank Plc:

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act of Nigeria, the members of the Audit Committee of Access Bank Plc hereby report on the financial statements for the year ended 31 December 2017 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 2017 were satisfactory and reinforce the Group's internal control systems.

We are satisfied that the Bank has complied with the provisions of Central Bank of Nigeria Circular BSD/1/2004 dated 18 February 2004 on "Disclosure of insider related credits in the financial statements of banks". We hereby confirm that an aggregate amount of N1,650,860,935 (December 2016: N2,693,131,022) was outstanding as at 31 December 2017 which was performing as at 31 December 2017 (see note 44)

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

FRC/2017/ICAN/0000001627
Mr. Henry Omatsola Aragho
Chairman, Audit Committee
29 January 2018

Members of the Audit Committee are:

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

In attendance:
Sunday Ekwochi – Company Secretary

RISK MANAGEMENT – INNOVATING FOR A SUSTAINABLE FUTURE

Introduction

The year 2017 was a combination of opportunities and a series of uncertainties on the global business space. Macroeconomic headwinds continued to create multiple emerging risks, forcing risk managers to delicately navigate the risk minefields across varying business spheres. Access Bank has maintained a conservative and consistent approach to risk through application of embedded enterprise-wide risk management. Our risk management practices are hinged on carefully designed innovative approaches for a sustainable future. We have integrated sustainability management practices into every aspect of our business. Our comprehensive risk management framework is helping to ensure we protect depositors' funds, lend responsibly, support economies and protect our planet. Our well defined risk appetite has been carefully aligned to our strategy and our risk management culture has helped to deliver long-term shareholder returns in a sustainable manner.

The country experienced foreign currency shortages for the most part of the first half of the year, stemming from relatively lower oil production and commodity prices. The persistence of foreign exchange liquidity challenges resulted in major complications for the Nigerian economy as a whole, impacting productive capacity as businesses struggled to source necessary raw materials and other components. The combination of multiple threats from the operating environment in the year affected the banking sector in the form of sluggish credit growth, asset quality pressures, and weakening capitalization. All of these prompted greater regulatory monitoring.

At Access Bank, our analytical and reporting processes had anticipated many of the above-mentioned issues and we had proactively put in place requisite mitigants necessary to cushion the impact of these shocks. Beyond taking pre-emptive mitigating steps, the outlook was viewed as an opportunity to further optimise our risk and governance processes and position the Bank to benefit from market and regulatory developments. The Bank also placed great importance on making a difference in the environment in which people live and work, fostering and maintaining relationships with communities and developing several climate change management initiatives both within the Bank and in our lending activities. Our sustainable banking model has afforded us the opportunity to facilitate the development of innovative banking products designed to enhance our digital loan offerings thereby prompting financial inclusiveness. It has also helped in the formulation of a robust management framework to support these initiatives.

In summary, the year 2017 was a very engaging year for 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 included the following:

- Upgraded our interest rate risk measurement and the basis of interest rate risk capital measurement to Economic Value of Equity
- Deployed a digital risk management framework to ensure digital risks are proactively identified and properly managed as the bank expands its retail frontiers through digital channels

- Developed an Enterprise-wide Risk Management Dashboard that shows the Bank's position in all the risk areas in line with strategic business units, products, channels and geographies against defined limits, key risk indicators and policies
- Implemented International Financial Reporting Standards (IFRS) 9-compliant models for the measurement and reporting of loans and receivables
- Designed and implemented an automated Asset Liability Management (ALM) reporting tool which is an end-to-end solution which automates the entire ALM Reports generation operation. The tool helps to ensure the accuracy and authenticity of reports, cut down processing time, allow on-demand report generation and provide flexibility in report definition while generating the report
- Developed in-house macroeconomic and financial models for Probability of Default, Loss Given Default, stress testing and loan grading
- Developed models for scenario analysis to better capture/anticipate evolving macroeconomic dynamics and impacts at industry/sectoral and obligor levels.
- Increased Regulatory Intelligence
    - The bank reduced its exposure on accounts without Bank Verification Number (BVN) through proactive intelligence gathering
    - Consolidated on the Cluster Compliance structure which led to increased efficiency in compliance monitoring
    - Full compliance with Stamp duty remittance
- Continuously improved processes for Enhanced Service Delivery by:
    - Developing data enhancement portal which improved data quality and report rendition to the Nigerian Financial Intelligence Unit (NFIU)
    - Developing Politically Exposed Person (PEP) attestation portal for report rendition to CBN and ongoing due diligence on PEPs
    - Track implementation of digital banking products and ensure 100% regulatory compliance
    - Automation of the policy initiation and review process
- Further empowered the First Line of defence by:
    - Development of tools to assist the first line of defence with Suspicious Transaction Reports (STR)
    - Strengthened advisory support for Business/Reputational decision making and innovative training methods e.g. Financial Action Task Force (FATF) game

The above remained pivotal in supporting the Bank's risk optimisation in the course of the year, as well as being critical strategic investments in the Bank's medium and long-term sustainability. It is not surprising therefore that with all these investments and passionate drive, Access Bank won 2017 Sustainability Awards managed by the Central Bank of Nigeria (CBN) in all categories including driving Environmental and Social Risk practices in our Oil & Gas and Agriculture lending activities. Further details on some of the above, and other key developments are provided below.

ENTERPRISE-WIDE RISK MANAGEMENT

Our Enterprise-Wide Risk Management Remains Custom-made

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

Recovery and Resolution Planning

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

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

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

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

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

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

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

- Central Bank of Nigeria (CBN) Minimum Contents for Recovery Plans and Requirements for Resolution Planning. November 2016
- European Banking Authority (EBA):
    - Regulatory Technical Standards (EBA/RTS/2014/11)
    - Guidelines (GL/2015/02)

- Prudential Regulations Authority (PRA) Policy and Supervisory Statements (PS1/15 and SS18/13)

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

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

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

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

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

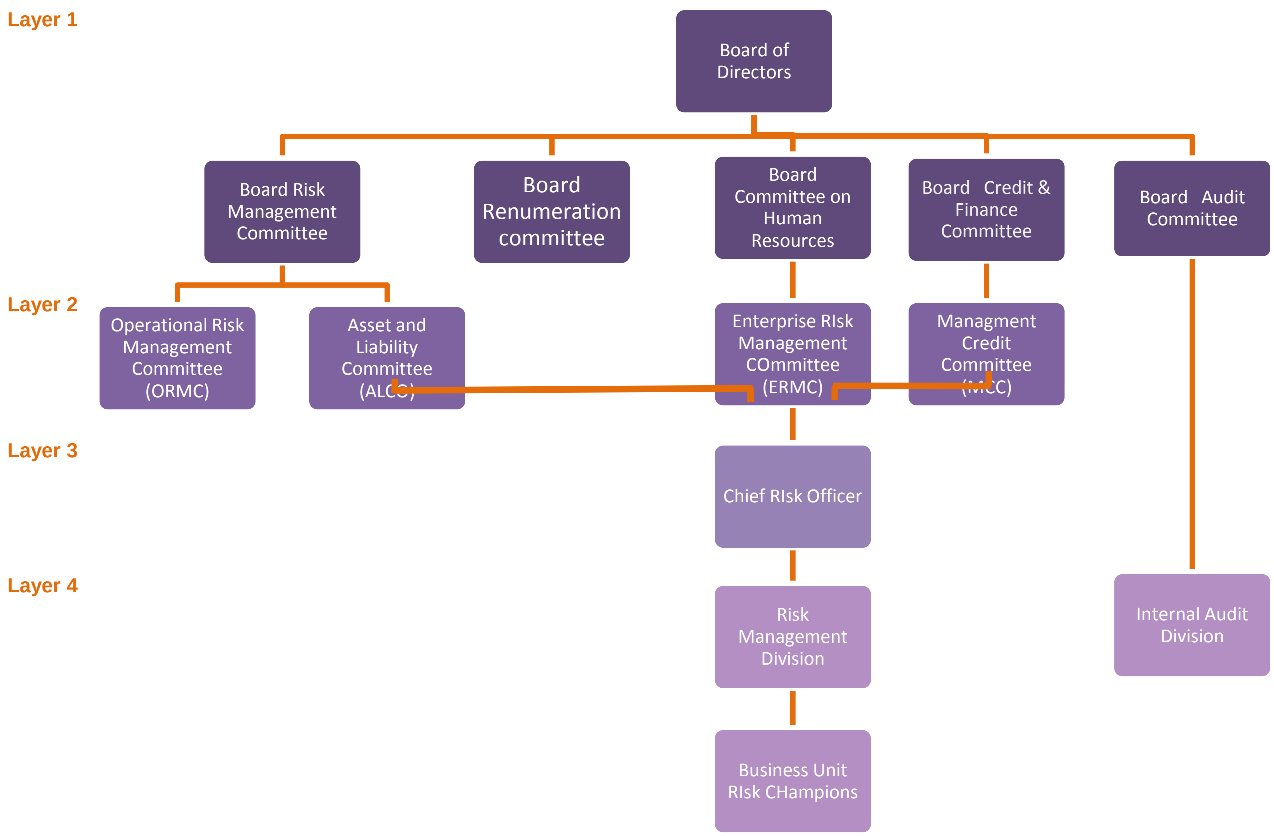
Resolution Planning

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

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

Risk Management Governance Structure

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



Roles of the Board of Directors

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

Specific roles in these areas are further defined below:

General

a) Develop a formal enterprise-risk management framework;
b) Review and approve the establishment of a risk management function that would independently identify, measure, monitor and control risks inherent in all risk-taking units of the Bank;
c) Ratify the appointment of qualified officers to manage the risk management function;
d) Approve and periodically review the Bank's risk strategy and policies;
e) Approve the Bank's risk appetite and monitor the Bank's risk profile against this appetite;
f) Ensure that the management of the Bank has an effective ongoing process to identify risk, measure its potential impact and proactively manage these risks;
g) Ensure that the Bank maintains a sound system of risk management and internal control with respect to:
    - Efficiency and effectiveness of operations
    - Safeguarding of the Bank's assets (including information)
    - Compliance with applicable laws, regulations and supervisory requirements
    - Reliability of reporting
    - Behaving responsibly towards all stakeholders

h) Ensure that a systematic, documented assessment of the processes and outcomes surrounding key risks is undertaken at least annually;
i) Ensure that management maintains an appropriate system of internal control and review its effectiveness;
j) Ensure risk strategy reflects the Bank's tolerance for risk;
k) Review and approve changes/amendments to the risk management framework;
l) Review and approve risk management procedures and control for new products and activities; and
m) Periodically receive risk reports from management highlighting key risk areas, control failures and remedial action steps taken by management.

Credit Risk

a) Approve the Bank's overall risk tolerance in relation to credit risk based on the recommendation of the Chief Risk Officer;
b) Ensure that the Bank's overall credit risk exposure is maintained at prudent levels and consistent with the available capital through quarterly review of various types of credit exposure;
c) Ensure that top management as well as individuals responsible for credit risk management possess the requisite expertise and knowledge to accomplish the risk management function;
d) Ensure that the Bank implements a sound methodology that facilitates the identification, measurement, monitoring and control of credit risk;
e) To put in place effective internal policies, systems and controls to identify, measure monitor, and control credit risk concentrations.

f) Ensure that detailed policies and procedures for credit risk exposure creation, management and recovery are in place; and
g) Appoint credit officers and delegate approval authorities to individuals and committees.

Market Risk

a) Define the Bank's overall risk appetite in relation to market risk;
b) Ensure that the Bank's overall market risk exposure is maintained at levels consistent with the available capital;
c) Ensure that top management as well as individuals responsible for market risk management possess sound expertise and knowledge to accomplish the risk management function;
d) Approve the Bank's strategic direction and tolerance level for liquidity risk;
e) Ensure that the Bank's senior management has the ability and required authority to manage liquidity risk;
f) Approve the Bank's liquidity risk management framework; and
g) Ensure that liquidity risk is identified, measured, monitored and controlled.

Compliance Risk

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

Operational Risk

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

Reputational Risk

a) Set an appropriate tone and guidelines regarding the development and implementation of effective reputation risk management practices, including an explicit statement of a zero tolerance policy for all unethical behaviour;
b) Approve the Bank's framework for the identification, measurement, control and management of reputational risk;
c) Monitor the Bank's compliance with its reputational risk management policies and recommend sanctions for material breaches of internal policies;
d) Review all exception reports by external parties such as regulators and auditors; ensure that appropriate sanctions are applied to erring officers; demand from management appropriate explanations for all exceptional items; ensure that management puts in place effective and remedial actions and reports on progress to the Board on an on-going basis;
e) Ensure that Board members do not compromise their fit and proper status with regulators. They shall ensure that only Board members who do not tarnish the Bank's image and reputation remain as members; and
f) Ensure that only fit and proper persons are appointed to senior management positions in the Bank.

Strategic Risk

a) Oversee the strategic risk management process.
b) Ensure that the bank has in place an appropriate strategic risk management framework which suits its own circumstances and needs;
c) Ensure that the strategic goals and objectives are set in line with its corporate mission and values, culture, business direction and risk tolerance;
d) Approve the strategic plan (including strategies contained therein) and any subsequent changes, and review the plan (at least annually) to ensure its appropriateness;
e) Ensure the organization's structure, culture, infrastructure, financial means, managerial resources and capabilities, as well as systems and controls are appropriate and adequate to support the implementation of its strategies.
f) Review high-level reports periodically submitted to the Board on the overall strategic risk profile, and ensure that any material risks and strategic implications identified from those reports are properly addressed; and
g) Ensure that senior management is competent in implementing strategic decisions approved by the Board, and supervising such performance on a continuing basis

The Board and Management Committees

The Board of Directors is the highest approval authority for credit risk policies and credit facilities in Access Bank. It carries out its oversight function through its standing committees each of which has a charter that clearly defines its purpose, composition, structure, frequency of meetings, duties, tenure, and reporting lines to the Board.

In line with best practice, the Chairman of the Board does not seat on any of the Committees. The Board has six standing committees namely: the Board Risk Management Committee, the Board Audit

Committee, the Board Remuneration Committee, the Board Governance and Nomination Committee, the Board Credit & Finance Committee and the Board Digital and IT Committee.

The management committees which exists in the Bank includes: The Executive Committee (EXCO), Enterprise Risk Management Committee (ERMC), Management Credit Committee (MCC), Group Asset & Liability Committee (Group ALCO), and Operational Risk Management Committee (ORMC).

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

Specific roles of the Board and Management Committees

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

COMPLIANCE RISK MANAGEMENT

The Bank organizes its compliance function and sets priorities for the management of its compliance risk in a way that is consistent with its own risk management strategy and structures.
The implementation of our compliance function transformation which we commenced in 2015 reached an advanced stage in 2017. The integrated compliance function working closely with Internal Audit and Operational risk to achieve risk convergence provided backbone for integrated assurance and higher visibility of risk management and control consciousness across the Group.

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

Measurement, Monitoring and Management of Compliance Risk
In Access Bank, compliance risk is:

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

The Bank continues to recognize its accountability to all its stakeholders under the legal and regulatory requirements applicable to its business. The Conduct & Compliance function, including all staff of Access

Bank Plc and its subsidiaries are committed to high standards of integrity and fair dealing in the conduct of business. The Bank's compliance risk management philosophy is deepened by the effective convergence of risk management through the 'Three Lines of Defense' model.

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

- Where a business unit is subject to regulatory requirements, it will comply with those requirements. The business unit will furthermore establish and maintain systems of internal control to monitor and report the extent of compliance with those requirements with the support of Conduct & Compliance function.
- In the absence of regulatory requirements for all or part of a business unit, certain minimum standards of conduct is established and maintained by that business unit to the extent required as determined by the management of that business unit.

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

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

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

Our Compliance Risk Appetite

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

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

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

- Reported exceptions by auditors, regulators and external rating agencies;
- Frequent litigations;

- Payment of fines and other regulatory penalties; and
- Unresolved customer complaints.

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

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

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

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

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

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

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

Conduct Risk Implementation
Conduct Risk: Detriment caused to our customers, clients, counterparties, or the Bank and its employees through inappropriate judgment in execution of business activities. We continue to review and improve how conduct risk is assessed and reported throughout our business. The Bank is committed to putting

customers at the heart of the decisions, treating customers fairly and resolving customer complaints within the shortest possible time.

Strategic Alliance & Partnership

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

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

OPERATIONAL RISK MANAGEMENT

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

This framework includes:

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

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

The goal is to keep operational risk at appropriate levels relative to the characteristics of our businesses and the markets in which we operate, our capital and liquidity, and the competitive, economic and regulatory environment. Notwithstanding these controls, Access Bank incurs operational losses.
Our operational risk strategy seeks to minimise the impact that operational risk can have on shareholders' value. The Bank's strategy is to:

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

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

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

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

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

The Group's Operational Risk Management Framework

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

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

Management and control responsibilities

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

Measuring and managing operational risk

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

Risk event data collection and reporting

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

Risk and control self-assessments (RCSA)

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

Key risk indicators (KRIs)

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

Reporting

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

Allocating Capital to Business Units

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

Insurance mitigation

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

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

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

Information Security, Digital Banking and Continuity of Business

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

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

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

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

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

STRATEGIC RISK MANAGEMENT

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

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

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

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

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

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

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

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

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

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

REPUTATIONAL RISK MANAGEMENT

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

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

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

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

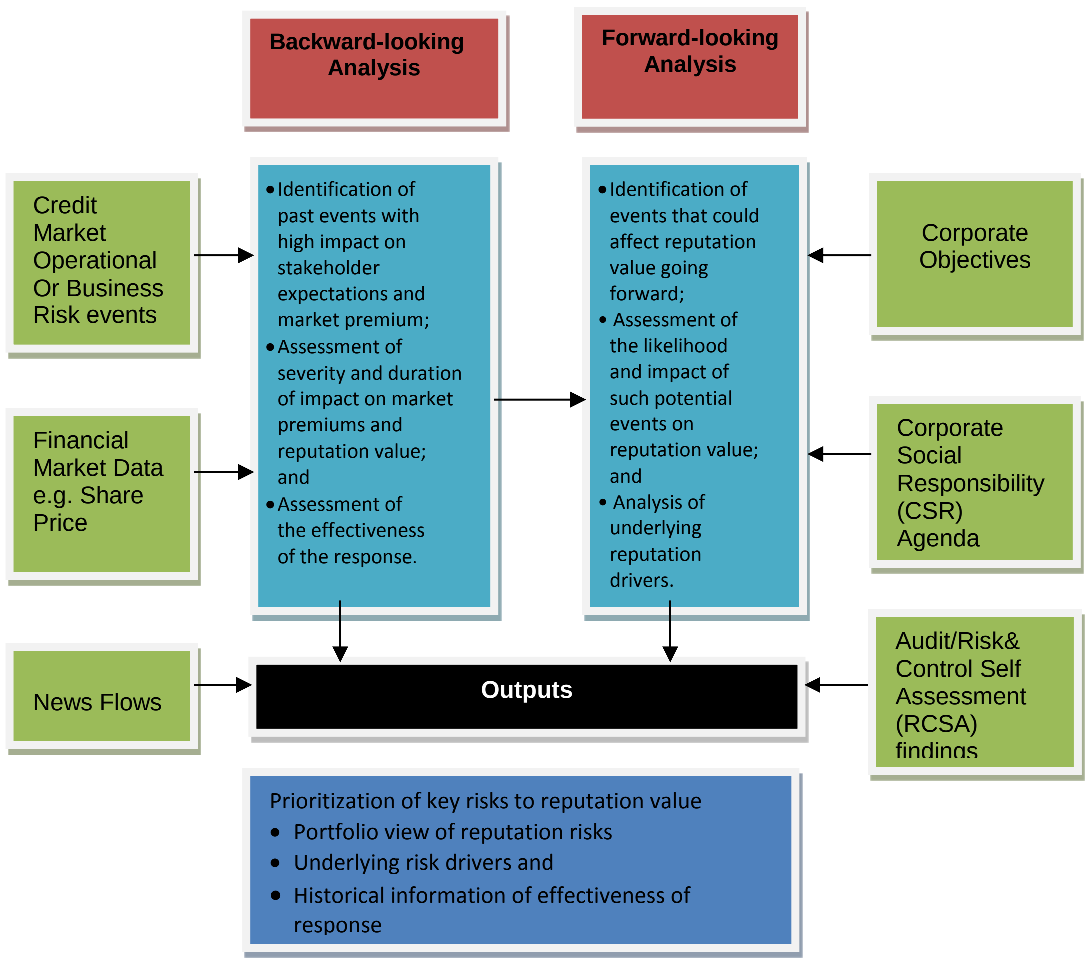
- Loss of current or future customers;
- Loss of public confidence;
- Loss of employees leading to an increase in hiring costs, or staff downtime;
- Reduction in current or future business partners;
- Increased costs of capitalization via credit or equity markets;
- Regulatory sanctions;
- Increased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

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

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

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

Key Drivers of Reputational Risk



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

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

Compilation of Trigger Events

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

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

Events data analysis

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

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

Approach to managing reputation events

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

Post reputation event reviews

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

CAPITAL RISK MANAGEMENT

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

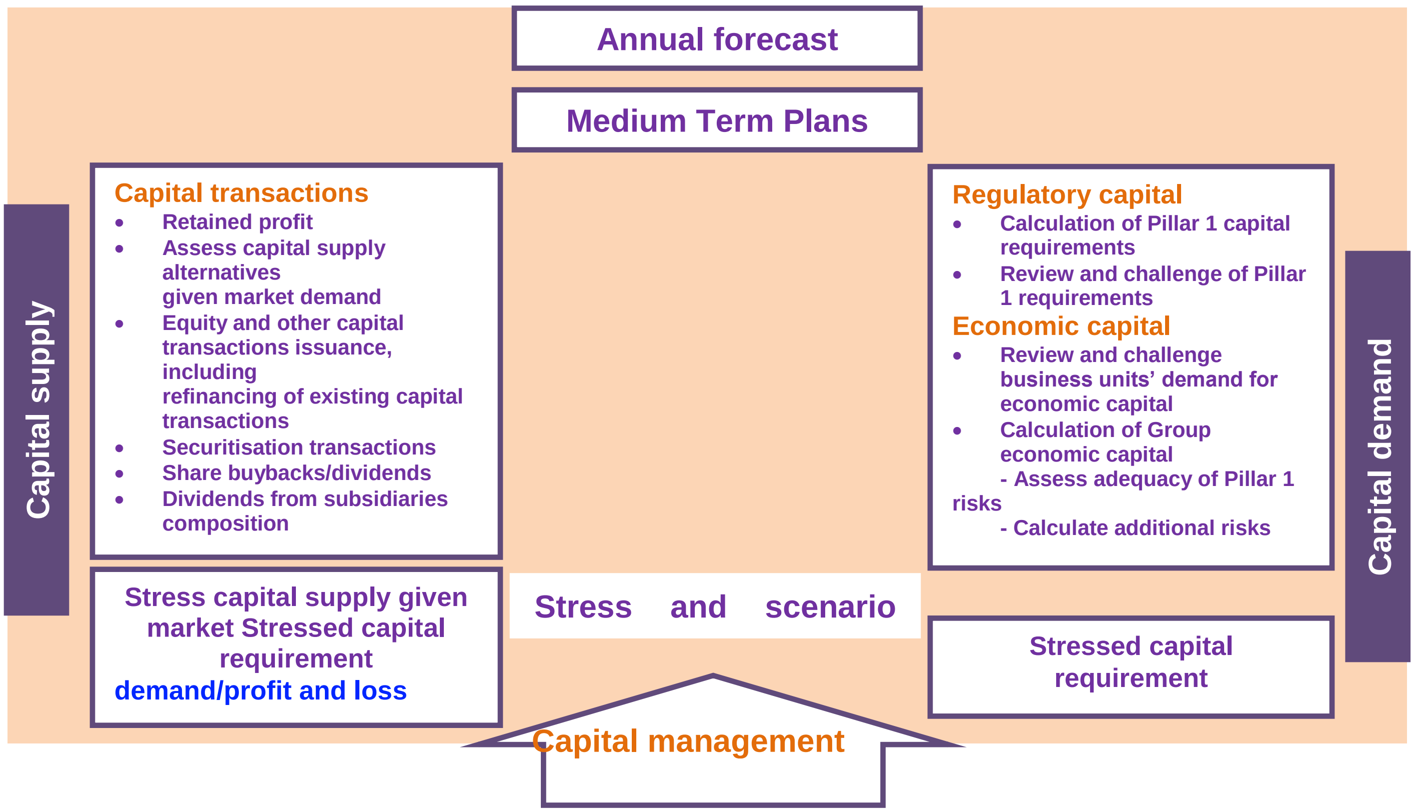
The Group has a number of capital management objectives:

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

Capital management strategy:

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

Capital management process



Importance of capital management

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

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

Independent auditor's report

To the Members of Access Bank Plc

Report on the audit of the 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 2017, 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 2017;
- 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 (ISAs). 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 on loans and advances to customers – N63.9 billion (refer to notes 3.9, 4.0 and 23) Management exercises significant judgment when determining both when and how much to record as impairment on loans and advances to customers. The Group categorises its loans and advances portfolio into two (2) types in its calculations of impairment: • Individual impairment assessment • Collective impairment assessment The individual impairment assessment is performed in order to determine if there is any objective evidence of loan impairment 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. 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. Management uses external valuers to determine the fair value of collateral. 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);	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. For individually significant loans, we evaluated the reasonableness of management's identification of impairment triggers. This was done by applying 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. For individually significant loans where impairment triggers were identified, we reviewed management's impairment assessment by comparing the fair value of the collateral to the total exposure. Where the fair value of the collateral was insufficient to cover the total exposure, we checked to ensure that specific impairment was recognized on such loans. 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 significant facilities with impairment triggers, we obtained the collateral valuation report supporting the facilities. We selected samples of the collateral valuation reports and evaluated the competence, independence and objectivity of management's experts. We applied a risk based targeted testing approach in performing a review of the collateral valuation reports by checking 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

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

assets grade in prior periods and determined an average risk rating per grade.

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 – N69.6 billion (refer to notes 3.9, 4.1 and 25)

We focused on this area because of the significant judgements involved in estimating the fair value of these instruments.

Note 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 59.7 billion - refer to note 4.1.1*), which we consider to be a key audit matter.

The following risks could lead to inaccurate fair values of available for sale investment securities:

- The Group uses a number of model types to value its level 3 financial instruments. Model deficiencies or inaccurate model parameters could lead to material misstatements of the financial statements; and

- Whilst some of the model inputs used for determining fair values are observable, there are unobservable inputs (such as illiquidity discount rate and hair cut) which could lead to valuation variances.

Inputs into the fair value approach 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 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 checked that the valuation techniques used to determine the fair values of unquoted equity instruments were consistent with the market approach prescribed by the applicable standard.

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

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

We reviewed the disclosures for compliance with the relevant standards.

Valuation of derivative financial instruments - Derivative financial assets - N 92.4 billion Derivative financial liabilities - N 5.3 billion (refer to notes 3.9, 4.1 and 21)

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

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

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

- Forward contracts
- Swap contracts
- Non deliverable forward contracts

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

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

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

We obtained an understanding of the valuation techniques and inputs used by management.

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

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

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

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

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

Disclosure of the impact of IFRS 9 transition

On 1 January 2018, the Group transitioned to financial instruments accounting standard IFRS 9 which replaced IAS39.

The estimated transition impact is disclosed in the consolidated and separate financial statement in accordance with IAS 8.

We focused on this area because of the significant judgement applied by management in estimating the impairment allowances under an expected credit loss (ECL) model.

We obtained the bank's new financial instrument classification and measurement policy and checked that it met the requirements of IFRS 9.

We checked management's estimate of the transition adjustment by focusing on:

- model development, validation and approval to ensure compliance with IFRS 9 requirements;
- review and approval of key assumptions, judgements and forward looking information prior to use in the ECL model; and
- the integrity of data used as input to the model;

The new IFRS 9 standard introduces new requirements around the classification and measurement of financial instruments, potentially resulting in fair value differences. In order to meet the requirements of the new standard, significant changes have also been made to systems, processes and controls with effect from 1 January 2018.

ECLs are expected to incorporate forward looking information, reflecting management's view of potential impacts of future economic environments on the impairment charge. The bank's estimates of ECL also reflects an unbiased and probability weighted amount determined by evaluating a range of multiple economic scenarios.

These complexities require management to develop new methodologies involving the use of significant assumptions and judgements.

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

With the assistance of our credit modelling experts, we reviewed the judgements and assumptions supporting management's determination of Probability of Default, Loss Given Default and staging assessment used in the modelling of expected credit losses.

We assessed reasonableness of forward looking macro-economic information incorporated into the impairment calculations by using our experts to review the assumptions and methodology.

We assessed the adequacy of the underlying disclosures related to the transition impact.

Other information

The directors are responsible for the other information. The other information comprises: Corporate Information, Directors' Report, Corporate Governance Report, Statement of Directors' Responsibilities, Report of the Statutory Audit Committee, Risk Management Framework Report, Customer Complaints and Feedback, Value Added Statement 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 Report, Locations and Offices, Chairman's Statement, Chief Executive's Review, Corporate Philosophy, Report of the External Consultant, Commercial Banking, Business Banking, Personal Banking, Corporate and Investment Banking, Transactions Services & Settlement Banking, Operations and Information Technology, Digital Banking, Our People, Culture and Diversity and Sustainability Report, Shareholder information and Corporate information 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 other information not yet received, 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 the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act, the Banks and Other Financial Institutions Act, and for such internal control as the directors determine is necessary to enable the preparation of 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, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the 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 the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

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

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

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

iii) the bank's statement of financial position and statement of comprehensive income 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 consolidated and separate financial statements; and

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

Anthony Oputa

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A1 491806

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

21 March 2018

Engagement Partner: Anthony Oputa
FRC/2013/ICAN/00000000980

Consolidated statement of comprehensive income

In thousands of Naira	*Notes*	Group December 2017	Group December 2016	Bank December 2017	Bank December 2016
Interest income	8	319,854,402	247,286,635	274,670,641	210,794,456
Interest expense	8	(156,402,857)	(108,138,875)	(143,133,607)	(94,777,050)
Net interest income		163,451,545	139,147,760	131,537,034	116,017,406
Net impairment charge	9	(34,466,868)	(21,952,819)	(29,149,849)	(17,641,127)
Net interest income after impairment charges		128,984,677	117,194,941	102,387,185	98,376,279
Fee and commission income	10	56,674,334	55,440,500	45,785,985	45,992,484
Fee and commission expense		(77,017)	(576,697)	-	-
Net fee and commission income		56,597,317	54,863,803	45,785,985	45,992,484
Net (loss)/gains on investment securities	11a,b	(33,403,225)	55,051,078	(32,832,665)	54,968,917
Net foreign exchange income/(loss)	12	107,932,097	3,597,591	103,621,339	(94,434)
Other operating income	13	8,018,171	19,944,978	6,916,275	19,339,549
Personnel expenses	14	(54,806,795)	(51,795,538)	(41,773,512)	(42,153,587)
Rent expenses		(2,484,695)	(2,810,090)	(1,622,069)	(1,632,377)
Depreciation	28	(11,237,951)	(9,106,886)	(9,499,180)	(7,774,591)
Amortization	29	(2,407,886)	(2,186,905)	(1,946,601)	(1,854,437)
Other operating expenses	15	(117,119,230)	(94,413,516)	(103,993,256)	(84,588,227)
Profit before tax		80,072,482	90,339,456	67,043,501	80,579,576
Income tax	16	(18,081,628)	(18,900,109)	(13,804,679)	(16,553,441)
Profit for the year		**61,990,852**	**71,439,347**	**53,238,822**	**64,026,135**
Other comprehensive income (OCI) net of income tax :					
items that will not be subsequently reclassified to income statement:					
Remeasurements of post-employment benefit obligations		439,597	2,590,139	439,597	2,590,139
Items that may be subsequently reclassified to the income statement:					
Foreign currency translation differences for foreign subsidiaries					
- Unrealised gains during the year		15,768,641	19,458,036	-	-
Net changes in fair value of AFS financial instruments					
-Fair value changes during the year		12,791,695	10,012,498	11,913,378	10,063,039
Other comprehensive gain, net of related tax effects		28,999,933	32,060,674	12,352,975	12,653,178
Total comprehensive income for the year		**90,990,785**	**103,500,021**	**65,591,796**	**76,679,313**
Profit attributable to:					
Owners of the bank		61,977,762	71,117,025	53,238,822	64,026,135
Non-controlling interest	38	13,090	322,322	-	-
Profit for the year		**61,990,852**	**71,439,347**	**53,238,822**	**64,026,135**
Total comprehensive income attributable to:					
Owners of the bank		90,109,906	101,241,269	65,591,796	76,679,313
Non-controlling interest		880,879	2,258,752	-	-
Total comprehensive income for the year		**90,990,785**	**103,500,021**	**65,591,796**	**76,679,313**
Earnings per share attributable to ordinary shareholders					
Basic (kobo)	17	218	250	184	221
Diluted (kobo)	17	214	246	184	221

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

Consolidated statement of financial position
As at 31 December 2017

In thousands of Naira	*Notes*	Group December 2017	Group December 2016	Bank December 2017	Bank December 2016
Assets					
Cash and balances with banks	18	953,944,176	713,889,105	657,144,247	517,997,249
Investment under management	19	20,257,131	14,871,247	20,257,131	14,871,247
Non pledged trading assets	20	46,854,061	44,629,579	43,016,990	44,629,579
Derivative financial assets	21	93,419,293	156,042,984	92,390,219	155,772,662
Loans and advances to banks	22	68,114,076	45,203,002	101,429,001	104,006,574
Loans and advances to customers	23	1,995,987,627	1,809,459,172	1,771,282,739	1,594,562,345
Pledged assets	24	447,114,404	314,947,502	440,503,327	314,947,502
Investment securities	25	278,167,757	229,113,772	121,537,303	161,200,642
Other assets	26	82,753,431	63,255,054	65,189,797	50,594,480
Investment in subsidiaries	27b	-	-	87,794,631	59,239,252
Property and equipment	28	97,114,640	84,109,052	83,676,722	71,824,472
Intangible assets	29	8,295,855	6,939,555	5,981,905	5,173,784
Deferred tax assets	30	740,402	1,264,813	-	-
		4,092,762,853	3,483,724,837	3,490,204,012	3,094,819,788
Asset classified as held for sale	31	9,479,967	140,727	9,479,967	140,727
Total assets		**4,102,242,820**	**3,483,865,564**	**3,499,683,979**	**3,094,960,515**
Liabilities					
Deposits from financial institutions	32	450,196,970	167,356,583	276,140,835	95,122,188
Deposits from customers	33	2,244,879,075	2,089,197,286	1,910,773,713	1,813,042,872
Derivative financial liabilities	21	5,332,177	30,444,501	5,306,450	30,275,181
Current tax liabilities	16	7,489,586	5,938,662	4,547,920	5,004,160
Other liabilities	34	253,914,174	113,571,240	238,695,686	107,538,941
Deferred tax liabilities	30	8,764,262	3,699,050	7,848,515	3,101,753
Debt securities issued	35	302,106,706	316,544,502	302,106,706	243,952,418
Interest-bearing borrowings	36	311,617,187	299,543,707	282,291,141	372,179,785
Retirement benefit obligation	37	2,495,274	3,075,453	2,481,916	3,064,597
Total liabilities		**3,586,795,411**	**3,029,370,984**	**3,030,192,882**	**2,673,281,895**
Equity					
Share capital and share premium	38	212,438,802	212,438,802	212,438,802	212,438,802
Retained earnings		117,701,679	93,614,030	120,218,603	93,329,188
Other components of equity	38	178,399,413	142,194,720	136,833,692	115,910,630
Total equity attributable to owners of the Bank		**508,539,894**	**448,247,552**	**469,491,097**	**421,678,620**
Non controlling interest	38	6,907,515	6,247,028	-	-
Total equity		**515,447,409**	**454,494,580**	**469,491,097**	**421,678,620**
Total liabilities and equity		**4,102,242,820**	**3,483,865,564**	**3,499,683,979**	**3,094,960,515**

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

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

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

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

Consolidated statement of changes in equity

In thousands of Naira

Group	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Share scheme reserve	Treasury Shares	Capital reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total	Non Controlling interest	Total Equity
	Attributable to owners of the Bank												
Balance at 1 January 2017	**14,463,986**	**197,974,816**	**42,932,550**	**62,615,212**	**1,211,978**	**(3,286,375)**	**3,489,080**	**23,240,250**	**11,992,025**	**93,614,030**	**448,247,552**	**6,247,028**	**454,494,580**
Total comprehensive income for the year:													
Profit for the year	-	-	-	-	-	-	-	-	-	61,977,762	61,977,762	13,090	61,990,852
Other comprehensive income, net of tax													
Unrealised foreign currency translation difference	-	-	-	-	-	-	-	-	14,821,475	-	14,821,475	947,166	15,768,641
Actuarial gain on remeasurement of retirement benefit (net of tax)	-	-	-	-	-	-	-	-	-	439,597	439,597	-	439,597
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	-	12,871,072	-	-	12,871,072	(79,377)	12,791,695
Total other comprehensive income	**-**	**-**	**-**	**-**		**-**	**-**	**12,871,072**	**14,821,475**	**439,597**	28,132,144	867,789	**28,999,933**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**12,871,072**	**14,821,475**	**62,417,359**	90,109,906	880,879	**90,990,785**
Transactions with equity holders, recorded directly in equity:													
Transfers during the year	-	-	487,737	7,946,944	-	-	-	-	-	(8,434,681)	-	-	-
Transactions with non-controlling interests [2]	-	-	-	-	-	-	-	-	-	(11,091,849)	(11,091,849)	(220,392)	(11,312,241)
Scheme shares	-	-	-	-	1,170,693	(742,535)	-	-	-	-	428,158	-	428,158
Vested shares	-	-	-	-	(350,693)	-	-	-	-	-	(350,693)	-	(350,693)
Dividend paid to equity holders	-	-	-	-	-	-	-	-	-	(18,803,180)	(18,803,180)	-	(18,803,180)
Total contributions by and distributions to equity holders	**-**	**-**	**487,737**	**7,946,944**	**820,000**	**(742,535)**	**-**	**-**	**-**	**(38,329,710)**	**(29,817,564)**	**(220,392)**	**(30,037,956)**
Balance at 31 December 2017	**14,463,986**	**197,974,816**	**43,420,287**	**70,562,156**	**2,031,978**	**(4,028,910)**	**3,489,080**	**36,111,322**	**26,813,500**	**117,701,679**	**508,539,894**	**6,907,515**	**515,447,410**

Consolidated statement of changes in equity

In thousands of Naira

Group	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves[1]	Share Scheme reserve	Treasury Shares	Capital reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total	Non Controlling interest	Total Equity
	Attributable to owners of the Bank												
Balance at 1 January 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	71,439,348
Other comprehensive income, net of tax													
Unrealised foreign currency translation difference	-	-	-	-	-	-	-	-	17,562,744	-	17,562,744	1,895,292	19,458,036
Realised foreign currency translation difference									-	-	-	-	-
Actuarial gains on remeasurement of retirement benefit (net fo 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	10,012,498
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**9,971,361**	**17,562,744**	**2,590,139**	**30,124,243**	**1,936,429**	**32,060,673**
Total comprehensive 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	0
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**	**93,614,031**	**448,247,552**	**6,247,028**	**454,494,580**

Statement of changes in equity
In thousands of Naira

Bank	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserve	Share Scheme reserve	Capital Reserve	Fair value reserve	Retained earnings	Total Equity
Balance at 1 January, 2017	**14,463,986**	**197,974,816**	**35,058,266**	**53,001,072**	**1,008,118**	**3,489,081**	**23,354,093**	**93,329,188**	**421,678,620**
Total comprehensive income for the year:									
Profit for the year	-	-	-	-	-	-	-	53,238,822	**53,238,822**
Other comprehensive income, net of tax									
Actuarial gain on remeasurement of retirement benefit	-	-	-	-	-	-	-	439,597	**439,597**
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	11,913,378	-	**11,913,378**
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**11,913,378**	**439,597**	**12,352,975**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**11,913,378**	**53,678,419**	**65,591,796**
Transactions with equity holders, recorded directly in equity:									
Transfers for the year	-	-	-	7,985,824	-	-	-	(7,985,824)	**-**
Dividend paid to equity holders	-	-	-	-	-	-	-	(18,803,180)	**(18,803,180)**
Scheme shares	-	-	-	-	1,023,860	-	-	-	**1,023,860**
Total contributions by and distributions to equity holders	**-**	**-**	**-**	**7,985,824**	**1,023,860**	**-**	**-**	**(26,789,004)**	**(17,779,320)**
Balance at 31 December 2017	**14,463,986**	**197,974,816**	**35,058,266**	**60,986,896**	**2,031,978**	**3,489,081**	**35,267,471**	**120,218,603**	**469,491,098**

Statement of changes in equity
In thousands of Naira

Bank	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves[1]	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 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**

Consolidated statement of cash flows

In thousands of Naira	Note	Group December 2017	Group December 2016	Bank December 2017	Bank December 2016
Cash flows from operating activities					
Profit before income tax		80,072,482	90,339,456	67,043,501	80,579,576
Adjustments for:					
Depreciation	28	11,237,951	9,106,886	9,499,180	7,774,591
Amortization	29	2,407,886	2,186,905	1,946,601	1,854,437
Gain on disposal of property and equipment	13	(10,090)	(167,340)	(902)	(143,985)
Gain on disposal of available for sale securities	13	-	(16,206,410)	-	(16,206,410)
Impairment on financial assets	9	34,466,868	21,952,819	29,149,849	17,641,128
Additional gratuity provision	14	753,058	1,207,851	753,058	1,196,995
Restricted share performance plan expense	14	1,170,693	1,061,070	1,023,860	884,777
Property and equipment written off	28	-	361,001	-	155,143
Net interest income	8	(163,451,545)	(137,289,619)	(131,537,034)	(116,017,406)
Unrealised foreign exchange loss on revaluation	12	12,330,254	5,246,704	12,526,107	5,326,545
Dividends on available for sale equity securities	13	(2,357,175)	(860,339)	(2,357,175)	(860,339)
		(23,379,618)	(23,061,015)	(11,952,956)	(17,814,948)
Changes in operating assets					
Non-pledged trading assets		(2,532,464)	7,622,062	1,612,589	7,622,062
Derivative financial instruments		39,272,532	(50,771,390)	38,413,712	(50,061,510)
Pledged assets		(132,166,902)	(111,232,105)	(125,555,825)	(114,482,878)
Restricted deposits		(93,261,157)	(130,490,427)	(92,845,896)	(129,978,902)
Loans and advances to banks and customers		(157,481,610)	(376,205,828)	(146,875,704)	(293,285,572)
Other assets		(22,207,412)	17,588,435	(17,301,652)	24,813,416
Changes in operating liabilities					
Deposits from financial institutions		282,378,081	94,853,538	180,413,510	32,098,779
Deposits from customers		128,556,097	368,213,235	73,170,265	279,424,380
Other liabilities		140,342,933	44,215,293	131,156,489	43,444,581
Payment to gratuity benefit holders		(707,744)	-	(707,744)	-
Interest paid on deposits to banks and customers		(101,532,364)	(77,202,482)	(90,953,447)	(62,659,950)
Interest received on loans and advances		204,920,752	228,932,846	173,647,956	162,170,378
		262,201,124	(7,537,839)	112,221,297	(118,710,163)
Income tax paid		(9,458,675)	(8,007,140)	(7,860,615)	(5,222,302)
Net cash generated from/(used in) operating activities		252,742,450	(15,544,978)	104,360,682	(123,932,465)
Cash flows from investing activities					
Acquisition of investment securities		(933,672,018)	(512,931,206)	(600,884,620)	(442,207,340)
Interest received on investment securities		58,941,173	38,148,395	44,099,567	23,716,900
Investment under management		-	(1,830,000)	-	(1,830,000)
Dividend received	13	2,357,175	860,339	2,357,175	860,339
Acquisition of property and equipment	28	(22,624,987)	(18,042,759)	(22,383,831)	(14,703,152)
Proceeds from the sale of property and equipment		1,054,864	562,167	1,033,303	436,417
Acquisition of intangible assets	29	(3,454,724)	(2,537,024)	(2,754,724)	(2,050,313)
Proceeds from disposal of asset held for sale		30,000	39,116	30,000	39,116
Proceeds from matured investment securities		346,747,158	121,997,751	247,256,905	110,725,856
Additional investment in subsidiaries		-	-	(27,678,395)	(12,350,316)
Proceeds from sale of investment securities		543,982,533	403,664,891	425,785,912	388,554,135
Proceeds from sale of equity investments		-	16,347,587	-	16,347,587
Net cash generated from investing activities		**(6,638,826)**	**46,279,257**	**66,861,290**	**67,539,229**
Cash flows from financing activities					
		(52,522,041)	(23,198,980)	(57,955,972)	(24,892,489)
Interest paid on interest bearing borrowings and debt securities issued					
Proceeds from interest bearing borrowings	36(m)	43,577,454	69,307,930	13,337,948	69,307,930
Repayment of interest bearing borrowings	36(m)	(34,371,397)	(28,626,050)	(99,011,336)	(63,090,135)
Purchase of own shares		(742,535)	(1,553,603)	-	-
Dividends paid to owners		(18,803,180)	(15,910,384)	(18,803,180)	(15,910,384)
Debt securities issued	35	121,486,981	86,904,970	121,486,981	86,904,970
Repayment of debt securities issued	35	(151,694,953)	(10,430,980)	(79,102,869)	(11,686,080)
Net cash (used in)/generated from financing activities		**(93,069,671)**	**76,492,903**	**(120,048,427)**	**40,633,812**
Net increase/(decrease) in cash and cash equivalents		153,033,953	107,227,182	51,173,545	(15,759,425)
Cash and cash equivalents at beginning of year	40	341,245,964	234,044,111	147,637,972	163,405,750
Net increase/ (decrease) in cash and cash equivalents		153,033,953	107,227,182	51,173,545	(15,759,425)
Effect of exchange rate fluctuations on cash held		(855,618)	(25,329)	-	(8,353)
Cash and cash equivalents at end of year	40	493,424,299	341,245,964	198,811,517	147,637,972

1.0 General information

Access Bank Plc ("the Bank") is a company domiciled in Nigeria. The address of the Bank's registered office is Plot 999c, Danmole Street, off Adeola Odeku/Idejo Street, Victoria Island, Lagos (formerly Plot 1665, Oyin Jolayemi, Victoria Island, Lagos). The consolidated financial statements of the Bank for the year ended 31 December 2017 comprise the Bank and its subsidiaries (together referred to as "the Group" and seperately 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 30 January 2018. The directors have the power to amend and reissue the financial statements.

2.0 Statement of compliance with International Financial Reporting Standards

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

3.0 Basis of preparation

This financial statements 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.
- 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 year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

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 2017 that are relevant to the group.
None of these standards were early adopted in the prior year by the Group as early adoption is not permitted by the Financial Reporting Council of Nigeria (FRCN).

(i) Amendments to IFRS 7 - Financial Instruments: Disclosures
Amends IFRS 7 to remove the phrase 'and interim years within the annual years' 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.

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

Amends IAS 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.

(iv) Amendments 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.

(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)

The International Accounting Standards Board (IASB) issued the final version of IFRS 9 Financial Instruments in July 2014. The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. It replaces IAS 39 Financial Instruments: Recognition and Measurement.
As permitted by the transitional provisions of IFRS 9, the Group elected not to restate comparative figures.
Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition will be recognised in the opening retained earnings and other reserves of the current period.
The adoption of IFRS 9 has resulted in changes in our accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 Financial Instruments: Disclosures.
Set out below are disclosures relating to the impact of the adoption of IFRS 9 on the Group.

Classification and measurement of financial instruments

The measurement category and the carrying amount of financial assets and liabilities in accordance with IAS 39 and IFRS 9 at 1 January 2018 are compared as follows:

There were no changes to the classification and measurement of financial liabilities, other than to changesin the fair value of financial liabilities designated at fair value through profit or loss that are attributable to changes in the instrument’s credit risk, which are now presented in other comprehensive income.

Decisions points

The implementation of IFRS 9 requires certain decisions to be taken by the management and approved in line the relevant governance framework. Management has assessed the complexity of each decision point and identified a range of policy options available for each. Management also considered conceptual suitability, implementation feasibility and regulatory directives on each option. A summary of key decision points, policy options for each decision point and the policy chosen by management is shown below:

S/N	Area	Decision
1	Determining lifetime PDs	Use external lifetime PD term structure
2	Determining other lifetime inputs	Assume external 12M is a reasonable proxy
3	Source of macroeconomic inputs	Combine internal & external sources
4	Quantification of impact	Combined approach
5	Incorporating multiple scenarios	Probability weighted provisions
6	Incorporating multiple non-macroeconomic s	Probability weighted provisions
7	Origination date	Last re-price
9	Key origination inputs	Internal and external credit scores
10	Forward looking data	Management overlays/Judgement
11	Metrics for credit risk	Combine internal and external credit scores and metrics
12	Definition of default	Prudential guidelines definition
13	Use of qualitative information within transitio	Specific qualitative information
14	Reliance on only 30 days past due for transiti	No. Other factors will be considered
15	Rebuttal of 30 days past due assumption	Yes, for specific portfolios
16	Restating comparatives	Comparatives will not be restated

Impairment

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

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

Staging Assessment

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

• A financial instrument that is not credit-impaired on initial recognition is classified in "Stage 1" and has its credit risk continuously monitored by the Group.
• If a significant increase in credit risk ("SICR") since initial recognition is identified, the financial instrument is moved to "Stage 2' but is not yet deemed to be credit-impaired.
• If the financial instrument is credit-impaired, the financial instrument is then moved to "Stage 3".
• Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
• A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward looking information.
• Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

Change in credit quality since initial recognition

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

Stage 1 and Stage 2 credit loss allowances effectively replace the collectively-assessed allowance for loans not yet identified as impaired recorded under IAS 39, while Stage 3 credit loss allowances effectively replace the individually assessed allowances for impaired loans. Under IFRS 9, the population of financial assets and corresponding allowances disclosed as Stage 3 will not necessarily correspond to the amounts of financial assets currently disclosed as impaired in accordance with IAS 39. Consistent with IAS 39, loans are written off when there is no realistic probability of recovery. Accordingly, our policy on when financial assets are written-off will not significantly change on adoption of IFRS 9.
Because all financial assets within the scope of the IFRS 9 impairment model will be assessed for at least 12-months of expected credit losses, and the population of financial assets to which full lifetime expected credit losses applies is larger than the population of impaired loans for which there is objective evidence of impairment in accordance with IAS 39, loss allowances are generally expected to be higher under IFRS 9
relative to IAS 39.
Changes in the required credit loss allowance, including the impact of movements between Stage 1 (12 month expected credit losses) and Stage 2 (lifetime expected credit losses), will be recorded in profit or loss. Because of the impact of moving between 12 month and lifetime expected credit losses and the application of forward looking information, provisions are expected to be more volatile under IFRS 9 than IAS 39.

Measurement

The measurement of expected credit losses will primarily be based on the product of the instrument's probability of default (PD), loss given default (LGD), and exposure at default (EAD), discounted to the reporting date. The main difference between Stage 1 and Stage 2 expected credit losses is the respective PD horizon. Stage 1 estimates will use a maximum of a 12-month PD while Stage 2 estimates will use a lifetime PD.
Stage 3 estimates will continue to leverage existing processes for estimating losses on impaired loans, however, these processes will be updated to reflect the requirements of IFRS 9, including the requirement to consider multiple forward-looking scenarios. The Group will combine the regulatory prudential guidelines with other relevant qualitative factors in the "definition of default".

An expected credit loss estimate will be produced for each individual exposure, including amounts which are subject to a more simplified model for estimating expected credit losses; however the relevant parameters will be modeled on a collective basis using largely the same underlying data pool supporting our stress testing and regulatory capital expected loss processes. Models have been developed, primarily leveraging our existing models for enterprise-wide stress testing.
For the small percentage of our portfolios that lack detailed historical information and/or loss experience, we will apply simplified measurement approaches that may differ from what is described above. These approaches have been designed to maximize the available information that is reliable and supportable for each portfolio and may be collective in nature.
Expected credit losses must be discounted to the reporting period using the effective interest rate.

Significant increase in credit risk (SICR)

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

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

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

Qualitative criteria:

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

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

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

Backstop

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

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

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

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

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

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

Measuring ECL Explanation of inputs, assumptions and estimation techniques

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

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

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

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

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

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

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

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

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

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

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

Incorporation of forward looking information and multiple economic scenarios

The Bank is required to incorporate forward-looking macroeconomic information into its assessment of expected credit loss Paramaters. The macroeconomic indices were projected for three possible scenarios being; best estimate, optimistic and downturn forecasts. The macroeconomic variables considered for the adjustment of the probabilities of default are listed below:

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

In line with the aforementioned IFRS 9 requirements, the Bank has adjusted its probabilities of default with the above-listed macroeconomic variables. By stressing the macroeconomic indicators, the Bank was able to estimate ECLs for the different economic scenarios. Probability weights were assigned to these scenarios to arrive at the weighted average expected credit losses.

Impact assessments have done to estimate the adjustments required and impact on capital upon adoption. Based on the assessments that been carried out, the following estimated adjustments on the opening balance of the Bank's equity at 1 January 2018 is between N40b and N45b. However, the impact on equity will be compensated for by reduction in regulatory risk reserve.

This assessment is preliminary because not all transition work has been completed as at the time of this report. The actual impact of adopting IFRS 9 on 1 January 2018 could change due to:

• Parallel runs have been done. However, the new systems and controls are still subject to improvement;
• testing and assessment of controls over its new IT systems and changes to its governance framework are still being carried out;
• the accounting policies, assumptions, judgements and statistical models employed are subject to change until the Group completes its first financial statements at the date of initial application.

The ECL could change in within the range of +/-10% from the estimates provided in this initial assessment.

Governance

As part of the implementation of IFRS 9, we have designed and implemented new controls and governance procedures in several areas that contribute to the calculation of expected credit losses. These include controls over credit risk data and systems, expected credit loss models and calculation model, forecasts of future macroeconomic variables, design and probability-weighting of future macroeconomic scenarios, and the determination of significant increases in credit risk. Internal Audit Unit is responsible for the ongoing monitoring of the models. The Board through 2 of its standing committees (Board Audit Committee and Board Credit Committee) have overall oversight over the IFRS 9 project for the Group.

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. However, from preliminary assessment, the applicattion of this standard is not expected to result in material impact in the Group.

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 with the exemption of interest income. 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. From preliminary assessment, the application of this standard is not expected to result in material impact in the Group as revenue from financial instrument is out of scope of the standard. As part of the going assessment, the Group is currently reviewing contracts with customers that may fall within the scope of IFRS 15 to determine the extent to which fees and commission income will be affected by the implement of the standard.

Amendments to IFRS 2 – Share-based Payment (with effective date of 1 January 2018)

The International Accounting Standards Board (IASB) has published final amendments to IFRS 2 'Share-based Payment' on 20 December 2017 that clarify the classification and measurement of share-based payment transactions which contains the following: (a) accounting for cash-settled share-based payment transactions that include a performance condition; (b) classification of share-based payment transactions with net settlement features; and (c) the ccounting for modifications of share-based payment transactions from cash-settled to equity-settled. Based on the assessment performed by the Group, this amendment will have no impact on the Group as the Group operates an equity settled share based payment scheme.

3.3 Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group exercise control.
Control is achieved when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity:

[i] power over the investee;
[ii] exposure, or rights, to variable returns from its involvement with the investee; and
[iii] the ability to use its power over the investee to affect the amount of the investor's returns

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

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

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

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

(b) Business combinations

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

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

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

When this total is negative, a gain from a bargain purchase is recognised immediately in statement of comprehensive income.
The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in in the income statement.
Transactions costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.
Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the income statement.
When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

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

(c) Loss of control

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

(d) Disposal of subsidiaries

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

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

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

(f) Transactions eliminated on consolidation

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

3.4 Segment reporting

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

3.5 Foreign currency translation

(a) Functional and presentation currency

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

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at 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 year. 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 year) to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instruments but not future credit losses.

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

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

(c) Net loss/gains on investment securities

Net loss/gains on investment securities comprise of the following:
- Net gains/losses on financial instruments classified as held for trading: This includes the gains and losses arising both on 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 revaluation.

(e) Other operating income

Other operating income includes items such as dividends, gains on disposal of properties, rental income, income from asset management, brokerage and agency as well as income from other investments.
Dividend on 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 year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments shall be charged as expenses in the periods in which they are incurred.

3.8 Income tax

The tax expense for the 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 39 category.

<table>
<tr><th></th><th>Category
(as defined by IAS 39)</th><th>Class (as determined by the Group)</th></tr>
<tr><td rowspan="13">Financial assets</td><td rowspan="3">Financial assets at fair value through profit or loss</td><td>Non pledged trading assets</td></tr>
<tr><td></td></tr>
<tr><td>Derivative financial assets</td></tr>
<tr><td rowspan="4">Loans and receivables</td><td>Cash and balances with banks</td></tr>
<tr><td>Loans and advances to banks</td></tr>
<tr><td>Loans and advances to customers</td></tr>
<tr><td>Other assets</td></tr>
<tr><td>Held to maturity</td><td>Investment securities - debt securities (pledged and non pledged)</td></tr>
<tr><td rowspan="3">Available for sale financial assets</td><td>Investment securities - debt securities (pledged and non pledged)</td></tr>
<tr><td>Investment securities - equity securities</td></tr>
<tr><td>Investment under management</td></tr>
<tr><td rowspan="8">Financial liabilities</td><td>Financial liabilities at fair value through profit or loss</td><td>Derivatives</td></tr>
<tr><td rowspan="7">Financial liabilities at amortised cost</td><td>Deposits from banks</td></tr>
<tr><td>Deposits from customers</td></tr>
<tr><td></td></tr>
<tr><td></td></tr>
<tr><td>Interest bearing</td></tr>
<tr><td>Debt securities issued</td></tr>
<tr><td>Other liabilities</td></tr>
</table>

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 measured at fair value through profit or loss unless they are designated and effective as hedging instruments. Financial assets held for trading consist of debt instruments, including money-market instruments, as well as financial assets with embedded derivatives. They are recognised in the consolidated statement of financial position as 'non-pledged trading assets '.

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

The Group 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] Investment under management

Investment under management are funds entrusted to Asset management firms who acts as agents to the bank for safe keeping and management for investment purpose with returns on the underlying investments accruable to the Bank, who is the principal.
The investment decision made by the Asset management within an agreed portfolio of high quality Nigerian fixed income and money market instruments which are usually short tenured.
The investments are carried as available-for-sale and accounting policy (3.9) (a) [iv] applies.

(b) Financial liabilities

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

[i] Financial liabilities at amortised cost

Financial liabilities that are not classified as at fair value through profit or loss are measured at amortised cost using the effective interest method. Interest expense is included in 'Interest expense' in the Statement of comprehensive income.
Deposits and debt securities issued are the Group's sources of debt funding. When the Group sells a financial asset and simultaneously enters into a "repo" or "stock lending" agreement to repurchase the asset (or a similar asset) at a fixed price on a future date, the arrangement is accounted for as a deposit, and the underlying asset continues to be recognised in the Group's financial statements as pledged assets.
The Group classifies debt instruments as financial liabilities or equity in accordance with the contractual terms of the instrument.

Deposits and debt securities issued are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Group designates liabilities at fair value through profit or loss.
On this statement of financial position, other financial liabilities carried at amortised cost include deposit from banks, deposit from customers, interest bearing borrowings, debt securities issued and other liabilities.

[ii] Financial liabilities at fair value

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

(c) De-recognition

[i] Financial assets

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

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

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to repurchase transactions as the Group retains all or substantially all the risks and rewards of ownership of such assets.
In transactions in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.
In certain transactions the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract, depending on whether the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.
Loans that are either subject to collective impairment assessment or individually significant and whose terms have been renegotiated are no longer considered to be past due but are treated as new loans. In subsequent years, the asset is considered to be past due and disclosed only if renegotiated again.

[ii] Financial liabilities

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

(d) Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Group has a legal enforceable right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.
Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity. See note 5.1.5

(e) Sale and repurchase agreements

Securities sold subject to repurchase agreements ('repos') remain on the statement of financial position; the counterparty liability is included in amounts due to other banks, deposits from banks, other deposits or deposits due to customers, as appropriate. Securities purchased under agreements to resell (reverse repos') are recorded as money market placement. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.
Securities lent to counterparties are also retained in the financial statements. Securities borrowed are not recognised in the financial statements, unless these are sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in trading income.

(f) Measurement

[i] Amortised cost measurement

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

[ii] Fair value measurement

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

(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 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 years of significant items of property and equipment are as follows:

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

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

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

(d) De-recognition

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

3.11 Intangible assets

(a) Goodwill

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

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

(b) Software

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

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

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

3.12 Leases

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

A group company is the lessee

(a) Operating lease
Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to operating expenses in the income statement on a straight-line basis over the year 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 year so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year.

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

3.13 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets other than goodwill and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each 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 years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.14 Discontinued operations

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

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

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

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

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

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

3.16 Provisions

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

(a) Restructuring

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

3.17 Financial guarantees

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

3.18 Employee benefits

(a) Defined contribution plans

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive 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 year.

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 year 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 year 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 years. 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 years 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 year that employees provide services, generally the year 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.

3.19 Share capital and reserves

(a) Share issue costs

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

(b) Dividend on the Bank's ordinary shares

Dividends on ordinary shares are recognised in equity in the year when approved by the Bank's shareholders. Dividends for the year that are declared after the end of the reporting year 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 year. 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 than 180 days
Doubtful	50%	Interest and/or principal overdue by 180 days but less than 365 days
Lost	100%	Interest and/or principal overdue by more than 365 days

A more accelerated provision may be done using the subjective criteria. A 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 the income statement.

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

3.20 Levies

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

4.0 Use of estimates and judgements

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

Key sources of estimation uncertainty

(i) *Allowances for credit losses*

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

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

	Group December 2017	**Group December 2016**	**Group December 2017**	**Group December 2016**
	Loans and advances to individuals		**Loans and advances to corporates**	
Impact on Profit before tax				
20% reduction in expected cashflow from specifically imp loans and All customers rated 5 are specifically impaired	(14,757,060)	(2,204,979)	(14,529,752)	(2,204,979)
Increase in LGD and PD by 2%	(727,376)	(21,795,115)	(716,172)	(21,129,199)
Decrease in LGDs and PD by 2%	647,444	20,940,405	637,471	20,288,377
Increase in LGDs and PD by 10%	(3,477,014)	(23,504,536)	(3,423,456)	(22,911,741)
Decrease in LGDs and PD by 10%	3,397,082	19,230,984	3,344,756	18,707,632

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 2017**	**December 2016**
Bank	Note		
Loans & advances:			
Specific impairment allowances on loans to customers			
- Loans to Individuals	23(b)	402,318	405,200
- Loans to Corporate	23(b)	35,614,441	9,679,116
Collective impairment allowances on loans to customers			
- Loans to Individuals	23(b)	645,740	1,039,812
- Loans to Corporates	23(b)	19,626,902	19,151,386
Collective impairment allowances on loans to banks	22	41,506	23,386
Total impairment allowances on loans per IFRS		**56,330,907**	**30,298,900**
Total regulatory impairment based on prudential gudielines		**91,389,173**	**65,357,166**
Balance, beginning of the year		35,058,266	37,826,382
Additional transfers to regulatory risk reserve		-	(2,768,116)
Balance, end of the year		**35,058,266**	**35,058,266**

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 2017

	Level 1	Level 2	Level 3	Total
Assets				
Investment under management				
Government bonds	-	357,441	-	357,441
Placements	-	-	6,283,077	6,283,077
Commercial paper	-	6,992,904	-	6,992,904
Nigerian treasury bills	1,972,963	-	-	1,972,963
Mutual funds	-	2,664,746	-	2,664,746
Eurobonds	-	1,986,000	-	1,986,000
Non pledged trading assets				
Treasury bills	37,743,819	-	-	37,743,819
Bonds	9,031,525	19,369	-	9,050,894
Equity	59,348	-	-	59,348
Derivative financial instrument	-	93,419,293	-	93,419,293
Pledged assets				
Treasury bills	157,172,849	-	-	157,172,849
Bonds	30,748,762	-	-	30,748,762
Investment securities				
Available for sale				
Treasury bills	29,977,451	-	-	29,977,451
Bonds	35,684,865	18,394,503	-	54,079,368
Equity	1,147,387	8,760,176	59,673,535	69,581,098
Assets held for sale	-	-	9,479,967	9,479,967
	303,538,969	132,594,432	75,436,579	511,569,980
Liabilities				
Derivative financial instrument	-	5,332,177	-	5,332,177
	-	5,332,177	-	5,332,177

Group
December 2016

	Level 1	Level 2	Level 3	Total
Assets				
Investment under management				
Placements	-	-	1,070,385	1,070,385
Commercial paper	-	6,454,067	-	6,454,067
Nigerian treasury bills	2,887,102		-	2,887,102
Mutual funds	-	2,629,693	-	2,629,693
Eurobonds	-	1,830,000	-	1,830,000
Non pledged trading assets				
Treasury bills	34,381,635	-	-	34,381,635
Bonds	10,170,293	18,304	-	10,188,597
Equity	59,348	-	-	59,348
Derivative financial instrument	-	156,042,984	-	156,042,984
Pledged assets				
Treasury bills	188,239,520	-	-	188,239,520
Bonds	7,516,209	-	-	7,516,209
Investment securities				
Available for sale				
Treasury bills	69,346,601	-	-	69,346,601
Bonds	29,252,094	3,431,482	-	32,683,576
Equity	1,147,387	7,451,138	59,673,535	68,272,060
Assets held for sale	-	-	140,727	140,727
	343,000,189	177,857,668	60,884,647	581,742,503
Liabilities				
Derivative financial instrument	-	30,444,501	-	30,444,501
	-	30,444,501	-	30,444,501

Bank
December 2017
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Investment under management				
Government bonds	-	357,441	-	357,441
Placements	-	-	6,283,077	6,283,077
Commercial paper	-	6,992,904	-	6,992,904
Nigerian treasury bills	1,972,963	-	-	1,972,963
Mutual funds	-	2,664,746	-	2,664,746
Eurobonds	-	1,986,000	-	1,986,000
Non pledged trading assets				
Treasury bills	33,906,748	-	-	33,906,748
Bonds	9,031,525	19,369	-	9,050,894
Equity	59,348	-	-	59,348
Pledged assets				
Treasury bills	157,172,849	-	-	157,172,849
Bonds	30,748,762	-	-	30,748,762
Derivative financial instrument	-	92,390,219	-	92,390,219
Investment securities				
Available for sale				
Treasury bills	9,598,737	-	-	9,598,737
Bonds	9,671,791	18,394,503	-	28,066,294
Equity	1,147,387	8,760,176	59,274,393	69,181,956
Asset held for sale	-	-	9,479,967	9,479,967
	253,310,110	131,565,358	75,037,437	459,912,905
Liabilities				
Derivative financial instrument	-	5,306,450	-	5,306,450
	-	5,306,450	-	5,306,450

Bank
December 2016
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Investment under management				
Placements	-	-	1,070,385	1,070,385
Commercial paper	-	6,454,067	-	6,454,067
Nigerian treasury bills	2,887,102		-	2,887,102
Mutual funds	-	2,629,693	-	2,629,693
Eurobonds	-	1,830,000	-	1,830,000
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
	303,387,197	177,587,344	51,032,993	532,007,535
Liabilities				
Derivative financial instrument	-	30,275,181	-	30,275,181
	-	30,275,181	-	30,275,181

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

4.1.2 Financial instruments not measured at fair value

Group
December 2017
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	953,944,176	-	953,944,176
Loans and advances to banks	-	-	68,049,702	68,049,702
Loans and advances to customers	-	-	2,045,074,534	2,045,074,534
Pledged assets				
Treasury bills	89,821,710	-	-	89,821,710
Bonds	119,473,094	-	-	119,473,094
Investment securities				
Held to Maturity				
Treasury bills	5,384,788	81,818,577	-	87,203,365
Bonds	2,352,196	34,238,386	-	36,590,582
Other assets	-	-	46,799,196	46,799,196
	217,031,788	1,070,001,139	2,159,923,432	3,446,956,359
Liabilities				
Deposits from financial institutions	-	-	450,196,970	450,196,970
Deposits from customers	-	-	2,244,879,075	2,244,879,075
Other liabilities	-	-	235,786,478	235,786,478
Debt securities issued	220,217,410	70,331,371	-	290,548,781
Interest-bearing borrowings	-	-	311,349,297	311,349,297
	220,217,410	70,331,371	3,242,211,820	3,532,760,601

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
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				
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	714,858,231	1,859,063,411	2,711,335,358

	Level 1	Level 2	Level 3	Total
Liabilities				
Deposits from financial institutions	-	-	167,356,583	167,356,583
Deposits from customers	-	-	2,101,625,991	2,101,625,991
Other liabilities	-	-	111,117,648	111,117,648
Debt securities issued	170,399,997	142,415,186	-	312,815,183
Interest-bearing borrowings	-	-	303,178,641	303,178,641
	170,399,997	142,415,186	2,683,278,863	2,996,094,046

Bank
December 2017
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	657,144,247	-	657,144,247
Loans and advances to banks	-	-	101,523,651	101,523,651
Loans and advances to customers	-	-	1,822,018,996	1,822,018,996
Pledged assets				
Treasury bills	89,821,710	-	-	89,821,710
Bonds	119,473,094	-	-	119,473,094
Investment securities				
Held to maturity				
Treasury bills	5,384,788	-	-	5,384,788
Bonds	2,352,196	6,161,050	-	8,513,246
Other Assets	-	-	34,517,514	34,517,514
	217,031,788	663,305,297	1,958,060,161	2,838,397,246
Liabilities				
Deposits from financial institutions	-	-	-	-
Deposits from customers	-	-	-	-
Other liabilities	-	-	223,963,436	223,963,436
Debt securities issued	220,217,410	70,331,371	-	290,548,781
Interest-bearing borrowings	-	-	288,902,461	288,902,461
	220,217,409	70,331,371	512,865,897	803,414,678

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
Loans and advances to banks	-	-	104,651,099	104,651,099
Loans and advances to customers	-	-	1,584,350,701	1,584,350,701
Pledged assets				
Bonds	79,336,927	-	-	79,336,927
Investment securities				
Held to maturity				
Bonds	30,729,231	-	-	30,729,231
Other Assets	-	-	33,265,072	33,265,072
	110,066,158	517,997,249	1,722,266,872	2,350,330,279
Liabilities				
Deposits from financial institutions	-	-	95,107,837	95,107,837
Deposits from customers	-	-	1,825,471,578	1,825,471,578
Other liabilities	-	-	105,287,724	105,287,724
Debt securities issued	170,399,997	56,810,072	-	227,210,069
Interest-bearing borrowings	-	-	448,970,379	448,970,379
	170,399,997	56,810,072	2,474,837,518	2,702,047,587

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) Valuation of financial instruments

Valuation techniques used to derive Level 2 fair values

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

Description	Fair value at 31 December 2017	Valuation Technique	Observable Inputs	Fair value if inputs increased by 5%	Fair value if inputs decreased by 5%	Relationship of observable inputs to fair value
Investment in MTN	8,760,176	Fair value through quoted share price as at last trade date.	Share price from last trade date Number of units owned by Access bank	9,198,185	8,322,167	The higher the share price as at the last trade date, the higher the fair value
Derivative financial assets	93,419,293	Forward and swap: Fair value through market rate from a quoted market	Market rates from quoted market	5,312,953	(5,312,953)	The higher the market rate, the higher the fair value of the derivative fiancial instument
Derivative financial liabilities	5,332,177	Futures: Fair value through reference market rate				

Valuation techniques used to derive Level 3 fair values

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

Description	Fair value at 31 December 2017	Valuation Technique	Observable Inputs	Fair value if inputs increased by 5%	Fair value if inputs decreased by 5%	Fair value if unobservable inputs increased by 5%	Fair value if unobservable inputs decreased by 5%	Relationship of unobservable inputs to fair value
Investment in Africa Finance Corporation	50,882,911	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	53,427,057	48,338,765	53,427,057	48,338,765	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Investment in Unified Payment System	3,130,451	Adjusted fair value comparison approach	Median of Enterprise value to EBITDA ratio (EV/EBITDA) of similar comparable companies	3,286,974	2,973,929	3,246,824	3,014,079	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Investment in CSCS	1,343,868	Adjusted fair value comparison approach	Median of Enterprise value to EBITDA ratio (EV/EBITDA) of similar comparable companies	1,411,061	1,276,675	1,408,673	1,279,062	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Investment in NIBSS	3,396,757	Adjusted fair value comparison approach	Weighted Price to earnings (P/E) ratio of similar comparable companies	3,566,595	3,226,919	3,566,595	3,226,919	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Investment in Afrexim	14,984	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	15,733	14,235	15,733	14,235	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	137,141	124,080	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	292,414	270,836	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	97,845	88,526	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 ended 31st December 2017

Equity Securities - Available for Sale	**Group December 2017**	**Group December 2016**	**Bank December 2017**	**Bank December 2016**
Opening balance	50,069,031	37,159,966	49,821,881	35,516,671
Total unrealised gains or (losses) in OCI	5,111,787	15,449,958	5,107,631	15,449,958
Reclassification to profit or loss	-	(2,540,893)	-	(1,144,748)
Balance, year end	55,180,818	50,069,031	54,929,512	49,821,881

Assets Held for Sale	**Group December 2017**	**Group December 2016**	**Bank December 2017**	**Bank December 2016**
Opening balance	-	179,843	140,727	179,843
Cost of asset added	9,369,240	-	9,369,240	-
Cost of Asset disposed	(30,000)	(39,116)	(30,000)	(39,116)
Balance, year end	9,339,240	140,727	9,479,967	140,727

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

Disclosure Requirements for Level 3 Financial Instruments

Valuation Technique Unquoted Equity:
The investment valuation policy (IVP) of the Group provides the framework for accounting for the Group's investment in unquoted equity securities 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 Illiquidity 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. Illiquidity discount of 25% is used to discount the value of the investments that 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

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. 2016: 19.5%) and a cash flow growth rate of 6.62% (Dec. 2016: 6.62%) over a year of four years. The Group determined the appropriate discount rate at the end of the year by making reference to 15 year government bond which is the longest tenured security in Rwanda. See note 29b for further details.

(iv) Defined benefit plan
The present value of the long term incentive plan depends on a number of factors that are determined in an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of obligations. The assumptions used in determining the net cost (income) for pensions include the discount rate. The Group determines the appropriate discount rate at the end of the 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 2017**	**Trading**	**Held-to-maturity**	**Loans and receivables at amortized cost**	**Available-for-sale**	**Fair value through profit or loss**	**Financial Liabilities measured at amortized cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	-	-	953,944,176	-	-	-	953,944,176	953,944,176
Investment under management	-	-	-	20,257,131	-	-	20,257,131	20,257,131
Non pledged trading assets								
Treasury bills	37,743,819	-	-	-	-	-	37,743,819	37,743,819
Bonds	9,050,894	-	-	-	-	-	9,050,894	9,050,894
Equity	59,348	-	-	-	-	-	59,348	59,348
Derivative financial instruments	-	-	-	-	93,419,293	-	93,419,293	93,419,293
Loans and advances to banks	-	-	68,114,076	-	-	-	68,114,076	101,523,651
Loans and advances to customers	-	-	1,995,987,627	-	-	-	1,995,987,627	2,045,074,534
Pledged assets								
Treasury bills	126,477,561	-	-	132,195,254	-	-	258,672,815	246,994,559
Bonds	68,554	161,264,920	-	27,108,115	-	-	188,441,589	150,221,856
Investment securities								
- Available for sale								
Treasury bills	-	-	-	29,977,451	-	-	29,977,451	29,977,451
Bonds	-	-	-	54,079,368	-	-	54,079,368	54,079,368
Equity	-	-	-	69,581,098	-	-	69,581,098	69,581,098
- Held to Maturity								
Treasury bills	-	88,203,365	-	-	-	-	88,203,365	87,203,365
Bonds		36,590,582	-	-	-	-	36,590,582	36,590,582
Other assets	-	-	46,799,196	-	-	-	46,799,196	46,799,196
	173,400,176	**286,058,867**	**3,064,845,075**	**333,198,417**	**93,419,293**	**-**	**3,950,921,828**	**3,982,520,321**
Deposits from financial institutions	-	-	-	-	-	450,196,970	450,196,970	450,196,970
Deposits from customers	-	-	-	-	-	2,244,879,075	2,244,879,075	2,244,879,075
Other liabilities	-	-	-	-	-	235,786,478	235,786,478	235,786,478
Derivative financial instruments	-		-	-	5,332,177	-	5,332,177	5,332,177
Debt securities issued	-	-	-	-	-	302,106,706	302,106,706	290,548,781
Interest bearing borrowings	-	-	-	-	-	311,617,187	311,617,187	311,349,297
	-	**-**	**-**	**-**	**5,332,177**	**3,544,586,416**	**3,549,918,593**	**3,538,092,778**

Group *In thousands of Naira* **31 December 2016**	**Trading**	**Held-to-maturity**	**Loans and receivables at amortized cost**	**Available-for-sale**	**Fair value through profit or loss**	**Financial Liabilities measured at amortized cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	-	-	713,889,105	-	-	-	713,889,105	714,858,231
Investment under management	-	-	-	14,871,247	-	-	14,871,247	14,871,247
Non pledged trading assets								
Treasury bills	34,381,635	-	-	-	-	-	34,381,635	34,381,635
Bonds	10,188,597	-	-	-	-	-	10,188,597	10,188,597
Equity	59,348	-	-	-	-	-	59,348	59,348
Derivative financial instruments	-	-	-	-	156,042,984	-	156,042,984	156,042,984
Loans and advances to banks	-	-	45,203,002	-	-	-	45,203,002	104,651,099
Loans and advances to customers	-	-	1,809,459,172	-	-	-	1,809,459,172	1,771,419,816
Pledged assets								
Treasury bills	105,841,302	-	-	82,398,218	-	-	188,239,520	188,239,520
Bonds	-	119,191,773	-	7,516,209	-	-	126,707,982	86,853,136
Investment securities								
- Available for sale								
Treasury bills	-	-	-	69,346,601	-	-	69,346,601	69,346,601
Bonds	-	-	-	32,648,488	-	-	32,648,488	32,683,577
Equity	-	-	-	58,667,555	-	-	58,667,555	58,667,555
- Held to Maturity								
Treasury bills	-	27,350,114	-	-	-	-	27,350,114	27,347,558
Bonds		41,101,014	-	-	-	-	41,101,014	30,729,231
Other assets	-	-	41,796,068	-	-	-	41,796,068	41,796,068
	150,470,882	**187,642,901**	**2,610,347,347**	**265,448,319**	**156,042,984**	**-**	**3,369,952,432**	**3,342,136,203**
Deposits from financial institutions	-	-	-	-	-	167,356,583	167,356,583	167,356,583
Deposits from customers	-	-	-	-	-	2,089,197,286	2,089,197,286	2,101,625,991
Other liabilities	-	-	-	-	-	111,117,648	111,117,648	111,117,648
Derivative financial instruments	-		-	-	30,444,501	-	30,444,501	30,444,501
Debt securities issued	-	-	-	-	-	316,544,502	316,544,502	312,815,183
Interest bearing borrowings	-	-	-	-	-	299,543,707	299,543,707	303,178,641
	-	**-**	**-**	**-**	**30,444,501**	**2,983,759,726**	**3,014,204,227**	**3,026,538,547**

Bank *In thousands of Naira* **31 December 2017**	**Trading**	**Held-to-maturity**	**Loans and receivables at amortised cost**	**Available-for-sale**	**Fair value through profit or loss**	**Financial Liabilities measured at amortized cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	-	-	657,144,247	-	-	-	657,144,247	657,144,247
Investment under management	-	-	-	20,257,131	-	-	20,257,131	20,257,131
Non pledged trading assets								
Treasury bills	33,906,748	-	-	-	-	-	33,906,748	33,906,748
Bonds	9,050,894	-	-	-	-	-	9,050,894	9,050,894
Equity	59,348						59,348	59,348
Derivative financial instruments	-	-	-	-	92,390,219	-	92,390,219	92,390,219
Loans and advances to banks	-	-	101,429,001	-	-	-	101,429,001	101,523,651
Loans and advances to customers	-	-	1,771,282,739	-	-	-	1,771,282,739	1,822,018,996
Pledged assets								
Treasury bills	141,319,214	94,888,889	-	15,853,635	-	-	252,061,738	246,994,559
Bonds	68,554	157,692,827	-	30,680,208	-	-	188,441,589	150,221,856
Investment securities								
Available for sale								
Treasury bills	-	-	-	9,598,737	-	-	9,598,737	9,598,737
Bonds	-	-	-	28,066,294	-	-	28,066,294	28,066,294
Equity	-	-	-	69,181,956	-	-	69,181,956	69,181,956
Held to maturity								
Treasury bills	-	5,837,568	-	-	-	-	5,837,568	5,384,788
Bonds	-	9,116,855	-	-	-	-	9,116,855	8,513,246
Other assets	-	-	34,517,514	-	-	-	34,517,514	34,517,514
	184,404,758	**267,536,139**	**2,564,373,501**	**173,637,961**	**92,390,219**	**-**	**3,282,342,578**	**3,288,830,184**
Deposits from financial institutions	-	-	-	-	-	276,140,835	276,140,835	-
Deposits from customers	-	-	-	-	-	1,910,773,713	1,910,773,713	-
Derivative financial instruments	-	-	-	-	5,306,450	-	5,306,450	5,306,450
Other liabilities	-	-	-	-	-	223,963,436	223,963,436	223,963,436
Debt securities issued	-	-	-	-	-	302,106,706	302,106,706	290,548,781
Interest bearing borrowings	-	-	-	-	-	282,291,141	282,291,141	288,902,461
	-	**-**	**-**	**-**	**5,306,450**	**2,995,275,831**	**3,000,582,281**	**808,721,128**

Bank *In thousands of Naira* **31 December 2016**	**Trading**	**Held-to-maturity**	**Loans and receivables at amortised cost**	**Available-for-sale**	**Fair value through profit or loss**	**Financial Liabilities measured at amortized cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	-	-	517,997,249	-	-	-	517,997,249	517,997,249
Investment under management	-	-	-	14,871,247	-	-	14,871,247	14,871,247
Non pledged trading assets								
Treasury bills	34,381,635	-	-	-	-	-	34,381,635	34,381,635
Bonds	10,188,597	-	-	-	-	-	10,188,597	10,188,597
Equity	59,348						59,348	59,348
Derivative financial instruments	-	-	-	-	155,772,662	-	155,772,662	155,772,662
Loans and advances to banks	-	-	104,006,574	-	-	-	104,006,574	104,651,099
Loans and advances to customers	-	-	1,594,562,345	-	-	-	1,594,562,345	1,584,350,701
Pledged assets								
Treasury bills	105,841,302	-	-	82,398,218	-	-	188,239,520	188,239,521
Bonds	-	119,191,773	-	7,516,209	-	-	126,707,982	86,853,136
Investment securities								
Available for sale								
Treasury bills	-	-	-	40,960,665	-	-	40,960,665	40,960,665
Bonds	-	-	-	21,456,519	-	-	21,456,519	21,456,519
Equity	-	-	-	58,420,406	-	-	58,420,406	58,420,406
Held to maturity								
Treasury bills	-	-	-	-	-	-	-	-
Bonds	-	40,363,051	-	-	-	-	40,363,051	30,729,231
Other assets	-	-	33,265,072	-	-	-	33,265,072	33,265,072
	150,470,882	**159,554,824**	**2,249,831,241**	**225,623,265**	**155,772,662**	**-**	**2,941,252,872**	**2,882,197,087**
Deposits from financial institutions	-	-	-	-	-	95,122,188	95,122,188	95,107,837
Deposits from customers	-	-	-	-	-	1,813,042,872	1,813,042,872	1,825,471,578
Derivative financial instruments	-	-	-	-	30,275,181	-	30,275,181	30,275,181
Other liabilities	-	-	-	-	-	105,287,724	105,287,724	105,287,724
Debt securities issued	-	-	-	-	-	243,952,418	243,952,418	227,210,069
Interest bearing borrowings	-	-	-	-	-	372,179,785	372,179,785	376,074,510
	-	**-**	**-**	**-**	**30,275,181**	**2,629,584,987**	**2,659,860,168**	**2,659,426,899**

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

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

(i) Cash

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

(ii) Loans and advances to banks and customers

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

(iii) Investment securities and pledged assets

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

The fair value disclosed in the table above comprises equity securities held at cost less impairment and debt instruments. The fair value for these assets are based on estimations using market prices and earning multiples of quoted securities with similar characteristics.

(iv) Other assets

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

(v) Deposits from banks and customers

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

(vi) Other liabilities

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

(vii) Interest bearing borrowings

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

FINANCIAL RISK MANAGEMENT

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

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

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

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

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

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

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

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

Risk Management Framework

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

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

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

We run an automated and workflow-driven approach to managing, communicating, and implementing Governance, Risk Management and Compliance (GRC) policies and procedures across the Bank. This provides an integrated and flexible platform for documenting and analysing risks, developing mitigation plans, defining controls, and managing ongoing risk assessments. It provides clear visibility on key risk indicators, assessment results, and compliance initiatives with integrated reporting of self-assessments, independent assessments, and automated controls vis-à-vis set limit.
We believe that understanding and managing our risks and continuously improving our controls are central to the delivery of our strategic objectives. The Board's risk committees play an active role in ensuring that we undertake well-measured, profitable, risk-taking activities that support long-term sustainable growth.

Balancing Risk and Return

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

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

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

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

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

Enterprise-wide Scenario and Stress Testing

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

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

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

Risk Analytics and Reporting

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

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

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

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

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

Data Management and Integration.

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

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

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

Integrated Risk Analytics

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

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

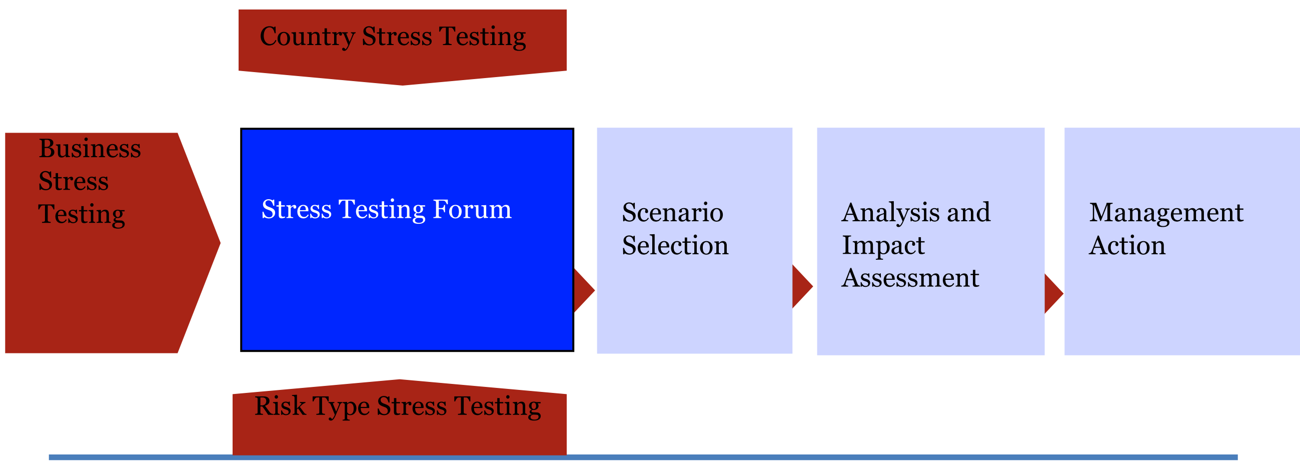
In 2015, the Group deepened the Risk Embedded Performance Management Frame work as part of the process of maintaining and aligning behaviours with the Bank's moderate risk appetite. Business performance will subsequently be monitored with a focus on financial performance and risk exposures being aligned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

Integrated Risk Reporting.

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

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

Stress testing framework



Our stress testing framework is designed to:

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

Risk Management Philosophy, Culture, Appetite and Objectives

Access Bank's Risk Culture Statement:

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

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

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

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

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

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

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

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

a) Management and staff:

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

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

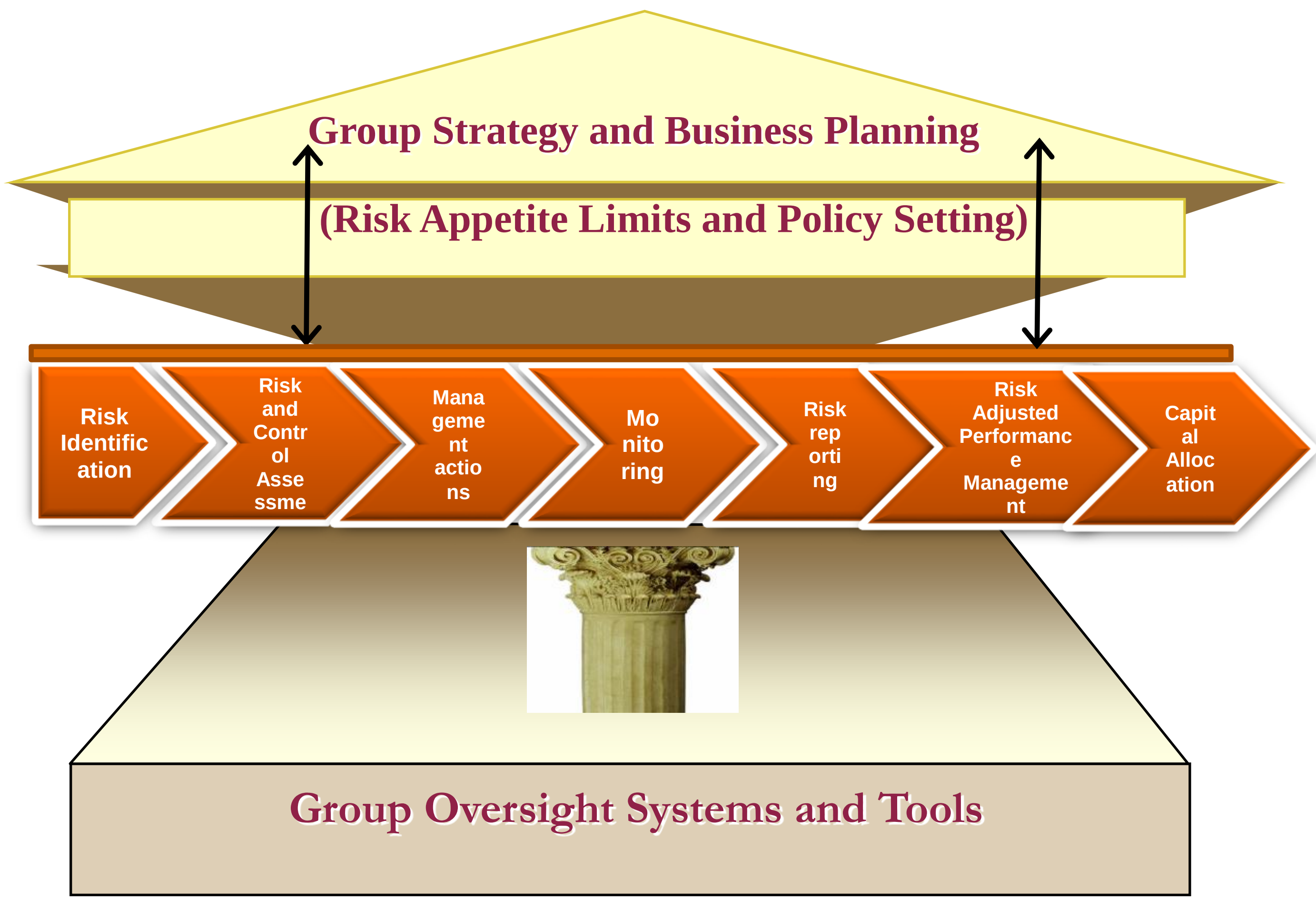
c) The bank also partners with its customers to improve their attitude to risk management and encourage them to build corporate governance culture into their business management

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

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

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

Risk management process



Group risk oversight approach

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

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

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

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

Strategy and Business Planning

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

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

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

Risk Appetite

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

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

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

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

Risk management objectives

The broad risk management objectives of the Bank are:

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

Scope of Risks

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

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

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

Responsibilities and functions

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

Risk Management Division

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

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

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

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

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

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

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

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

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

j) Champion the implementation of Basel II and III.

k) Promote risk awareness and provide education on risk.

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

Financial Control and Strategy

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

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

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

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

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

f) Prepare periodic management reports on subsidiaries and associates

g) Perform competitive analysis in comparison with industry peers

h) Conduct strategic/operational review of branches

Risk Management Governance Framework

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

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

2. The executive management committees; and

3. Risk management responsibilities per risk area.

CREDIT RISK MANAGEMENT

Credit risk arises from the failure of an obligor of the Bank to repay principal or interest at the stipulated time or failure otherwise to perform as agreed. This risk is compounded if the assigned collateral only partly covers the claims made to the borrower, or if its valuation is exposed to frequent changes due to changing market conditions (i.e. market risk).

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

We recognise the fact that our main asset is our loan portfolio. Therefore, we actively safeguard and strive to continually improve the health of our loan portfolio. We scrutinize all applications and weed out potential problem loans during the loan application phase, as well as constantly monitor existing loan portfolio.

The goal of the Bank is to apply sophisticated but realistic credit models and systems to monitor and manage credit risk. Ultimately these credit models and systems are the foundation for the application of internal rating-based approach to calculation of capital requirements. The development, implementation and application of these models are guided by the Bank's Basel II strategy.

The pricing of each credit granted reflects the level of risks inherent in the credit. Subject to competitive forces, Access Bank implements a consistent pricing model for loans to its different target markets. The client's interest is guarded at all times, and collateral quality is never the sole reason for a positive credit decision.

Provisions for credit losses meet IFRS and prudential guidelines set forth by the Central Bank of the countries where we operate, both for loans for which specific provisions exist as well as for the portfolio of performing loans. Access Bank's credit process requires rigorous proactive and periodic review of the quality of the loan portfolio. This helps us to identify and remediate credit issues proactively.

The Criticized Assets Committee performs a quarterly review of loans with emerging signs of weakness; the Management Credit Committee and the Board Credit Committee also perform reviews of the quality of our loan portfolio on a quarterly basis. These are in addition to daily reviews performed by the various Heads of Risk within the Credit Risk Management Groups.

Principal Credit Policies

The following are the principal credit policies of the Bank:

Credit Risk Management Policy: The core objective is to enable maximization of returns on a risk adjusted basis from banking book credit risk exposures that are brought under the ambit of Credit Risk Management Policy by putting in place robust credit risk management systems consisting of risk identification, risk measurement, setting of exposure & risk limits, risk monitoring & control and reporting of credit risk in the banking book.

Credit Risk Mitigant Management Policy: The objective is to aid in effective credit portfolio management through mitigation of credit risks by using credit risk mitigation techniques.

Credit Risk Rating Policy: The objective of this policy is to ensure reliable and consistent Obligor Risk Ratings (ORRs) and Facility Risk Ratings (FRRs) throughout Access Bank and to provide guidelines for risk rating for retail and non-retail exposures in the banking book covering credit and investment books of the Bank.

Country and Cross Border Risk Management Policy: The objective of this policy is to establish a consistent framework for the identification, measurement and management of country risk across Access Bank.

Internal Capital Adequacy Assessment Process (ICAAP) Policy: The objectives of the policy are identification of material risks, measurement of material risks, monitoring & control of material risks and reporting of material risks.

Enterprise-wide Risk Management Policy: The core objective is to provide reasonable degree of assurance to the Board of Directors that the risks threatening the Bank's achievement of its vision are identified, measured, monitored and controlled through an effective integrated risk management system covering credit, market, operational, interest rate, liquidity and other material risks.

Responsibilities of Business Units and Independent Credit Risk Management

In Access Bank, Business units and independent credit risk management have a joint responsibility for the overall accuracy of risk ratings assigned to obligors and facilities. Business Relationship Managers will be responsible for deriving the ORR and FRR using approved methodologies as set out in this policy, however independent credit risk management will validate such ratings.

Notwithstanding who derives the risk rating, Credit Risk Management is responsible for reviewing and ensuring the correctness of the ORR and FRR assigned to a borrower and facilities. This review includes ensuring the ongoing consistency of the business' Risk Rating Process with Access Bank Risk Rating Policy; ongoing appropriate application of the Risk Rating Process and tools; review of judgmental and qualitative inputs into the Risk Rating Process; ensuring the timeliness and thoroughness of risk rating reviews; and ensuring that the documentation of the Risk Rating Process is complete and current.

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

Credit Process

The Bank's credit process starts with portfolio planning and target market identification. Within identified target markets, credits are initiated by relationship managers. The proposed credits are subjected to review and approvals by applicable credit approval authorities. Further to appropriate approvals, loans are disbursed to beneficiaries.

On-going management of loans is undertaken by both relationship management teams and our Credit Risk Management Group. The process is applied at the Head Office and in the subsidiaries.

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

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

Credit Risk Measurement

Risk Rating Methodology

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

In Access Bank, the objective of the Risk Rating Policy is to ensure reliable and consistent Obligor Risk Ratings ('ORRs') and Facility Risk Ratings ('FRRs') throughout the Bank and to provide guidelines for risk rating for retail and non – retail exposures in the bank.
The Risk rating policy incorporates credit risk rating models which estimate risk of obligor default and facility risks (covering both recovery as well as exposure risk). These models are currently based on expert judgment for Retail and Non-Retail Exposures. Our goal is to adopt the Internal Rating Based ("IRB") approach. The data required to facilitate the IRB approach are being gathered.

All Access Bank businesses that extend credit are subject to the Risk Rating Policy.

Credit Risk Rating Models in Access Bank Plc

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

For Retail Exposures:

Obligor Risk Rating (ORR) Models have been developed for:
1. Personal Loans
2. Credit Cards
3. Auto Loans
4. Mortgage Loans

Facility Risk Rating (FRR) Models have been developed for:
1. Loss Given Default (LGD)
2. Exposure at Default (EAD)

For Non – Retail Exposures:

Obligor Risk Rating (ORR) Models have been developed for:
1. Sovereign (Approach to rating Sovereign Exposures using External ratings)
2. Bank and NBFIs

3. Corporate
    - Manufacturing Sector
    - Trading Sector
    - Services Sector
    - Real Estate Sector
4. Small and Medium Enterprises (SME) Without Financials

Facility Risk Rating (FRR) Models have been developed for
1. Loss Given Default (LGD)
2. Exposure at Default (EAD)

Risk Rating Process

In Access Bank, all businesses must have a documented and approved Risk Rating Process for deriving risk ratings for all obligors and facilities (including those covered under Credit Programs). The Risk Rating Process is the end-to-end process for deriving ORRs and FRRs and includes models, guidelines, support adjustments, collateral adjustments, process controls, as well as any other defined processes that a business undertakes in order to arrive at ORRs and FRRs. Risk rating process of each business must be in compliance with the Bank's Risk rating Policy and deviations must be explicitly approved.

Establishing the Risk Rating Process is the joint responsibility of the Business Manager and the Credit Risk Manager associated with each business. The process must be documented and must be approved by the Management Credit Committee.
The Risk Rating Process for each business must be reviewed and approved every three years, unless more frequent review is specified as a condition of the approvals. Interim material changes to the Risk Rating Process, as determined by the Credit Risk Manager for the business, must be re-approved.

Risk Rating Scale and external rating equivalent

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

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

Access Bank Risk Rating	External Rating	Grade
1	AAA	Investment Grade
2+	AA	
2	A	
2-	BBB	
3+	BB+	Standard Grade
3	BB	
3-	BB-	
4	B	Non-Investment Grade
5	B-	
6	CCC	
7	C	
8	D	

Credit Risk Control & Mitigation policy

Authority Limits on Credit

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

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

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

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

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

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

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

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

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

Collateral Policies

It is the Group's policy that all credit exposures are adequately collateralised. Credit risk mitigation is an activity of reducing credit risk in an exposure or transferring it to counterparty, at facility level, by a safety net of tangible and realizable securities including approved third-party guarantees/ insurance.

In Access Bank, strategies for risk reduction at the transaction level differ from that at the portfolio level. At transaction level, the most common technique used by the bank is the collateralization of the exposures, by first priority claims or obtaining a third party guarantee. For all credit risk mitigants that meet the policy criteria, a clear set of procedures are applied to ensure that the value of the underlying collateral is appropriately recorded and updated regularly.

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

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

However the primary consideration for approving credits is hinged largely on the obligor's financial strength and debt-servicing capacity. The guidelines relating to risk mitigant as incorporated in the guidance note of BCBS on "Principles for the Management of Credit Risk" (September 2000, Paragraph 34) are be taken into consideration while using a credit risk mitigant to control credit risk.

"Bank can utilize transaction structure, collateral and guarantees to help mitigate risks (both identified and inherent) in individual credits but transactions should be entered into primarily on the strength of the borrower's repayment capacity. Collateral cannot be a substitute for a comprehensive assessment of the borrower or the counterparty, nor can it compensate for insufficient information. It should be recognized that any credit enforcement actions (e.g. foreclosure proceedings) can eliminate the profit margin on the transaction. In addition, Banks need to be mindful that the value of collateral may well be impaired by the same factors that have led to the diminished recoverability of the credit."

The range of collaterals acceptable to the Bank include:

- Cash / Deposit (domestic and foreign currency) with the bank including certificates of deposit or comparable instruments issued by the bank.
- Certificates of Deposit from other banks.
- Commodities.
- Debt securities issued by sovereigns and public-sector enterprises.
- Debt securities issued by banks and corporations.
- Equities - Stocks / Share Certificates of quoted blue chip companies
- Mortgage on Landed Property
- Asset-backed securities.
- Charge on assets (Fixed and/or Floating) - premises/ inventory/ receivables/ merchandise/ plant/ machinery etc.
- Negative Pledges
- Lien on Asset being financed
- Stock Hypothecation
- Shipping Documents (for imports)
- Bankers' Acceptance
- Life Assurance Policies

Master Netting Arrangements - Traded Products

Credit risk from traded products is managed within the overall credit risk appetite for corporates and financial institutions.
The credit risk exposure from traded products is derived from the positive mark-to-market value of the underlying instruments, and an additional component to cater for potential market movements.
For derivative contracts, we limit our exposure to credit losses in the event of default by entering into master netting agreements with certain counterparties. As required by IAS 32, exposures are only presented net in the financial statement if there is a legal right to offset and the assets/liabilities will be settled simultaneously.
It is the Group's policy that all credit exposures are adequately collateralised. Credit risk mitigation is an activity of reducing credit risk in an exposure.

Provisioning policy

A loan or loan portfolio is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the loan or loan portfolio that can be reliably estimated.

MARKET RISK MANAGEMENT

Definition

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

Market risk policy, management and control

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

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

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

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

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

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

In line with the CBN circular on new capital adequacy framework, Access Bank has adopted the standardised approach for market risk and is used in the annual computation of the Internal Capital Adequacy Assessment Process (ICAAP) which involves the identification, measurement and assessment of all material risks and resultant capital requirements.

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

Non-trading portfolio

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

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

Interest rate risk

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

Re-pricing and Liquidity Gap Analysis

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

The Bank's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or re-price at different times or in differing amounts. In the case of floating rated assets and liabilities, the Bank is also exposed to basis risk, which is the difference in re-pricing characteristics of the various floating rate indices, such as the savings rate and 90-day NIBOR and different types of interest.

Non-traded interest rate risk arises in the banking book from the provision of retail and wholesale (non-traded) banking products and services, as well as from certain structural exposures within the Group balance sheet, mainly due to re-pricing timing differences between assets, liabilities and equity. These risks impact both the earnings and the economic value of the Group. Overall non-trading interest rate risk positions are managed by Treasury, which uses investment securities, advances to banks and deposits from banks to manage the overall position arising from the Group's non-trading activities.

Earnings-at-Risk (EAR) Approach

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

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

Sensitivity Analysis and Stress Testing

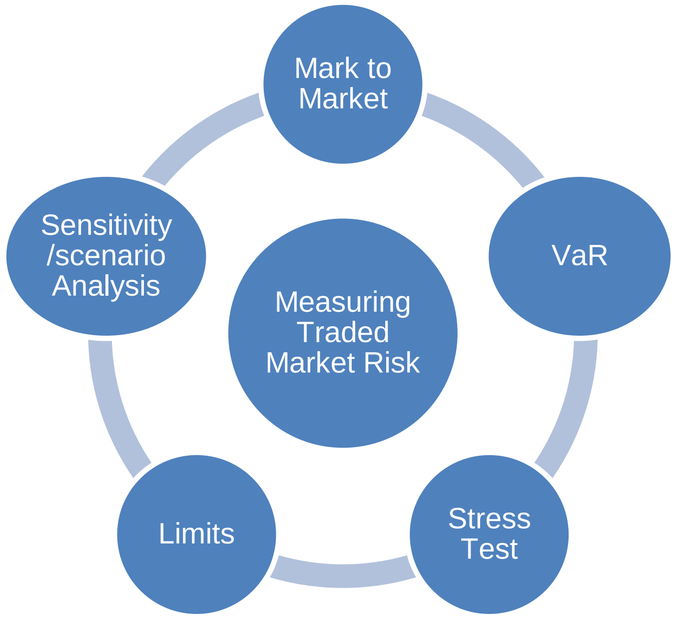
Sensitivity analysis and stress testing are risk measurement techniques that help us ensure that the risks the Bank takes remain within our risk appetite and that our level of capital remains adequate. Sensitivity analysis involves varying a single factor (e.g. a model input or specific assumption) to assess the impact on various risk measures.

Stress testing generally involves consideration of the simultaneous movements in a number of risk factors. It is used to measure the level of potential unexpected losses for Credit, Market (both trading and non-trading), Operational and Liquidity Risks.

Under potential adverse conditions, stress testing plays an important role in supporting overall capital management and adequacy assessment processes. Our enterprise-wide stress testing program utilizes stress scenarios featuring a range of severities based on unlikely but possible adverse market and economic events. These common stress scenarios are evaluated across the organization, and results are integrated to develop an enterprise-wide view of the impacts on our financial results and capital requirements. This program uses macro-economic projections and applies them as stress impacts on the organization viz-a-viz the various risk types.

Trading portfolio

The measurement/control techniques used to measure and control traded market risk (interest rate and foreign exchange risk) include daily valuation of positions, limit monitoring, gap analysis, sensitivity analysis, Value at Risk, tail risk, stress testing, e.t.c.



Limits

Specific limits and triggers (regulatory and in-house) have been set across the various market risk areas to prevent undue exposure and the market risk management group ensure that these limits and triggers are adhered to by the bank. The following limits currently exist;

Fixed income and FX Open Position Limits (OPL): The Bank, in keeping with the prudency concept, sets its policy limit for Open Position at a level lower than the maximum OPL approved by the regulatory authority. In setting the internal OPL, the following considerations are imperative:

- The Regulatory OPL;
- The Bank's tolerance and appetite for FX risk;
- The size and depth of the FX market in Nigeria;
- The degree of volatility of traded currencies; and
- The Bank's desired positioning in the relevant FX market with requirements for international business support.

Interbank placement and takings Limit**:** In line with Banks drive to be a top liquidity provider in the financial market, stringent controls have been set to ensure that any takings from interbank are preceded by proper authorization, to reduce the risks that come with huge interbank borrowing.

Management Action Trigger (MAT): This establishes decision points to confirm the Board of Directors' tolerance for accepting trading risk losses on a cumulative basis. MAT therefore, takes into account actual cumulative profit/loss as well as potential losses and the loss tolerance is defined as a percentage of Gross Earnings.

Stop Loss Limit: This limit sets a maximum tolerable unrealized profit/loss to date which will trigger the closing of a position in order to avoid any further loss based on existing exposures. Positions are liquidated uniformly when stop loss limits are breached.

Dealer Limits: This limit sets a maximum transaction limit by a dealer. It is based on experience and knowledge.

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 VaR limits are linked to the Banks risk appetite and Treasury' Budget. To quantify the risk appetite with respect to trading intentions we set the VaR0 LIMIT as a % of this value.

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. 300 days of historical price and rate data is applied and updated daily. This internal model is used for measuring value at risk over both a one-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 the VaR numbers.

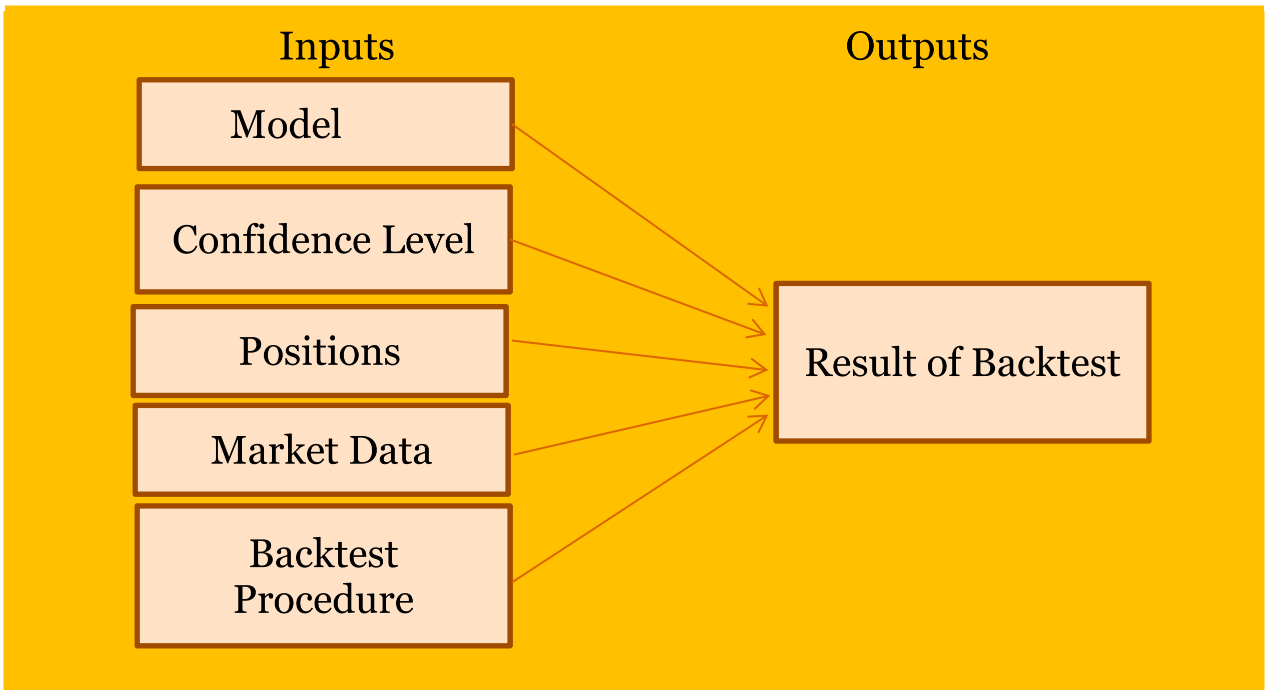
These are as follows:

- 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 MANAGEMENT

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

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

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

The Board approves the Bank's liquidity policy and contingency funding plan, including establishing liquidity risk tolerance levels. The Group ALCO, in conjunction with the Board and its committees, monitors our liquidity position and reviews the impact of strategic decisions on our liquidity. Liquidity positions are measured by calculating the Bank's net liquidity gap and by comparing selected ratios with targets as specified in the liquidity risk management manual. In line with Basel III regulations, the Bank has documented its internal Liquidity Adequacy Assessment Process (ILAAP).

Quantifications

Access Bank has adopted both qualitative and quantitative approaches to measuring liquidity risk. Specifically, the Bank adopted the following approaches;

a) Funding and Liquidity plan;
b) Gap Analysis; and
c) Ratio Analysis

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

Limit management and monitoring

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

Contingency funding plan

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

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

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

5.1 Credit risk management

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

Credit risk exposures relating to financial assets are as follows:

In thousands of Naira	Group December 2017	Group December 2016	Bank December 2017	Bank December 2016
Cash and balances with banks				
- Current balances with banks	217,862,989	115,380,195	177,770,685	106,594,205
- Unrestricted balances with central banks	28,837,649	139,954,922	7,976,547	33,160,736
- Restricted balances with central banks	357,173,356	250,831,529	354,986,209	248,547,664
- Money market placements	261,805,783	119,826,012	28,157,562	41,798,197
- Other deposits with central banks	88,214,622	87,896,447	88,214,622	87,896,447
Investment under management	20,257,131	14,871,247	20,257,131	14,871,247
Non pledged trading assets				
Treasury bills	37,743,819	34,381,635	33,906,748	34,381,635
Bonds	9,050,894	10,188,597	9,050,894	10,188,597
Derivative financial instruments	93,419,293	156,042,984	92,390,219	155,772,662
Loans and advances to banks	68,114,076	45,203,002	101,429,001	104,006,574
Loans and advances to customers	1,995,987,627	1,809,459,172	1,771,282,738	1,594,562,345
Pledged assets				
Treasury bills	258,672,815	188,239,520	252,061,738	188,239,520
Bonds	188,441,589	126,707,982	188,441,589	126,707,982
Investment securities				
Available for sale				
Treasury bills	29,977,451	69,346,601	9,598,737	40,960,665
Bonds	39,429,252	32,891,849	13,416,178	21,699,880
Held to Maturity				
Treasury bills	88,203,365	27,350,114	5,837,568	-
Bonds	36,590,582	41,101,014	9,116,855	40,363,051
Other assets	46,799,196	41,796,068	34,517,514	33,265,072
Total	**3,866,581,486**	**3,311,468,890**	**3,198,412,535**	**2,883,016,479**
Off balance sheet exposures				
Transaction related bonds and guarantees	370,892,995	186,251,718	225,158,636	136,163,848
Guaranteed facilities	171,002,109	99,582,709	81,335,619	85,513,821
Clean line facilities for letters of credit and other commitments	293,267,039	261,208,243	200,918,665	158,994,793
Future, swap and forward contracts	662,935,746	933,073,893	624,709,693	900,436,358
Total	**1,498,097,889**	**1,480,116,563**	**1,132,122,613**	**1,281,108,820**

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

For on-balance-sheet assets, the exposures set out above are based on net amounts reported in the statements of financial position. Future, swap and forward contracts are the nominal value of the contracts.

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

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

In thousands of Naira	Group December 2017	Group December 2016	Bank December 2017	Bank December 2016
Agriculture	41,049,807	22,746,128	33,387,238	16,358,431
Construction	201,778,198	136,719,717	167,640,113	107,339,808
Education	1,578,846	2,866,466	1,143,935	1,411,646
Finance and insurance	26,803,137	24,432,492	21,272,239	21,309,881
General	58,222,075	65,759,892	51,380,613	58,753,541
General commerce	246,861,833	192,758,058	202,234,986	139,729,100
Government	252,844,215	265,754,095	252,842,296	265,300,462
Information And communication	108,995,556	118,887,314	104,961,637	114,360,925
Other Manufacturing (Industries)	86,898,036	98,361,843	63,138,053	77,233,498
Basic Metal Products	2,447,738	2,978,984	2,447,738	2,978,984
Cement	28,230,573	26,141,390	28,230,573	26,141,390
Conglomerate	28,680,746	31,074,505	28,680,746	31,074,505
Steel Rolling Mills	23,690,560	65,431,551	23,690,560	65,431,551
Flourmills And Bakeries	35,728,951	5,045,937	25,574,476	5,045,937
Food Manufacturing	65,610,086	29,921,021	65,610,086	22,140,950
Oil And Gas - Downstream	125,782,480	155,875,311	117,101,483	130,605,016
Oil And Gas - Services	246,820,468	204,208,802	245,082,920	201,268,821
Oil And Gas - Upstream	124,627,587	105,211,512	124,627,587	105,211,512
Crude oil refining	36,001,965	33,386,262	36,001,965	33,386,262
Real estate activities	167,173,504	134,617,760	148,852,107	128,653,753
Transportation and storage	85,626,593	64,919,122	60,458,743	52,966,761
Power and energy	12,075,600	21,406,071	11,152,289	9,465,028
Professional, scientific and technical activities	4,920,204	3,229,824	2,631,415	1,913,153
Others	47,406,687	33,431,407	9,428,341	6,756,944
	2,059,855,443	**1,845,165,464**	**1,827,572,140**	**1,624,837,859**

5.1.3(a) Group
Credit quality by class
In thousands of Naira

	Loans and advances to Individuals		Loans and advances Corporates		Loans and advances to banks		Off balance sheet	
	December 2017	December 2016	December 2017	December 2016	December 2017	December 2016	December 2017	December 2016
Carrying amount	66,336,659	60,772,694	1,929,650,967	1,748,686,478	68,114,077	45,203,003	1,498,097,889	1,480,116,562
Neither past due nor impaired								
Grade 1 :	-	-	125,458,686	140,577,674	66,799,117	44,515,864	767,924,971	697,527,499
Grade 2:	-	-	562,911,931	620,986,103	-	-	416,377,679	254,394,923
Grade 3:	65,208,257	58,049,748	1,071,044,176	883,334,381	1,273,337	648,871	313,795,239	525,564,741
Grade 4:	896,996	1,630,027	75,682,756	85,410,961	-	-	-	2,629,399
Grade 5:	-	-	28,786,043	3,335,377	-	-	-	-
Gross amount	66,105,253	59,679,776	1,863,883,592	1,733,644,496	68,072,454	45,164,735	1,498,097,889	1,480,116,562
Impairment	(527,413)	(616,914)	(17,561,519)	(19,158,011)	(19,926)	(9,006)	-	-
Carrying amount	65,577,840	59,062,861	1,846,322,074	1,714,486,485	68,052,528	45,155,729	1,498,097,889	1,480,116,562
Past due but not impaired:								
Grade 6:	57,643	658,807	3,712,416	4,099,130	-	-		
Grade 7:	80,338	852,431	16,457,998	1,067,363	82,917	61,654		
Grade 8:	446,868	690,396	7,761,468	5,034,436	-	-		
Gross amount	584,849	2,201,634	27,931,882	10,200,929	82,917	61,654		
Impairment	(153,373)	(557,599)	(4,755,924)	(618,041)	(21,369)	(14,380)		
Carrying amount	431,475	1,644,035	23,175,959	9,582,888	61,548	47,274		
Past due and impaired:								
Grade 6: Impaired	369,308	405,200	6,397,603	5,727,631				
Grade 7: Impaired	16,640	23,012	74,180,182	5,845,857				
Grade 8: Impaired	354,403	193,016	20,031,730	27,243,913				
Gross amount	740,350	621,228	100,609,516	38,817,401				
Allowance for impairment	(413,006)	(555,430)	(40,456,581)	(14,200,296)				
Carrying amount	327,344	65,798	60,152,935	24,617,105				

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 2017	December 2016	December 2017	December 2016	December 2017	December 2016	December 2017	December 2016
Carrying amount	30,254,137	34,945,193	1,797,318,003	1,559,617,152	101,450,160	104,006,574	1,132,122,612	1,281,108,820
Neither past due nor impaired								
Grade 1 :	-	-	124,748,995	138,494,537	100,135,411	103,319,435	666,975,113	697,527,499
Grade 2:	-	-	543,007,535	612,599,057	-	-	248,042,564	254,394,923
Grade 3:	30,268,297	34,386,962	933,171,724	747,567,989	1,273,337	648,871	217,104,937	326,556,998
Grade 4:	-	-	66,497,470	53,294,762	-	-	-	2,629,400
Grade 5:	-	-	84,210,684	3,335,377	-	-	-	-
Gross amount	30,268,297	34,386,962	1,751,636,407	1,555,291,722	101,408,748	103,968,306	1,132,122,612	1,281,108,820
Impairment	(492,459)	(578,908)	(15,733,601)	(18,737,558)	(19,926)	(9,006)	-	-
Carrying amount	29,775,837	33,808,054	1,735,902,806	1,536,554,164	101,388,821	103,959,300	1,132,122,612	1,281,108,820
Past due but not Impaired:								
Grade 6:	55,037	137,463	1,301,178	727,602	-	-		
Grade 7:	72,018	833,271	12,282,392	757,098	82,917	61,654		
Grade 8:	360,694	627,308	5,389,076	529,504	-	-		
Gross amount	487,750	1,598,042	18,972,646	2,014,204	82,917	61,654		
Impairment	(153,281)	(460,904)	(3,893,301)	(413,828)	(21,580)	(14,380)		
Carrying amount	334,467	1,137,138	15,079,344	1,600,376	61,337	47,274		
Past due and Impaired:								
Grade 6: Impaired	364,095	405,200	1,092,879	5,684,031				
Grade 7: Impaired	-	-	66,044,948	3,582,551				
Grade 8: Impaired	182,055	-	14,812,468	21,875,146				
Gross amount	546,150	405,200	81,950,295	31,141,728				
Allowance for impairment	(402,318)	(405,200)	(35,614,441)	(9,679,116)				
Carrying amount	143,832	-	46,335,853	21,462,612				

5.1.3
(b) Aging analysis of credit quality

	Group			Bank		
31 December 2017	**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	50,367	2,039,705	10,421,761	55,037	1,301,178	10,421,761
Past due up 30 - 60 days	329,850	11,908,951	34,394	72,018	12,365,309	34,394
Past due up 60 - 90 days	204,632	13,983,227	89	360,694	5,306,158	89
Total	584,849	27,931,882	10,456,244	487,750	18,972,646	10,456,244
Past due & impaired						
Past due up to 91 - 180days	460,721	11,889,957	3,174,170	546,150	1,092,879	3,174,170
Past due up 180 - 360 days	41,897	69,976,067	149,719	-	66,044,948	149,719
Above 360days	237,732	18,743,492	4,423,580	-	14,812,468	4,423,580
Total	740,350	100,609,516	7,747,470	546,150	81,950,295	7,747,470
31 December 2016						
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	621,229	38,817,401	2,967,858	405,200	31,141,728	2,967,858

5.1.3 Credit quality

(c) Credit quality by risk rating class

Group

In thousands of Naira

External Rating Equivalent	Grade	Risk Rating	Loans and advances to Individuals December 2017	Loans and advances to Individuals December 2016	Loans and advances to Corporates December 2017	Loans and advances to Corporates December 2016	Loans and advances to banks December 2017	Loans and advances to banks December 2016
AAA	Investment	1	-	-	125,458,686	140,577,676	66,799,326	44,515,863
AA	Investment	2+	-	-	200,441,984	172,873,234	-	-
A	Investment	2	-	-	142,448,359	195,719,545	-	-
BBB	Investment	2-	-	-	220,021,589	252,393,325	-	-
BB+	Standard	3+	183,059	698,134	349,018,386	257,581,303	-	-
BB	Standard	3	63,821,628	56,772,887	594,512,129	532,076,799	1,273,337	648,871
BB-	Standard	3-	1,203,570	577,003	127,991,434	93,676,279	-	-
B	Non-Investment	4	896,996	1,630,027	75,682,756	85,410,961	-	-
B-	Non-Investment	5	-	1,724	28,786,043	3,335,377	-	-
CCC	Non-Investment	6	426,950	1,064,007	10,110,020	9,826,761	-	-
C	Non-Investment	7	96,978	875,443	90,160,408	6,913,220	82,917	61,654
D	Non-Investment	8	801,270	883,412	27,793,198	32,278,349	-	-
Gross amount			67,430,452	62,502,637	1,992,424,991	1,782,662,829	68,155,580	45,226,388
Collective Impairment			(680,786)	(941,178)	(21,401,515)	(17,266,952)	(41,506)	(9,086)
Specific Impairment			(413,006)	(250,624)	(41,372,509)	(10,232,054)	-	-
Carrying amount			**66,336,660**	**61,310,835**	**1,929,650,967**	**1,755,163,823**	**68,114,074**	**45,217,302**

Derivative Financial Instruments

External Rating Equivalent	Grade	Risk Rating	Gross Nominal December 2017	Gross Nominal December 2016	Fair Value December 2017	Fair Value December 2016
AAA-A	Investment	1	314,229,021	499,960,107	77,838,681	130,383,150
A	Investment	2	7,385,190	28,635,979	1,796,922	3,668,990
AA	Investment	2+	3,078,492	20,574,538	187,071	1,523,707
BBB	Investment	2-	101,649,792	160,447,229	13,596,620	20,467,138
Gross amount			426,342,495	709,617,853	93,419,294	156,042,985
Collective Impairment			-	-	-	-
Specific Impairment			-	-	-	-
Carrying amount			**426,342,495**	**709,617,853**	**93,419,294**	**156,042,985**

The external rating equivalent refers to the equivalent ratings for loans and advances by credit rating agencies. These instruments are neither past due nor impaired

Credit quality by risk rating class

Bank

In thousands of Naira

External Rating Equivalent	Grade	Risk Rating	Loans and advances to Individuals December 2017	Loans and advances to Individuals December 2016	Loans and advances Corporates December 2017	Loans and advances Corporates December 2016	Loans and advances to banks December 2017	Loans and advances to banks December 2016
AAA	Investment	1	-	-	124,748,995	138,494,537	100,114,041	103,319,435
AA	Investment	2+	-	-	199,561,424	171,528,084	-	-
A	Investment	2	-	-	139,252,419	190,643,315	-	-
BBB	Investment	2-	-	-	204,193,692	250,427,658	-	-
BB+	Standard	3+	183,059	698,134	326,358,842	236,768,708	-	-
BB	Standard	3	28,559,373	33,111,826	486,690,642	428,534,577	1,273,337	648,871
BB-	Standard	3-	477,807	577,003	120,122,240	82,264,705	-	-
B	Non-Investment	4	-	-	66,497,470	53,294,762	-	-
B-	Non-Investment	5	-	-	28,786,043	3,335,377	-	-
CCC	Non-Investment	6	419,132	542,663	2,394,057	6,411,633	-	-
C	Non-Investment	7	72,018	833,271	78,327,340	4,339,649	83,127	61,654
D	Non-Investment	8	542,749	627,308	20,201,543	22,404,651	-	-
Gross amount			30,254,138	36,390,205	1,797,134,707	1,588,447,656	101,470,506	104,029,960
Collective Impairment			(645,740)	(1,039,812)	(19,626,902)	(19,151,386)	(41,506)	(23,386)
Specific Impairment			(402,318)	(405,200)	(35,614,441)	(9,679,116)	-	-
Carrying amount			**29,206,080**	**34,945,193**	**1,741,893,363**	**1,559,617,154**	**101,429,001**	**104,006,574**

Derivative Financial Instruments

External Rating Equivalent	Grade	Risk Rating	Gross Nominal December 2017	Gross Nominal December 2016	Fair Value December 2017	Fair Value December 2016
AAA-A	Investment	1	314,229,021	499,960,107	77,838,681	130,383,150
A	Investment	2	7,385,190	28,635,979	1,796,922	3,668,990
AA	Investment	2+	3,078,492	9,728,383	187,071	1,253,384
BBB	Investment	2-	66,105,562	160,447,229	12,567,546	20,467,138
Gross amount			390,798,265	698,771,698	92,390,219	155,772,662
Collective Impairment			-	-	-	-
Specific Impairment			-	-	-	-
Carrying amount			**390,798,265**	**698,771,698**	**92,390,219**	**155,772,662**

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 2017	**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	217,912,766	217,912,766	-	-	-	-
Restricted deposits with central banks	357,173,356	357,173,356	-	-	-	-
Unrestricted balances with central banks	28,837,649	28,837,649	-	-	-	-
Money market placements	261,805,783	261,805,783				
Investment under management	20,257,131	20,257,131	-	-	-	-
Non-pledged trading assets						
Treasury bills	37,743,819	37,743,819	-	-	-	-
Bonds	9,050,894	9,028,493	22,401	-	-	-
Equity	59,348	59,348	-	-	-	-
Derivative financial instruments	93,419,293	93,419,293	-	-	-	-
Pledged assets						
Treasury bills	258,672,815	258,672,815	-	-	-	-
Bonds	188,441,589	188,441,589	-	-	-	-
Investment securities						
- Available for sale						
Treasury bills	29,977,451	29,977,451	-	-	-	-
Bonds	39,429,252	39,429,252	-	-	-	-
Equity	3,145,697	3,145,697	-	-	-	-
- Held to Maturity						
Treasury bills	88,203,365	88,203,365	-	-	-	-
Bonds	36,590,582	36,590,582	-	-	-	-
Other assets	46,799,196	46,799,196	-	-	-	-
	1,717,519,986	**1,717,497,585**	**22,401**	**-**	**-**	**-**

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	41,796,068	41,796,068	-	-	-	-
	1,372,115,314	**1,372,106,923**	**8,391**	**-**	**-**	**-**

The table below summarises the risk rating for other financial assest:

Bank
In thousands of Naira
31 December 2017

	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	177,809,307	177,809,307	-	-	-	-
Restricted deposits with central banks	443,200,831	443,200,831	-	-	-	-
Unrestricted balances with central banks	7,976,547	7,976,547	-	-	-	-
Money market placements	28,157,562	28,157,562	-	-	-	-
Investment under management	20,257,131	20,257,131	-	-	-	-
Non-pledged trading assets						
Treasury bills	33,906,748	33,906,748	-	-	-	-
Bonds	9,050,894	9,028,493	22,401	-	-	-
Equity	59,348	59,348	-	-	-	-
Derivative financial instruments	92,390,219	92,390,219	-	-	-	-
Pledged assets						
Treasury bills	252,061,738	252,061,738	-	-	-	-
Bonds	188,441,589	188,441,589	-	-	-	-
Investment securities						
Available for sale						
Treasury bills	-	-	-	-	-	-
Bonds	13,416,178	13,416,178	-	-	-	-
Equity	-	-	-	-	-	-
Held to Maturity						
Treasury bills	5,837,568	5,837,568	-	-	-	-
Bonds	9,116,855	9,116,855	-	-	-	-
Other assets	34,517,513	34,517,513	-	-	-	-
	1,316,200,028	**1,316,177,627**	**22,401**	**-**	**-**	**-**

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**	**-**	**-**	**-**

5.1.3 Credit quality

(e) Credit quality by credit risk rating model

Group
In thousands of Naira

	Loans and advances to Individuals		Loans and advances to Corporates		Loans and advances to banks	
Risk Rating (ORR) Model	December 2017	December 2016	December 2017	December 2016	December 2017	December 2016
Auto Loan	1,878,145	2,511,013	1,620,583	2,003,352	-	-
Credit Card	3,019,121	3,475,443	453,502	576,553	-	13,599
Finance Lease	1,226,099	60,912	3,620,889	3,946,347	5,484	8,455
Mortgage Loan	33,118,619	24,375,564	10,584,856	5,929,037	-	-
Overdraft	2,494,735	5,639,049	199,670,621	181,242,213	1,350,771	647,541
Personal Loan	17,615,988	18,754,870	-	-	-	-
Term Loan	7,175,548	6,964,075	1,269,661,821	1,102,912,471	-	40,930
Time Loan	902,195	721,712	506,812,720	486,052,855	66,799,326	44,515,863
Gross amount	67,430,452	62,502,636	1,992,424,991	1,782,662,828	68,155,581	45,226,388
Collective Impairment	(680,786)	(1,174,513)	(21,401,515)	(19,776,052)	(41,506)	(23,386)
Specific Impairment	(413,006)	(555,430)	(41,372,509)	(14,200,296)	-	-
Carrying amount	66,336,660	60,772,693	1,929,650,966	1,748,686,480	68,114,076	45,203,002

Bank
In thousands of Naira

	Loans and advances to Individuals		Loans and advances Corporates		Loans and advances to banks	
Risk Rating (ORR) Model	December 2017	December 2016	December 2017	December 2016	December 2017	December 2016
Auto Loan	1,671,616	2,426,024	1,620,583	2,003,352	-	-
Credit Card	2,905,420	3,431,339	418,797	563,357	-	13,599
Finance Lease	63,923	60,912	3,620,889	3,946,347	5,484	8,455
Mortgage Loan	4,230,374	5,053,845	-	18,437	-	-
Overdraft	2,367,502	5,033,990	154,534,930	135,065,623	1,350,771	647,541
Personal Loan	15,085,225	17,369,909	-	-	-	-
Term Loan	3,125,406	2,427,653	1,194,329,450	1,032,873,587	-	40,930
Time Loan	804,672	586,531	442,610,058	413,976,953	100,114,252	103,319,435
Gross amount	30,254,135	36,390,205	1,797,134,706	1,588,447,654	101,470,507	104,029,960
Collective Impairment	(645,740)	(1,039,812)	(19,626,902)	(19,151,386)	(41,506)	(23,386)
Specific Impairment	(402,318)	(405,200)	(35,614,441)	(9,679,116)	-	-
Carrying amount	29,206,077	34,945,193	1,741,893,362	1,559,617,153	101,429,002	104,006,574

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 2017			December 2016		
Against neither past due and not impaired						
Property	-	-	995,295,330	-	-	914,144,760
Equities	18,533,713	36,354,348	-	57,865,380	15,916,553	-
Cash	129,525,855	-	-	171,417,199	-	-
Pledged goods/receivables	-	-	133,801,201	-	-	141,014,518
Others	-	-	1,596,503,916	-	-	846,303,836
Total	**148,059,568**	**36,354,348**	**2,725,600,447**	**229,282,579**	**15,916,553**	**1,901,463,114**
Against past due but not impaired:						
Property	-	-	10,885,975	-	-	4,985,770
Equities	-	-	-	-	-	-
Cash	-	-	-	-	-	-
Pledged goods/receivables	-	-	2,970,693	-	-	-
Others	-	-	14,416,593	-	-	32,241
Total	**-**	**-**	**28,273,261**	**-**	**-**	**5,018,011**
Against past due and impaired						
Property	-	-	16,629,299	-	-	29,237,351
Equities	-	-	-	24,909	-	-
Cash	-	-	-	1,178,130	-	-
Pledged goods/receivables	-	-	2,090,637	-	-	-
Others	-	-	17,312,492	-	-	19,054,851
	-	**-**	**36,032,428**	**1,203,039**	**-**	**48,292,202**
Total	**148,059,568**	**36,354,348**	**2,789,906,136**	**230,485,618**	**15,916,553**	**1,954,773,327**

Bank

In thousands of Naira	Level 1	Leve1 2	Level 3	Level 1	Leve1 2	Level 3
	December 2017			December 2016		
Against neither past due and not impaired						
Property	-	-	852,166,224	-	-	777,026,304
Equities	18,533,713	36,354,348	-	35,795,940	15,916,553	-
Cash	107,162,730	-	-	153,127,205	-	-
Pledged goods/receivables	-	-	133,801,201	-	-	141,014,518
Others	-	-	1,445,196,657	-	-	745,839,135
Total	**125,696,443**	**36,354,348**	**2,431,164,082**	**188,923,145**	**15,916,553**	**1,663,879,957**
Against past due but not impaired:						
Property	-	-	5,544,609	-	-	1,272,479
Equities	-	-	-	-	-	-
Cash	-	-	-	-	-	-
Pledged goods/receivables	-	-	2,970,693	-	-	-
Others	-	-	14,416,593	-	-	32,241
Total	**-**	**-**	**22,931,895**	**-**	**-**	**1,304,720**
Against past due and impaired						
Property	-	-	7,654,848	-	-	19,975,994
Equities	-	-	-	24,909	-	-
Cash	-	-	-	-	-	-
Pledged goods/receivables	-	-	2,090,637	-	-	-
Others	-	-	15,418,194	-	-	18,115,344
	-	**-**	**25,163,679**	**24,909**	**-**	**38,091,338**
Total	**125,696,443**	**36,354,348**	**2,479,259,656**	**188,948,054**	**15,916,553**	**1,703,276,015**

There are no collaterals held against other financial assets. The Group obtained a property during the year by taking possession of collateral held as security against a loan. The value of the collateral repossessed during the year was N9.4bn (2016: Nil). The Group's policy is to pursue timely realisation of the collateral in an orderly manner. The Group does not generally use the non-cash collateral for its own operations. Hence, the repossessed collateral has been included in assets classified as held for sale (Note 31).

Collateral held and other credit enhancements, and their financial effect
The general creditworthiness of a customer tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional consideration in the credit process and the Group generally requests that corporate borrowers provide collateral. The Group may take collateral in the form of a first charge over real estate, floating charges over all corporate assets and other liens and guarantees. The Bank will sell or repossess a pledged collateral only in the event of a default and after exploring other means of repayment. In addition to the Group's focus on creditworthiness, the Group aligns with its Credit Policy Guide to periodically review the valuations of collaterals held against all loans to customers. This is done in line with the approved Framework for valuing various categories of collateral accepted by the Bank.

The fair values of collaterals are based upon last annual valuation undertaken by independent valuers on behalf of the bank. The valuation technique adopted for properties are based on fair values of similar properties in the neigbourhood.
The fair values of non-property collaterals (such as equities, bond, treasury bills, etc.) are determined with reference to market quoted prices or market values of similar instruments.

5.1.4 Offsetting financial assets and financial liabilities

As at 31 December 2017

In thousands of Naira

The following financial assets are subject to offsetting	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
Financial assets			
Loans and advances to banks	68,929,263	815,187	68,114,076
Total	**68,929,263**	**815,187**	**68,114,076**
As at 31 December 2017			
Financial liabilities			
Interest bearing borrowing	283,106,328	815,187	282,291,141
Total	**283,106,328**	**815,187**	**282,291,141**

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**

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

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

Group
By Sector

December 2017

In thousands of Naira	**Corporate**	**Commercial**	**Bank**	**Retail**	**Government**	**Others**	**Total**
Cash and balances with banks	-	-	953,894,399	-	-	-	953,894,399
Investment under management	11,643,650	-	6,283,077	-	2,330,403	-	20,257,131
Non pledged trading assets							
Treasury bills	-	-	-	-	37,743,819	-	37,743,819
Bonds	-	8,497	19,464	-	9,031,525	-	9,059,486
Derivative financial instruments	3,560,997	11,689,840	8,108,304	-	125,038,574	-	148,397,715
Loans and advances to banks	-	-	68,114,076	-	-	-	68,114,076
Loans and advances to customers							
Auto Loan	120,445	586,865	-	2,742,750	-	-	3,450,060
Credit Card	50,596	394,810	-	2,965,221	-	-	3,410,627
Finance Lease	655,638	2,744,831	-	1,240,840	792	-	4,642,100
Mortgage Loan	4,761,743	5,819,908	-	33,040,279	-	-	43,621,930
Overdraft	62,723,973	119,356,272	-	2,174,641	5,872	-	184,260,759
Personal Loan	-	-	-	17,137,946	-	-	17,137,946
Term Loan	460,442,901	519,862,064	-	7,066,329	252,696,580	-	1,240,067,875
Time Loan	248,983,473	249,528,087	-	884,769	-	-	499,396,330
Pledged assets							
Treasury bills	-	-	-	-	258,672,815	-	258,672,815
Bonds	-	-	-	-	188,441,589	-	188,441,589
Investment securities							
- Available for sale							
Treasury bills	-	-	-	-	29,977,451	-	29,977,451
Bonds	912,890	-	3,316,197	-	23,837,207	26,013,074	54,079,368
- Held to Maturity						-	
Treasury bills	-	-	-	-	88,203,365	-	88,203,365
Bonds	2,675,972	-	-	-	33,914,611	-	36,590,582
Other assets	25,934,436	3,381,399	12,846,281	1,036,130	88,305	3,512,644	46,799,196
Total	**822,466,714**	**913,372,574**	**1,052,581,798**	**68,288,905**	**1,049,982,907**	**29,525,718**	**3,936,218,618**

Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	249,278,494	118,106,528	-	3,507,974	-	-	370,892,995
Guaranteed facilities	41,064,509	123,932,728	-	6,004,872	-	-	171,002,109
Clean line facilities for letters of credit and other commitments	100,773,513	184,063,021	-	8,430,505	-	-	293,267,039
Future, swap and forward contracts	53,713,545	64,076,506	284,158,615	-	260,987,080	-	662,935,746
Total	**444,830,061**	**490,178,783**	**284,158,615**	**17,943,351**	**260,987,080**	**-**	**1,498,097,889**

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	-	-	3,979,235
Finance Lease	2,404,390	1,259,848	-	312,384	11,275	-	3,987,898
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	377,207.00	-	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	**771,378,871**	**768,738,151**	**726,960,529**	**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	-	-	-	99,582,710
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	-	261,208,242
Future, swap and forward contracts	314,341,917	-	185,130,561	-	433,601,415	-	933,073,893
Total	**676,646,955**	**80,353,956**	**256,456,128**	**2,771,057**	**463,888,468**	**-**	**1,480,116,563**

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 2017
In thousands of Naira

	Nigeria	Rest of Africa	Europe	Others	Total
Cash and balances with banks	543,056,552	54,026,117	276,361,986	80,499,521	953,944,176
Investment under management	20,257,131	-	-	-	20,257,131
Non pledged trading assets					
Treasury bills	33,906,748	3,837,071	-	-	37,743,819
Bonds	9,050,894	-	-	-	9,050,894
Derivative financial instruments	91,071,217	1,029,074	265,547	1,053,455	93,419,293
Loans and advances to banks	1,293,590	-	66,820,486	-	68,114,076
Loans and advances to customers					
Auto Loan	3,243,530	206,530	-	-	3,450,060
Credit Card	3,263,598	147,029	-	-	3,410,627
Finance Lease	3,486,367	1,155,733	-	-	4,642,100
Mortgage Loan	4,162,867	359,036	39,100,026	-	43,621,930
Overdraft	142,060,909	42,199,850	-	-	184,260,759
Personal Loan	14,613,195	2,524,752	-	-	17,137,946
Term Loan	1,165,111,472	39,818,776	34,763,385	-	1,239,693,633
Time Loan	435,157,504	8,181,813	56,431,255	-	499,770,572
Pledged assets					
Treasury bills	252,061,738	6,611,077	-	-	258,672,815
Bonds	188,441,589	-	-	-	188,441,589
Investment securities					
- Available for sale					
Treasury bills	9,598,736	20,378,715	-	-	29,977,451
Bonds	28,066,294	16,017,820	-	9,995,254	54,079,368
- Held to Maturity					
Treasury bills	5,837,568	82,365,797	-	-	88,203,365
Bonds	7,051,660	2,065,195	-	27,473,727	36,590,582
Other assets	31,813,828	14,868,165	-	117,203	46,799,196
Total	**2,992,606,986**	**295,792,550**	**473,742,685**	**119,139,160**	**3,881,281,382**
Credit risk exposures relating to othr credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	225,158,636	45,991,882	37,719,900	62,022,577	370,892,995
Guaranteed facilities	81,335,619	9,074,661	70,737,891	9,853,938	171,002,109
Clean line facilities for letters of credit and other commitments	200,918,665	47,189,190	27,083,771	18,075,413	293,267,039
Future, swap and forward contracts	335,204,211	44,259,738	42,048,747	241,423,049	662,935,746
Total	**842,617,131**	**146,515,471**	**177,590,309**	**331,374,977**	**1,498,097,889**

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	-	663,403,258
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	156,042,983
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	-	-	3,979,235
Finance Lease	3,987,898	-	-	-	3,987,898
Mortgage Loan	4,996,952	918,895	24,304,711	-	30,220,557
Overdraft	130,272,256	45,017,450	-	-	175,289,705
Personal Loan	16,789,104	1,282,968	-	-	18,072,072
Term Loan	1,017,646,255	48,440,037	22,632,958	-	1,088,719,249
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	-	69,346,602
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	-	41,796,067
Total	**2,669,436,141**	**228,065,973**	**358,779,599**	**4,701,331**	**3,260,983,045**
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	**1,124,932,241**	**113,103,105**	**215,718,659**	**26,362,557**	**1,480,116,564**

Credit risk management

5.1.5 (b) By Sector

Bank
December 2017

In thousands of Naira	Corporate	Commercial	Bank	Retail	Government	Others	Total
Cash and balances with banks	-	-	657,105,625	-	-	-	657,105,625
Investment under management	11,643,650	-	6,283,077	-	2,330,404	-	20,257,131
Non pledged trading assets							
Treasury bills	-	-	-	-	33,906,748	-	33,906,748
Bonds	19,369	-	-	-	9,031,525	-	9,050,894
Derivative financial instruments	821,635	-	1,332,133	-	90,236,451	-	92,390,219
Loans and advances to banks	-	-	101,429,001	-	-	-	101,429,001
Loans and advances to customers							
Auto Loan	120,445	586,865	-	2,536,221	-	-	3,243,530
Credit Card	35,402	376,240	-	2,851,956	-	-	3,263,598
Finance Lease	655,638	2,744,831	-	85,107	792	-	3,486,368
Mortgage Loan	-	-	-	4,162,867	-	-	4,162,867
Overdraft	43,791,210	96,216,229	-	2,047,597	5,872	-	142,060,909
Personal Loan	-	-	-	14,613,195	-	-	14,613,195
Term Loan	428,695,546	480,870,715	-	3,033,846	252,694,662	-	1,165,294,769
Time Loan	220,118,015	214,248,083	-	791,406	-	-	435,157,504
Pledged assets							
Treasury bills	-	-	-	-	252,061,738	-	252,061,738
Bonds	-	-	-	-	188,441,589	-	188,441,589
Investment securities							
Available for sale							
Treasury bills	-	-	-	-	9,598,737	-	9,598,737
Bonds	912,890	-	3,316,197	-	23,837,207	-	28,066,294
Held to Maturity							
Treasury bills	-	-	-	-	5,837,568	-	5,837,568
Bonds	2,675,972	-	-	-	6,440,883	-	9,116,855
Other assets	25,934,436	3,381,399	564,600	1,036,130	88,305	3,512,644	34,517,514
Total	**735,424,208**	**798,424,360**	**770,030,633**	**31,158,325**	**874,512,481**	**3,512,644**	**3,213,062,653**
Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	139,549,299	85,144,234	-	465,103	-		225,158,637
Guaranteed facilities	37,159,996	39,919,139	-	4,256,484	-		81,335,619
Clean line facilities for letters of credit and other commitments	41,018,285	151,469,875	-	8,430,505	-		200,918,665
Future, swap and forward contracts	44,362,157	64,076,506	284,158,615	-	232,112,414	-	624,709,692
Total	**262,089,738**	**340,609,754**	**284,158,615**	**13,152,092**	**232,112,414**	**-**	**1,132,122,613**

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	**629,736,796**	**718,043,136**	**599,115,791**	**46,229,698**	**848,063,115**	**4,225,841**	**2,845,414,376**
Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	136,163,848	-	-	-	-	-	136,163,847
Guaranteed facilities	85,363,821	-	150,000	-	-	-	85,513,821
Clean line facilities for letters of credit and other	128,707,741	-	-	-	30,287,053	-	158,994,793
commitments							-
Future, swap and forward contracts	314,341,917	-	152,493,026	-	433,601,415	-	900,436,358
Total	**664,577,326**	**-**	**152,643,026**	**-**	**463,888,468**	**-**	**1,281,108,819**

5.1.5 (b)i By geography

Bank **December 2017** *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Others**	**Total**
Cash and balances with banks	543,056,552	627,395	76,516,219	36,944,081	657,144,247
Investment under management	20,257,131	-	-	-	20,257,131
Non pledged trading assets					
Treasury bills	33,906,748	-	-	-	33,906,748
Bonds	9,050,894	-	-	-	9,050,894
Derivative financial instruments	91,071,217	-	265,547	1,053,455	92,390,219
Loans and advances to banks	1,295,927	-	100,133,074	-	101,429,001
Loans and advances to customers					
Auto Loan	3,243,530	-	-	-	3,243,530
Credit Card	3,263,598	-	-	-	3,263,598
Finance Lease	3,486,368	-	-	-	3,486,368
Mortgage Loan	4,162,867	-	-	-	4,162,867
Overdraft	142,060,909	-	-	-	142,060,909
Personal Loan	14,613,195	-	-	-	14,613,195
Term Loan	1,165,294,769	-	-	-	1,165,294,769
Time Loan	435,157,504	-	-	-	435,157,504
Pledged assets					
Treasury bills	252,061,738	-	-	-	252,061,738
Bonds	188,441,589	-	-	-	188,441,589
Investment securities					
Available for sale					
Treasury bills	9,598,736	-	-	-	9,598,736
Bonds	28,066,294	-	-	-	28,066,294
Held to Maturity					
Treasury bills	5,837,568	-	-	-	5,837,568
Bonds	7,051,660	2,065,195	-	-	9,116,855
Other assets	33,126,539	1,273,772	-	117,203	34,517,514
Total	**2,994,105,333**	**3,966,362**	**176,914,840**	**38,114,740**	**3,213,101,274**
Credit risk exposures relating to othr credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	225,158,636	-	-	-	225,158,636
Guaranteed facilities	81,335,619	-	-	-	81,335,619
Clean line facilities for letters of credit and other commitments	200,918,665	-	-	-	200,918,665
Future, swap and forward contracts	335,204,211	44,259,738	3,822,694	241,423,049	624,709,693
Total	**842,617,132**	**44,259,738**	**3,822,694**	**241,423,049**	**1,132,122,613**

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	-	480,395,148
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	**2,669,436,141**	**1,926,570**	**169,350,336**	**4,701,331**	**2,845,414,378**
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	**1,124,932,240**	**32,748,881**	**97,065,142**	**26,362,557**	**1,281,108,820**

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 2017**	Re-pricing year **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	261,805,783	-	-	-	-	692,138,393	953,944,176
Investment under management	20,257,131	-	-	-	-	-	20,257,131
Non pledged trading assets							
Treasury bills	5,704,968	11,234,566	20,804,285	-	-	-	37,743,819
Bonds	8,986	-	-	611,845	8,430,064	-	9,050,894
Loans and advances to banks	26,504,665	17,981,691	16,520,473	7,107,247	-	-	68,114,076
Loans and advances to customers							
Auto Loan	116,269	95,730	196,956	3,041,105	-	-	3,450,060
Credit Card	3,123,857	80,480	119,708	86,582	-	-	3,410,627
Finance Lease	362,195	349,077	442,929	3,487,899	-	-	4,642,100
Mortgage Loan	8,286,685	10,260,205	11,048,537	10,966,797	3,059,705	-	43,621,930
Overdraft	126,404,087	21,174,739	36,681,933	-	-	-	184,260,759
Personal Loan	1,725,515	957,406	2,966,665	11,424,561	63,800	-	17,137,946
Term Loan	37,116,977	46,779,903	68,620,065	504,054,980	583,495,950	-	1,240,067,875
Time Loan	232,362,639	128,968,472	115,410,787	22,654,432	-	-	499,396,330
Pledged assets							-
Treasury bills	118,193,104	67,658,924	72,820,788	-	-	-	258,672,815
Bonds	-	20,724,258	-	31,622,727	136,094,604	-	188,441,589
Investment securities							
- Available for sale							
Treasury bills	3,967,666	3,892,918	22,116,867	-	-	-	29,977,451
Bonds	-	-	28,634,329	8,099,475	17,345,564	-	54,079,368
- Held to Maturity							
Treasury bills	1,277,269	56,109,691	29,993,308	823,097	-	-	88,203,365
Bonds	1,040,216	1,341,861	24,307,671	9,137,827	763,007	-	36,590,582
Other assets	-	-	-	-	-	46,799,196	46,799,196
	848,258,013	**387,609,918**	**450,685,303**	**613,118,574**	**749,252,693**	**738,937,589**	**3,787,862,089**
Non-derivative liabilities							
Deposits from financial institutions	176,015,647	216,644,358	57,536,965	-	-	-	450,196,970
Deposits from customers	1,926,536,624	134,890,825	53,550,146	60,911,025	6,156,835	62,833,620	2,244,879,075
Other liabilties	-	-	-	618,785	-	235,167,694	235,786,479
Debt securities issued	17,193,034	24,501,603	29,028,152	231,383,918	-	-	302,106,706
Interest bearing borrowings	-	2,625,903	76,614,381	232,376,902	-	-	311,617,187
	2,119,745,304	**378,662,690**	**216,729,645**	**525,290,630**	**6,156,835**	**298,001,314**	**3,544,586,417**
Total interest re-pricing gap	(1,271,487,291)	8,947,229	233,955,658	87,827,944	743,095,858	440,936,275	243,275,672

Group

In thousands of Naira **31 December 2016**	Re-pricing year **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	10,245,951	-	-	10,247,944
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	-	4,450,748
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	-	18,072,071
Term Loan	30,863,690	14,132,484	16,004,301	454,903,302	572,815,472	-	1,088,719,250
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	**194,227,630**	**336,492,727**	**598,588,257**	**720,393,828**	**635,859,162**	**3,155,485,254**
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
	2,068,820,173	**47,499,545**	**221,559,718**	**440,142,738**	**-**	**205,737,553**	**2,983,759,725**
Total interest re-pricing gap	(1,398,896,524)	146,728,086	114,933,009	158,445,519	720,393,828	430,121,608	171,725,529

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

Bank

In thousands of Naira **31 December 2017**	**Re-pricing year** 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	28,157,562	-	-	-	-	628,986,685	657,144,247
Investment under management	20,257,131	-	-	-	-	-	20,257,131
Non- pledged trading assets							
Treasury bills	5,704,968	7,397,495	20,804,285	-	-	-	33,906,748
Bonds	8,986	-	-	552,496	8,489,412	-	9,050,894
Loans and advances to banks	26,504,666	25,088,937	49,835,397	-	-	-	101,429,001
Loans and advances to customers							
Auto Loan	66,702	42,032	141,193	2,993,603	-	-	3,243,530
Credit Card	3,095,922	36,371	90,302	41,003	-	-	3,263,598
Finance Lease	107,934	60,144	107,766	3,210,523	-	-	3,486,368
Mortgage Loan	282	848	-	1,102,032	3,059,705	-	4,162,867
Overdraft	108,258,151	7,248,788	26,553,969	-	-	-	142,060,909
Personal Loan	1,271,060	275,723	2,007,259	10,995,353	63,800	-	14,613,195
Term Loan	22,946,367	22,913,611	49,974,525	485,781,019	583,495,950	-	1,165,111,472
Time Loan	211,163,826	114,193,542	94,854,362	14,945,773	-	-	435,157,504
Pledged assets							
Treasury bills	118,193,104	61,047,847	72,820,787	-	-	-	252,061,738
Bonds	-	20,724,258	-	31,622,727	136,094,604	-	188,441,589
Investment securities							
- Available for sale							
Treasury bills	3,967,666	3,892,918	1,738,153	-	-	-	9,598,737
Bonds	-	-	4,307	10,716,424	17,345,563	-	28,066,294
- Held to Maturity							
Treasury bills	-	-	5,837,568	-	-	-	5,837,568
Bonds	1,040,216	1,341,861	214,995	5,756,776	763,007	-	9,116,855
Other assets	-	-	-	-	-	33,943,303	33,943,303
	550,744,544	**264,264,378**	**324,984,869**	**567,717,730**	**749,312,039**	**662,929,988**	**3,119,953,548**
Non-derivative liabilities							
Deposits from financial institutions	233,303,608	31,090,132	11,747,095	-	-	-	276,140,835
Deposits from customers	1,797,936,589	95,276,386	17,481,020	79,718	-	-	1,910,773,713
Other liabilities	-	-	-	-	-	223,963,436	223,963,436
Debt securities	17,193,034	24,501,603	29,236,738	231,175,331	-	-	302,106,706
Interest bearing borrowings	-	2,625,903	67,196,160	212,469,076	-	-	282,291,140
	2,048,433,231	**153,494,024**	**125,661,013**	**443,724,125**	**-**	**223,963,436**	**2,995,275,829**
Total interest re-pricing gap	(1,497,688,687)	110,770,354	199,323,856	123,993,605	749,312,039	438,966,553	124,677,719

Bank

In thousands of Naira **31 December 2016**	**Re-pricing year** 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	-	-	3,922,376
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	-	16,789,104
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	-	126,707,983
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	-	21,699,879
- 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
	461,452,391	**165,748,794**	**310,074,275**	**568,885,078**	**711,619,156**	**509,464,124**	**2,727,243,818**
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**	**504,932,782**	**-**	**187,593,653**	**2,629,584,987**
Total interest re-pricing gap	(1,292,278,204)	67,158,360	225,336,751	63,952,296	711,619,156	321,870,471	97,658,832

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 year. It also assumes that market moves occurring over this holding year 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 2017**			
In thousands of Naira	**Average**	**High**	**Low**	**Actual**
Foreign exchange risk	678,320	2,352,213	17,806	652,213
Interest rate risk	434,481	1,379,604	190,525	309,754
Total	**1,112,801**	**3,731,817**	**208,331**	**961,967**

Group	**December 2016**			
	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**

Bank VAR by risk type	**December 2017**			
In thousands of Naira	**Average**	**High**	**Low**	**Actual**
Foreign exchange risk	620,677	2,274,938	17,391	631,477
Interest rate risk	334,481	1,379,604	190,525	309,754
Total	**955,158**	**3,654,542**	**207,916**	**941,231**

Bank	**December 2016**			
	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**

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 2017	**Fixed**	**Floating**	**Non-interest bearing**	**Total**
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	261,805,783	-	692,138,393	953,944,176
Non pledged trading assets	46,794,713	-	59,348	46,854,061
Derivative financial instruments	-	-	93,419,293	93,419,293
Loans and advances to banks	68,114,076	-	-	68,114,076
Loans and advances to customers	27,256,401	1,968,731,226	-	1,995,987,627
Pledged assets	447,114,404	-	-	447,114,404
Investment securities:				
– Available-for-sale	84,056,819	-	69,316,991	153,373,810
– Held-to-maturity	124,793,947	-	-	124,793,947
TOTAL	**1,059,936,143**	**1,968,731,226**	**854,934,025**	**3,883,601,394**
LIABILITIES				
Deposits from financial institutions	450,196,970	-	-	450,196,970
Deposits from customers	1,172,733,890	1,072,145,186	-	2,244,879,076
Derivative financial instruments	-	-	5,332,177	5,332,177
Debt securities issued	302,106,706	-	-	302,106,706
Interest-bearing borrowings	267,572,158	44,045,029	-	311,617,187
TOTAL	**2,192,609,724**	**1,116,190,215**	**5,332,177**	**3,314,132,116**

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**	**3,313,285,117**
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**	**2,903,086,578**

Bank

31 December 2017	**Fixed**	**Floating**	**Non-interest bearing**	**Total**
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	28,157,562	-	628,986,685	657,144,247
Non pledged trading assets	42,957,641	-	59,348	43,016,989
Derivative financial instruments	-	-	92,390,219	92,390,219
Loans and advances to banks	101,429,001	-	-	101,429,001
Loans and advances to customers	29,616,824	1,741,665,914	-	1,771,282,739
Pledged assets	440,503,327	-	-	440,503,327
Investment securities:				
– Available-for-sale	23,014,914	-	68,917,849	91,932,764
– Held-to-maturity	14,954,423	-	-	14,954,423
TOTAL	**680,633,692**	**1,741,665,914**	**790,354,101**	**3,212,653,709**

LIABILITIES				
Deposits from financial institutions	276,140,835	-	-	276,140,835
Deposits from customers	1,035,810,196	874,963,517	-	1,910,773,713
Derivative financial instruments	-	-	5,306,450	5,306,450
Debt securities issued	302,106,706	-	-	302,106,706
Interest-bearing borrowings	246,837,491	35,453,649	-	282,291,140
TOTAL	1,860,895,228	910,417,166	5,306,450	2,776,618,844

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	44,629,578
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	120,837,589
– Held-to-maturity	40,363,051	-	-	40,363,051
TOTAL	**612,720,808**	**1,590,187,637**	**690,208,107**	**2,893,116,551**
LIABILITIES				
Deposits from financial institutions	95,122,188	-	-	95,122,188
Deposits from customers	799,495,575	1,013,547,297	-	1,813,042,872
Derivative financial instruments	-	-	30,275,181	30,275,181
Debt securities issued	123,315,728	120,636,690	-	243,952,418
Interest-bearing borrowings	327,504,654	44,675,131	-	372,179,785
TOTAL	1,345,438,145	1,178,859,118	30,275,181	2,554,572,444

Derivative financial instruments include elements of interest rate differential between the applicable underlying currencies. Further details on the fair value of derivatives have been discussed in Note3.9(J) of the financial statement.

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate repricing (note 5.2.1) and value at risk (note 5.2.2) that may be undertaken, which is monitored daily by Group Treasury.

Cash flow and fair value interest rate risk

The group's interest rate risk arises from risk assets, long-term borrowings, deposits from banks and customers. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Other financial liabilities issued at fixed rates expose the group to fair value interest rate risk.

The management of interest rate risk against interest rate gap limits is supplemented with monitoring the sensitivity of the Group's financial assets and liabilities to various scenarios.

Interest rate movement have both cash flow and fair value effect depending on whether interest rate is fixed or floating. The impact resulting from adverse or favourable movement flows from either retained earnings or OCI and ultimately ends in equity in the following manner:

(i) Retained earnings arising from increase or decrease in net interest income and the fair value changes reported in profit or loss.

(ii) Fair value reserves arising from increases or decreases in fair value of available-for-sale financial instruments reported directly in other comprehensive income.

Group
Interest sensitivity analysis - 31 December 2017
Impact on net interest income of +/-100 basis points changes in rates over a one year year (N'000)

	Cashflow interest rate risk	
Time Band	**100 basis points decline in rates**	**100 basis points increase in rates**
Less than 3 months	(266,110)	266,110
6 months	105,710	(105,710)
12 months	2,338,170	(2,338,170)
	2,177,770	**(2,177,770)**

Interest sensitivity analysis - 31 December 2016
Impact on net interest income of +/-100 basis points changes in rates over a one year year (N'000)

	Cashflow interest rate risk	
Time Band	**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**

Bank
Interest sensitivity analysis - 31 December 2017
Impact on net interest income of +/-100 basis points changes in rates over a one year year (N'000)

	Cashflow interest rate risk	
Time Band	**decline in rates**	**increase in rates**
Less than 3 months	(266,110)	266,110
6 months	105,710	(105,710)
12 months	2,338,170	(2,338,170)
	2,177,770	**(2,177,770)**

Interest sensitivity analysis - 31 December 2016
Impact on net interest income of +/-100 basis points changes in rates over a one year year (N'000)

	Cashflow interest rate risk	
Time Band	**100 basis points decline in rates**	**100 basis points 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**

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 2017	**Carrying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive			
Investment under management T-Bills			
Held for trading Bonds	9,050,894	(2,123)	(3,313)
Held for trading T-bills	37,743,819	(8,374)	(16,748)
Pledged assets: Bonds	188,441,589	(118,783)	(185,378)
Pledged assets: T-bills	258,672,815	(124,203)	(248,405)
	493,909,117	(253,483)	(453,843)
Impact on Other Comprehensive Income			
Available for sale investments	84,056,819	(1,359,839)	(2,260,317)
TOTAL	**577,965,935**	**(1,613,322)**	**(2,714,159)**

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: T-bills	104,560,978	(318,783)	(637,563)
	149,131,210	(588,095)	(1,172,924)
Impact on Other Comprehensive Income			
Available for sale investments	96,046,306	(859,399)	(1,742,610)
TOTAL	**245,177,516**	**(1,447,494)**	**(2,915,534)**

Bank

31 December 2017	**Carrying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive Income			
Held for trading Bonds	9,050,894	(2,106)	(3,287)
Held for trading T.bills	33,906,748	(7,473)	(14,946)
Pledged assets: Bonds	188,441,589	(118,800)	(185,404)
Pledged assets: T-bills	252,061,738	(125,104)	(250,207)
	483,460,969	(253,483)	(453,844)
Impact on Other Comprehensive Income			
Available for sale investments	37,665,031	(1,359,839)	(2,260,317)
TOTAL	**521,126,000**	**(1,613,322)**	**(2,714,160)**

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: T-bills	104,560,978	(318,783)	(637,563)
	149,112,906	(588,095)	(1,172,924)
Impact on Other Comprehensive Income			
Available for sale investments	111,555,830	(859,399)	(1,742,610)
TOTAL	**260,668,736**	**(1,447,494)**	**(2,915,534)**

Foreign currency sensitivity analysis

The Group's principal foreign currency exposure is to US Dollars, as it constitutes a significant portion of the Group's foreign currency exposure as at 31 December 2017. The table below illustrates the hypothetical sensitivity of the Group and Bank's reported profit to a 10% increase in the US Dollar/Naira exchange rates at the year end, assuming all other variables remain unchanged. The sensitivity rate of 10% increase represents the directors' assessment of a reasonable possible change based on historic volatility.

Group

In thousands of naira	Impact on statement of comprehensive income 31 December 2017	Impact on statement of comprehensive income 31 December 2016
Naira weakens by 10%	(15,736,259)	-
Naira weakens by 15%	-	(12,178,312)
Naira weakens by 30%	-	(24,356,625)

Bank

In thousands of naira	Impact on statement of comprehensive income 31 December 2017	Impact on statement of comprehensive income 31 December 2016
Naira weakens by 10%	(13,400,561)	-
Naira weakens by 15%	-	(13,038,569)
Naira weakens by 30%	-	(26,077,138)

The NGN/USD exchange rate applied in the conversion of balances as at year end is N331/USD1 (2016: N305/USD1). The strengthening or weakening of Naira may not produce symmetrical results depending on the proportion and nature of balance sheet and the impact of derivatives.

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-17	Impact on statement of comprehensive income 31-Dec-16
Naira weakens by 10%	16,751,618	16,751,618

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 2017	Total	Naira	US	GBP	Euro	Others
Cash and balances with banks	953,944,176	536,637,684	163,776,193	143,200,181	9,623,913	100,706,205
Investment under management	20,257,131	20,257,131	-	-	-	-
Non-pledged trading assets						
Treasury bills	37,743,819	33,906,748	-	-	-	3,837,071
Bonds	9,050,894	9,012,553	38,342	-	-	-
Equity	59,348	59,348	-	-	-	-
Derivative financial instruments	93,419,293	92,390,219	-	871,060	4,656	153,358
Loans and advances to banks	68,114,076	1,295,927	66,818,149	-	-	-
Loans and advances to customers						
Auto Loan	3,450,060	3,243,530	-	-	-	206,530
Credit Card	3,410,627	619,453	2,717,400	260	-	73,514
Finance Lease	4,642,100	3,486,368	-	-	-	1,155,733
Mortgage Loan	43,621,930	4,127,123	35,745	-	-	39,459,062
Overdraft	184,260,759	125,726,417	16,334,492	-	-	42,199,850
Personal Loan	17,137,946	13,684,110	929,085	-	-	2,524,752
Term Loan	1,240,067,875	821,782,950	383,765,648	-	-	34,519,277
Time Loan	499,396,330	160,962,875	326,038,284	52,976	3,972,146	8,370,048
Pledged assets						
Treasury bills	258,672,816	252,061,738	-	-	-	6,611,078
Bonds	188,441,589	188,441,589	-	-	-	-
Investment securities						
- Available for sale						
Treasury bills	29,977,451	9,598,737	20,378,714	-	-	-
Bonds	54,079,368	27,714,194	25,827,939	-	-	537,235
Equity	69,581,098	69,181,956	-	-	-	399,142
- Held to Maturity						
Treasury bills	88,203,365	5,837,568	-	-	-	82,365,797
Bonds	36,590,582	7,051,661	2,888,292	-	-	26,650,629
Other assets	46,799,196	29,968,924	12,286,475	2,094,409	68,109	2,381,279
	3,950,921,829	**2,417,048,801**	**1,021,834,757**	**146,218,886**	**13,668,824**	**352,150,560**
Deposits from financial institutions	450,196,970	-	395,997,362	10,254,479	12,759,626	31,185,503
Deposits from customers	2,244,879,075	1,567,707,471	357,139,781	154,965,544	14,087,735	150,978,544
Derivative financial instruments	5,332,177	4,455,736	-	871,060	4,656	725
Other liabilities	235,786,478	106,714,552	117,132,975	2,725,726	3,448,905	5,764,320
Debt securities issued	302,106,706	70,984,362	231,122,344	-	-	-
Interest bearing borrowings	311,617,187	224,994,913	85,925,654	-	-	696,620
	3,549,918,593	**1,974,857,034**	**1,187,318,116**	**168,816,809**	**30,300,922**	**188,625,713**
Off balance sheet exposuress						
Transaction related bonds and guarantees	370,892,995	100,763,408	141,105,173	64,793,164	55,272,843	8,958,406
Guaranteed facilities	171,002,109	65,262,657	59,326,671	39,851,773	187,390	6,373,617
Clean line facilities for letters of credit and other commitments	293,267,039	21,774	205,359,311	42,762,220	17,491,992	27,631,742
Future, swap and forward contracts	662,935,746	-	653,645,538	9,290,208	-	-
	1,498,097,889	**166,047,839**	**1,059,436,694**	**156,697,366**	**72,952,226**	**42,963,765**

*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 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	14,871,248	14,871,248	-	-	-	-
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	3,979,234	461,865	3,489,838	356	-	27,176
Finance Lease	3,987,897	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	1,088,719,248	662,246,205	414,637,752	-	1,923,592	9,911,700
Time Loan	484,739,710	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	32,891,849	19,182,580	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	41,796,067	25,620,309	9,312,046	693,416	3,157	6,167,140
	3,370,195,791	**2,085,819,901**	**963,311,824**	**109,949,979**	**49,323,012**	**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	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**

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 2017	**Total**	**Naira**	**US**	**GBP**	**Euro**	**Others**
Cash and balances with banks	657,144,247	536,637,684	107,413,980	2,762,465	9,623,913	706,205
Investment under management	20,257,131	20,257,131	-	-	-	-
Non-pledged trading assets						
Treasury bills	33,906,748	33,906,748	-	-	-	-
Bonds	9,050,894	9,012,553	38,342	-	-	-
Equity	59,348	59,348	-	-	-	-
Derivative financial instruments	92,390,219	92,390,219	-	-	-	-
Loans and advances to banks	101,429,001	1,295,927	100,133,074	-	-	-
Loans and advances to customers						
Auto Loan	3,243,530	3,243,530	-	-	-	-
Credit Card	3,263,598	619,453	2,643,885	260	-	-
Finance Lease	3,486,368	3,486,368	-	-	-	-
Mortgage Loan	4,162,867	4,127,123	35,745	-	-	-
Overdraft	142,060,909	125,726,417	16,334,492	-	-	-
Personal Loan	14,613,195	13,684,110	929,085	-	-	-
Term Loan	1,165,294,769	821,782,950	343,511,819	-	-	-
Time Loan	435,157,504	160,962,875	268,931,936	52,976	2,909,240	2,300,476
Pledged assets						
Treasury bills	252,061,738	252,061,738	-	-	-	-
Bonds	188,441,589	188,441,589	-	-	-	-
Investment securities	-					
Available for sale	-					
Treasury bills	9,598,737	9,598,737	-	-	-	-
Bonds	28,066,294	27,714,194	352,100	-	-	-
Equity	69,181,956	69,181,956	-	-	-	-
Held to Maturity						
Treasury bills	5,837,568	5,837,568	-	-	-	-
Bonds	9,116,855	7,051,661	2,065,194	-	-	-
Other assets	34,517,514	29,968,924	4,542,711	4,887	992	-
	3,282,342,579	**2,417,048,801**	**846,932,362**	**2,820,588**	**12,534,145**	**3,006,681**
Deposits from financial institutions	276,140,835	-	267,588,985	-	6,482,044	2,069,806
Deposits from customers	1,910,773,713	1,577,026,973	323,377,322	5,700,968	4,668,185	265
Derivative financial instruments	5,306,450	5,306,450	-	-	-	-
Other liabilities	223,963,436	106,714,552	113,189,353	279,505	3,778,831	1,195
Debt securities issued	302,106,706	70,984,362	231,122,344	-	-	-
Interest bearing borrowings	282,291,141	224,994,913	57,296,228	-	-	-
	3,000,582,280	**1,985,027,249**	**992,574,232**	**5,980,473**	**14,929,060**	**2,071,266**
Off balance sheet exposuress						
Transaction related bonds and guarantees	225,158,636	164,420,932	528,085	22,338	60,187,281	-
Guaranteed facilities	81,335,619	23,298,855	54,922,784	-	3,113,980	-
Clean line facilities for letters of credit and other commitments	200,918,665	-	181,761,573	1,004,791	17,484,858	667,443
Future, swap and forward contracts	624,709,693	-	624,709,693	-	-	-
	1,132,122,613	187,719,787	861,922,135	1,027,129	80,786,119	667,443

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	21,699,880	19,182,580	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	-
	2,941,496,233	**2,085,798,377**	**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	105,287,725	39,811,426	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	-	-	-
	2,659,860,169	1,823,976,167	819,846,008	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	85,513,822	29,384,265	8,065,763	-	48,063,793	-
Clean line facilities for letters of credit and	158,994,795	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	-	-	-
	1,281,108,822	115,804,354	1,107,261,124	2,347,973	54,522,449	1,172,921

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 year 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 2017** *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	953,944,176	954,012,176	330,005,037	261,873,783	-	-	362,133,356
Investment under management	20,257,131	16,923,280	13,877,216	3,046,063	-	-	-
Non-pledged trading assets							
Treasury bills	37,743,819	36,591,854	5,754,587	7,808,409	23,028,858		
Bonds	9,050,894	24,667,877	509,156	114,088	609,408	5,268,742	18,166,483
Derivative financial instruments	93,419,293	93,419,293	12,695,471	629,958	80,093,864		
Loans and advances to banks	68,114,076	68,586,521	34,820,962	17,981,691	8,676,621	7,107,247	-
Loans and advances to customers							
Auto Loan	3,450,060	3,498,728	128,961	108,498	194,929	3,066,341	-
Credit Card	3,410,627	3,472,624	3,181,916	44,453	121,620	87,633	37,001
Finance Lease	4,642,100	4,846,988	510,124	535,534	1,049,267	2,752,062	-
Mortgage Loan	43,621,930	43,703,475	8,433,689	10,405,972	11,429,184	11,602,490	1,832,139
Overdraft	184,260,759	202,165,354	140,503,847	14,946,975	38,950,797	-	7,763,737
Personal Loan	17,137,947	17,615,989	1,661,804	1,275,024	5,378,942	9,266,259	33,960
Term Loan	1,240,067,875	1,276,359,596	72,704,933	84,243,645	309,301,033	550,511,739	259,598,246
Time Loan	499,396,330	507,714,915	213,770,914	116,974,346	160,126,077	16,843,578	-
Pledged assets							
Treasury bills	258,672,815	266,032,828	119,642,449	70,466,824	75,923,555	-	-
Bonds	188,441,589	333,593,205	5,843,214	2,481,750	8,821,729	90,449,224	225,997,288
Investment securities							
Available for sale							
Treasury bills	29,977,451	32,529,011	6,000,297	24,578,714	1,950,000	-	-
Bonds	54,079,368	111,384,906	2,693,868	1,617,346	4,319,922	53,212,754	49,541,016
Held to Maturity							
Treasury bills	88,203,365	92,202,918	8,064,301	32,074,308	52,064,309	-	-
Bonds	36,590,581	42,510,708	1,018,325	18,032,767	6,269,123	10,101,940	7,088,551
Other assets	46,799,196	76,560,762	46,162,812	3,161,155	9,355,050	17,881,745	-
	3,881,281,382	**4,208,393,007**	**1,027,983,883**	**672,401,304**	**797,664,287**	**778,151,754**	**932,191,777**
Deposits from financial institutions	450,196,970	492,753,085	290,787,768	191,532,855	10,432,462	-	-
Deposits from customers	2,244,879,075	2,526,911,645	1,322,388,754	882,033,700	28,665,196	293,823,995	-
Derivative financial instruments	5,332,177	5,332,177	4,433,573	650,884	247,719	-	-
Other liabilities	235,786,478	237,574,121	144,535,406	69,146,396	23,891,209	1,110	-
Debt securities issued	302,106,706	321,682,651	17,697,737	26,535,721	277,449,193		-
Interest bearing borrowings	311,617,187	298,207,558	828,707	2,580,269	23,035,123	244,997,208	26,766,250
	3,549,918,593	**3,882,461,237**	**1,780,671,945**	**1,172,479,825**	**363,720,902**	**538,822,313**	**26,766,250**
Gap (asset - liabilities)	331,362,790	325,931,771	(752,688,062)	(500,078,521)	433,943,386	239,329,441	905,425,529
Cumulative liquidity gap			(752,688,062)	(1,252,766,583)	(818,823,197)	(579,493,756)	325,931,774
Off-balance sheet							
Transaction related bonds and guarantees	370,892,995	370,892,996	69,692,770	45,345,626	158,847,644	97,006,956	-
Guaranteed facilities	171,002,109	171,002,109	53,451,112	30,394,198	14,113,357	73,043,442	-
commitments	293,267,039	293,267,039	167,575,246	98,015,062	27,676,731	-	-
Future, swap and forward contracts	662,935,746	662,935,745	109,529,465	46,416,674	506,989,605		-
	1,498,097,889	**1,498,097,889**	**400,248,593**	**220,171,560**	**707,627,337**	**170,050,398**	**-**

Group **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	713,889,105	715,345,365	353,988,075	7,247,123	53,642,143	-	300,468,024
Investment under management	14,871,247	14,871,247	10,411,554	4,459,693	-	-	-
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	186,881,262	115,424,409	8,168,255	62,334,086	954,511	-
Personal Loan	18,072,072	18,754,869	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	486,774,566	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	210,020,281	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	98,737,384	6,191,560	3,272,392	4,798,727	26,230,505	58,244,199
Other assets	41,796,068	44,763,926	16,103,065	8,352,445	2,674,098	17,634,319	-
	3,311,468,889	**3,528,039,417**	**1,103,499,533**	**252,655,073**	**481,082,654**	**879,410,493**	**811,391,662**
Deposits from financial institutions	167,356,583	164,074,988	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
	3,014,204,227	**3,200,653,309**	**1,916,179,421**	**297,775,401**	**611,013,540**	**156,207,648**	**219,477,299**
Gap (asset - liabilities)	297,264,662	327,386,108	(812,679,888)	(45,120,329)	(129,930,886)	723,202,845	591,914,362
Cumulative liquidity gap			(812,679,888)	(857,800,217)	(987,731,103)	(264,528,259)	327,386,104
Off-balance sheet							
Transaction related bonds and guarantees	221,127,530	186,251,718	58,396,012	20,312,880	13,591,530	93,951,296	-
Guaranteed facilities	94,135,927	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	216,785,592	261,208,243	191,336,041	32,234,010	33,458,810	4,179,382	-
Future, swap and forward contracts	440,800,900	933,073,893	277,615,235	195,494,789	347,913,388	112,050,481	-
	972,849,949	**1,480,116,563**	**540,082,122**	**251,981,544**	**407,124,487**	**279,094,090**	**1,834,320**

5.3.1 Residual contractual maturities of financial assets and liabilities

Bank **31 December 2017** *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	657,144,247	657,824,247	269,040,476	28,837,562	-	-	359,946,209
Investment under management	20,257,131	20,257,131	15,248,944	2,664,746	2,343,441	-	-
Non-pledged trading assets							
Treasury bills	33,906,748	36,591,854	5,754,587	7,808,409	23,028,858		
Bonds	9,050,894	24,667,877	509,156	114,088	609,408	5,268,742	18,166,483
Derivative financial instruments	92,390,219	92,390,219	12,695,471	629,958	79,064,790		
Loans and advances to banks	101,429,001	101,470,508	35,270,508	24,825,000	41,375,000	-	-
Loans and advances to customers							
Auto Loan	3,243,530	3,292,199	79,394	54,800	139,166	3,018,839	-
Credit Card	3,263,598	3,324,216	3,153,636	-	91,869	41,710	37,001
Finance Lease	3,486,368	3,684,811	254,252	244,990	712,494	2,473,076	-
Mortgage Loan	4,162,867	4,230,374	143,777	143,106	377,137	1,734,215	1,832,139
Overdraft	142,060,909	156,902,433	121,336,888	-	27,801,808	-	7,763,737
Personal Loan	14,613,195	15,085,225	1,205,845	591,838	4,418,034	8,835,548	33,960
Term Loan	1,165,294,769	1,197,454,857	57,453,678	59,296,709	289,574,849	531,531,376	259,598,246
Time Loan	435,157,504	443,414,730	192,556,762	102,184,076	139,554,312	9,119,579	-
Pledged assets							
Treasury bills	252,061,738	260,032,828	119,642,449	64,466,824	75,923,555	-	-
Bonds	188,441,589	333,593,205	5,843,214	2,481,750	8,821,729	90,449,224	225,997,288
Investment securities							
Available for sale							
Treasury bills	9,598,737	10,150,297	4,000,297	4,200,000	1,950,000	-	-
Bonds	28,066,294	55,692,453	1,346,934	808,673	2,159,961	26,606,377	24,770,508
Held to Maturity							
Treasury bills	5,837,568	5,957,035	-	-	5,957,035	-	-
Bonds	9,116,855	10,889,048	1,776,941	910,662	557,673	6,396,217	1,247,555
Other assets	34,517,514	64,618,113	46,024,737	-	835,486	17,757,889	-
	3,213,101,274	**3,501,523,658**	**893,337,945**	**300,263,191**	**705,296,604**	**703,232,792**	**899,393,126**
Deposits from financial institutions	276,140,835	287,106,829	156,414,526	110,592,932	20,038,675	60,695	-
Deposits from customers	1,910,773,713	1,923,543,742	1,577,123,251	325,858,014	20,473,680	88,797	-
Derivative financial instruments	5,306,450	5,306,450	4,433,548	625,183	247,719	-	-
Other liabilities	223,963,436	223,963,436	132,508,400	14,656,236	76,798,800	-	-
Debt securities issued	302,106,706	321,682,651	17,697,737	26,535,721	277,449,193	-	-
Interest bearing borrowings	282,291,141	295,636,255	123,648,978	65,728,142	46,536,781	32,239,324	27,483,030
	3,000,582,281	3,057,239,362	2,011,826,439	543,996,228	441,544,848	32,388,817	27,483,030
Gap (asset - liabilities)	212,518,994	444,284,295	(1,118,488,494)	(243,733,037)	263,751,756	670,843,975	871,910,096
Cumulative liquidity gap			(1,118,488,494)	(1,362,221,531)	(1,098,469,775)	(427,625,800)	444,284,295
Off balance-sheet							
Transaction related bonds and guarantees	225,158,636	225,158,637	34,170,542	34,919,753	59,061,386	97,006,956	-
Guaranteed facilities	81,335,619	81,335,619	533,891	1,877,455	9,997,094	68,927,179	-
Clean line facilities for letters of credit and other commitments	200,918,665	200,918,665	111,792,227	79,466,674	9,659,764	-	-
Future, swap and forward contracts	624,709,693	772,477,622	348,099,740	237,795,545	74,201,215	112,381,121	-
	1,132,122,613	**1,279,890,543**	**494,596,401**	**354,059,427**	**152,919,459**	**278,315,256**	**-**

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	1,035,301,570	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	**3,099,876,127**	**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	264,500,528	(988,155,366)	30,539,186	(82,407,288)	719,586,446	584,937,220
Cumulative liquidity gap			(988,155,366)	(957,616,181)	(1,040,023,468)	(320,437,022)	264,500,198
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**

5.3.2 Financial instruments below and above 1 year's maturity

Group	December 2017			December 2016		
In thousands of Naira	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Cash and balances with banks	596,770,820	357,173,356	**953,944,176**	413,421,081	300,468,024	**713,889,105**
Investments under management	20,257,131	-	**20,257,131**	14,871,247	-	**14,871,247**
Non pledged trading assets						
Treasury bills	37,743,819	-	**37,743,819**	34,381,635	-	**34,381,635**
Bonds	8,986	9,041,908	**9,050,894**	1,993	10,186,604	**10,188,597**
Derivative financial instruments	38,459,025	54,960,268	**93,419,293**	99,005,435	57,037,549	**156,042,984**
Loans and advances to banks	61,006,829	7,107,247	**68,114,076**	44,977,056	225,946	**45,203,002**
Loans and advances to customers						
Auto Loan	408,955	3,041,105	**3,450,060**	474,178	3,976,569	**4,450,747**
Credit Card	3,324,045	86,582	**3,410,627**	3,873,887	105,348	**3,979,235**
Finance Lease	1,154,202	3,487,899	**4,642,100**	373,096	3,614,801	**3,987,897**
Mortgage Loan	29,595,427	14,026,502	**43,621,930**	24,350,127	5,870,430	**30,220,556**
Overdraft	184,260,759	-	**184,260,759**	174,352,829	936,877	**175,289,705**
Personal Loan	5,649,586	11,488,361	**17,137,947**	1,862,003	16,210,069	**18,072,071**
Term Loan	152,516,945	1,087,550,930	**1,240,067,875**	61,000,474	1,027,718,775	**1,088,719,248**
Time Loan	476,741,898	22,654,432	**499,396,330**	415,677,251	69,062,457	**484,739,709**
Pledged assets						
Treasury bills	258,672,815	-	**258,672,815**	188,239,520	-	**188,239,520**
Bonds	20,724,258	167,717,331	**188,441,589**	11,757,237	114,950,745	**126,707,982**
Investment securities						
Available for sale						
Treasury bills	29,977,451	-	**29,977,451**	69,346,601	-	**69,346,601**
Bonds	28,634,329	25,445,039	**54,079,368**	4,363,270	28,528,579	**32,891,849**
Held to Maturity						
Treasury bills	87,380,268	823,097	**88,203,365**	27,350,114	-	**27,350,114**
Bonds	26,689,749	9,900,833	**36,590,582**	2,199,256	38,901,757	**41,101,014**
Other assets	42,985,834	3,813,361	**46,799,195**	22,429,091	19,366,977	**41,796,068**
	2,102,963,130	**1,778,318,250**	**3,881,281,382**	**1,614,307,380**	**1,697,161,508**	**3,311,468,888**
Deposits from financial institutions	450,196,970	-	**450,196,970**	167,356,583	-	**167,356,583**
Deposits from customers	2,177,811,215	67,067,860	**2,244,879,075**	2,080,224,795	8,972,491	**2,089,197,286**
Derivative financial instruments	5,332,177	-	**5,332,177**	30,444,501	-	**30,444,501**
Debt securities issued	70,722,788	231,383,918	**302,106,706**	104,164,136	212,380,366	**316,544,502**
Other liabilities	221,897,540	13,888,938	**235,786,478**	90,980,725	20,136,923	**111,117,648**
Interest-bearing borrowings	79,240,285	232,376,902	**311,617,187**	13,369,251	286,174,456	**299,543,707**
	3,005,200,975	**544,717,619**	**3,549,918,593**	**2,548,627,221**	**747,036,516**	**3,014,204,227**

Bank	December 2017			December 2016		
In thousands of Naira	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Cash and balances with banks	302,158,038	354,986,209	**657,144,247**	219,813,090	298,184,159	**517,997,249**
Investment under management	20,257,131	-	**20,257,131**	14,871,247	-	**14,871,247**
Non pledged trading assets						
Treasury bills	33,906,748		**33,906,748**	34,381,635	-	**34,381,635**
Bonds	8,986	9,041,908	**9,050,894**	1,993	10,186,604	**10,188,597**
Derivative financial instruments	92,390,219	-	**92,390,219**	98,735,112	57,037,550	**155,772,662**
Loans and advances to banks	101,429,001	-	**101,429,001**	80,951,478	23,055,096	**104,006,574**
Loans and advances to customers						
Auto Loan	249,927	2,993,603	**3,243,530**	463,459	3,903,085	**4,366,544**
Credit Card	3,222,595	41,003	**3,263,598**	3,803,753	118,623	**3,922,377**
Finance Lease	275,845	3,210,523	**3,486,368**	373,097	3,614,801	**3,987,898**
Mortgage Loan	1,131	4,161,737	**4,162,867**	43,792	4,953,160	**4,996,952**
Overdraft	142,060,909	-	**142,060,909**	130,106,191	179,472	**130,285,663**
Personal Loan	3,554,042	11,059,153	**14,613,195**	1,286,581	15,502,522	**16,789,104**
Term Loan	95,834,502	1,069,460,266	**1,165,294,769**	38,491,569	979,154,686	**1,017,646,255**
Time Loan	420,211,731	14,945,773	**435,157,504**	343,535,968	69,031,586	**412,567,554**
Pledged assets						
Treasury bills	252,061,738	-	**252,061,738**	188,239,520	-	**188,239,520**
Bonds	20,724,258	167,717,331	**188,441,589**	11,757,236	114,950,746	**126,707,982**
Investment securities						
Available for sale						
Treasury bills	9,598,737	-	**9,598,737**	40,960,665	-	**40,960,665**
Bonds	4,307	28,061,987	**28,066,294**	4,363,270	17,336,610	**21,699,880**
Held to Maturity						
Treasury bills	5,837,568	-	**5,837,568**	-	-	**-**
Bonds	2,597,072	6,519,783	**9,116,855**	2,199,256	38,163,795	**40,363,051**
Other assets	30,395,439	4,122,074	**34,517,513**	18,724,289	14,540,783	**33,265,072**
	1,536,779,923	**1,676,321,350**	**3,213,101,274**	**1,233,103,205**	**1,649,913,279**	**2,883,016,480**
Deposits from financial institutions	276,140,835	-	**276,140,835**	95,122,188	-	**95,122,188**
Deposits from customers	1,910,693,995	79,718	**1,910,773,713**	1,804,070,381	8,972,491	**1,813,042,872**
Derivative financial instruments	5,306,450	-	**5,306,450**	30,275,181	-	**30,275,181**
Debt securities issued	70,931,375	231,175,331	**302,106,706**	31,572,052	212,380,366	**243,952,418**
Other liabilities	223,963,436	-	**223,963,436**	89,211,697	16,076,027	**105,287,724**
Interest-bearing borrowings	69,822,064	212,469,076	**282,291,140**	86,005,329	286,174,456	**372,179,785**
	2,556,858,154	**443,724,125**	**3,000,582,279**	**2,136,256,828**	**523,603,340**	**2,659,860,168**

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 2017	Group December 2016	Bank December 2017	Bank December 2016
Tier 1 capital				
Ordinary share capital	14,463,986	14,463,986	14,463,986	14,463,986
Share premium	197,974,816	197,974,816	197,974,816	197,974,816
Retained earnings	117,701,679	93,614,030	120,218,603	93,329,188
Other reserves	178,399,413	142,194,720	136,833,692	115,910,630
Non-controlling interests	6,907,515	6,247,028	-	-
	515,447,409	**454,494,580**	**469,491,098**	**421,678,620**
Add/(Less):				
Fair value reserve for available-for-sale	(36,111,322)	(23,240,250)	(35,267,471)	(23,354,093)
Foreign currency translation reserves	(26,813,500)	(11,992,025)	-	-
Other reserves	(2,031,978)	(1,211,978)	(2,031,978)	(1,008,118)
Total Tier 1	**450,490,608**	**418,050,326**	**432,191,648**	**397,316,409**
Add/(Less):				
50% Investments in subsidiaries	-	-	(43,897,316)	(29,619,626)
Deferred tax assets	(740,402)	(1,264,813)	-	-
Regulatory risk reserve	(43,420,287)	(42,932,550)	(35,058,266)	(35,058,266)
Intangible assets	(8,295,855)	(6,939,555)	(5,981,905)	(5,173,784)
Adjusted Tier 1	**398,034,065**	**366,913,409**	**347,254,162**	**327,464,733**
Tier 2 capital				
Debt securities issued	79,440,000	97,600,000	79,440,000	97,600,000
Fair value reserve for available-for-sale securities	36,111,322	23,240,250	35,267,471	23,354,093
Foreign currency translation reserves	26,813,500	11,992,025	-	-
Other reserves	2,031,978	1,211,978	2,031,978	1,008,118
50% Investments in subsidiaries	-	-	(43,897,316)	(29,619,626)
Total Tier 2	**144,396,800**	**134,044,253**	**72,842,135**	**92,342,587**
Adjusted Tier 2 capital (33% of Tier 1)	**132,664,754**	**122,292,239**	**72,842,135**	**92,342,587**
Total regulatory capital	**530,698,819**	**489,205,648**	**420,096,297**	**419,807,320**
Risk-weighted assets	**2,358,011,237**	**2,355,526,638**	**2,311,370,698**	**2,148,490,422**
Capital ratios				
Total regulatory capital expressed as a percentage of total risk-weighted assets	22.51%	20.77%	18.18%	19.54%
Total tier 1 capital expressed as a percentage of risk-weighted assets	16.88%	15.58%	15.02%	15.24%

7 Operating segments

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately based on the Group's management and internal reporting structure. For each of the strategic business units, the Executive Management Committee reviews internal management reports on at least a quarterly basis. The Group presents segment information to its Executive Committee, which is the Group's Chief Operating Decision Maker, based on International Financial Reporting Standards.

Based 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.
- **Business Banking** - The Business banking division is a hybrid of Commercial and Personal Banking Divisions. It focuses on small and medium scale enterprises providing them with business solutions to support their growing business needs. The division delivers commercial banking products and services to SME customers with annual turnover of less than 1billion.

All of the Segments reported at the end of the year had its,

- Reported revenue, from both external customers and intersegment sales or transfers, 10 per cent or more of the combined revenue, internal and external, of all operating segments, or

-the absolute measure of its reported profit or loss 10 per cent or more of the greater, in absolute amount, of
(i) the combined reported profit of all operating segments that did not report a loss and
(ii) the combined reported loss of all operating segments that reported a loss, or

-its assets are 10% or more of the combined assets of all operating segments.

Unallocated Segments represents all other transactions than are outside the normal course of business and can not be directly related to a specific segment financial information.

Thus, in essence, unallocated segments reconcile segment balances to group balances. Material items comprising total assets and total liabilities of the unallocated segments have been outlined below;

Sales between segments are carried out at arm's length. The revenue from external parties reported to the executive committee is measured in a manner consistent with that in the income statement.

Material total assets and liabilities

In thousands of Naira	Group December 2017	Group December 2016
Other Assets	82,753,431	63,255,054
Deferred tax (net)	740,402	1,264,813
Assets Held for Sale	9,479,967	140,727
Goodwill	681,007	681,007
	93,654,807	**65,341,601**
Other liabilities	253,914,174	113,571,240
Debt Securities issued	302,106,706	316,544,502
Interest-bearing loans and borrowings	311,617,187	299,543,707
Deferred tax	8,764,262	3,699,050
Retirement Benefit Obligation	2,495,274	3,075,453
Total liabilities	**878,897,603**	**736,433,952**

Material revenue and expenses

	Group December 2017	Group December 2016
Interest expense		
Interest expense on debt securities issued	(35,947,693)	(18,369,256)

7a Operating segments (continued)

31 December 2017

In thousands of Naira	Corporate & Investment Banking	Commercial Banking	Business Banking	Personal Banking	Unallocated Segments	Total continuing operations	Total
Revenue:							
Derived from external customers	130,005,493	71,052,261	16,524,325	28,993,324	-	246,575,403	246,575,403
Derived from other business segments	-	-	-	-	-	-	-
Total Revenue	130,005,493	71,052,261	16,524,325	28,993,324	-	246,575,403	246,575,403
Interest Income	91,910,500	154,101,363	31,066,986	42,775,553	-	319,854,402	319,854,402
Interest expense	(37,453,265)	(64,996,071)	(11,733,835)	(15,291,099)	(26,928,587)	(156,402,857)	(156,402,857)
Impairment Losses	(27,669,368)	(6,086,968)	578,891	(1,289,423)	-	(34,466,868)	(34,466,868)
Profit/(Loss) on ordinary activities before taxation	74,573,148	26,177,424	1,667,521	4,582,976	(26,928,587)	80,072,482	80,072,482
Income tax expense	(12,647,766)	(4,386,483)	(279,422)	(767,957)	-	(18,081,628)	(18,081,628)
Profit after tax						61,990,854	61,990,854
Assets and liabilities:							
Loans and Advances to customers	625,016,339	998,546,813	64,104,240	51,776,501	-	1,739,443,893	1,739,443,893
Goodwill	-	-	-	-	681,007	681,007	681,007
Tangible segment assets	1,336,670,184	2,472,389,897	163,483,992	119,631,769	-	4,092,175,842	4,092,175,842
Unallocated segment assets	-	-	-	-	10,066,978	10,066,978	10,066,978
Total assets	1,336,670,184	2,472,389,897	163,483,992	119,631,769	10,066,978	4,102,242,820	4,102,242,820
Deposits from customers	397,529,002	976,398,417	311,944,929	559,006,727	-	2,244,879,075	2,244,879,075
Segment liabilities	478,495,638	1,642,561,437	524,774,213	940,397,769	-	3,586,229,057	3,586,229,057
Unallocated segment liabilities	-	-	-	-	566,354	566,354	566,354
Total liabilities	478,495,638	1,642,561,437	524,774,213	940,397,769	566,354	3,586,795,411	3,586,795,411
Net assets	858,174,547	829,828,460	(361,290,221)	(820,766,000)	9,500,624	515,447,410	515,447,410

31 December 2016
Operating segments (continued)

In thousands of Naira	Corporate & Investment Banking	Commercial Banking	Business Banking	Personal Banking	Unallocated Segments	Total continuing operations	Total
Revenue:							
Derived from external customers	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
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
Income tax expense						(18,900,109)	(18,900,109)
Profit after tax						71,439,347	71,439,347
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	-	3,418,523,963	3,418,523,963
Unallocated segment assets	-	-	-	-	65,341,601	65,341,601	65,341,601
Total assets	1,303,757,470	1,886,823,131	121,643,467	106,299,895	65,341,601	3,483,865,564	3,483,865,564
Deposits from customers	480,494,494	970,978,683	243,016,286	394,707,823	-	2,089,197,286	2,089,197,286
Segment liabilities	358,575,114	1,407,188,270	254,397,381	284,733,397	-	2,304,894,163	2,304,894,163
Unallocated segment liabilities	-	-	-	-	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

7b Geographical segments

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

31 December 2017 *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Total**
Derived from external customers	398,161,575	38,759,457	22,154,747	459,075,779
Derived from other segments	-	-	-	-
Total revenue	398,161,575	38,759,457	22,154,747	459,075,779
Interest income	274,670,641	28,223,362	16,960,399	319,854,402
Impairment losses	(29,149,849)	(5,317,020)	-	(34,466,869)
Interest expense	(143,133,607)	(6,302,975)	(6,966,275)	(156,402,857)
Net fee and commission income	45,785,985	5,819,745	4,991,587	56,597,317
Operating income	255,027,968	32,456,482	15,188,472	302,672,922
Profit before income tax	67,043,501	3,993,738	9,035,244	80,072,482
Assets and liabilities:				
Loans and advances to customers and banks	1,872,711,740	95,388,270	96,001,693	2,064,101,703
Non current assets				
Goodwill	-	681,007	-	681,007
Total assets	3,499,683,979	(67,809,613)	670,368,454	4,102,242,820
Deposit from customers	1,910,773,713	130,741,584	203,363,778	2,244,879,075
Total liabilities	3,030,192,882	(39,075,909)	595,678,438	3,586,795,411
Net assets	469,491,098	(28,733,704)	74,690,016	515,447,409

31 December 2016	**Nigeria**	**Rest of Africa**	**Europe**	**Total**
Derived from external customers	331,000,972	42,385,383	7,934,428	381,320,783
Derived from other segments	-	-	-	-
Total revenue	331,000,972	42,385,383	7,934,428	381,320,783
Interest income	210,794,456	10,563,845	25,928,334	247,286,635
Impairment losses	(17,641,127)	(4,311,692)	-	(21,952,819)
Interest expense	(94,777,050)	(9,086,318)	(4,275,507)	(108,138,875)
Net fee and commission income	45,992,484	5,372,046	3,499,274	54,863,803
Operating income	236,223,922	33,299,065	3,658,921	273,181,908
	236,223,922	33,299,065	3,658,921	273,181,908
Profit before income tax	80,579,576	5,257,275	4,502,605	90,339,456
Assets and liabilities:				
Loans and advances to customers	1,698,568,920	92,329,153	18,561,100	1,809,459,172
Non current assets				
Goodwill	-	681,007	-	681,007
Total assets	3,094,960,515	163,680,065	225,224,984	3,483,865,563
Deposit from customers	1,813,042,872	204,070,854	72,083,559	2,089,197,286
Total liabilities	2,673,281,895	155,057,459	201,031,629	3,029,370,984
Net assets	421,678,619	8,622,606	24,790,648	455,091,873

No revenue from transaction with a single external customer or a group of connected economic entities or counterparty amounted to 10% or more of the group's total revenue in year ended 31 December 2017 and for the year ended 31 December 2016. Information on revenue from external customers for each product and service had not been disclosed as the information is not readily available to the chief operating decision maker and the cost to develop is considered excessive.

8 Interest income

In thousands of Naira	Group December 2017	Group December 2016	Bank December 2017	Bank December 2016
Interest income				
Cash and balances with banks	3,478,085	1,929,092	2,385,767	1,328,371
Loans and advances to banks	2,322,596	1,587,816	112,345	149,624
Loans and advances to customers	230,824,330	198,886,057	202,309,037	172,571,696
Investment securities				
-Available for sale	31,226,746	16,769,084	29,005,464	15,366,667
-Held for trading	25,493,287	7,896,097	25,493,287	7,876,048
-Held to maturity	26,509,358	20,218,489	15,364,740	13,502,050
	319,854,402	**247,286,634**	**274,670,641**	**210,794,456**
Interest expense				
Deposit from financial institutions	16,715,851	7,434,354	14,788,823	6,822,272
Deposit from customers	91,365,483	77,187,483	81,326,332	60,921,911
Debt securities issued	35,947,693	18,369,256	35,947,693	13,569,723
Interest bearing borrowings and other borrowed funds	12,373,830	5,147,782	11,070,759	13,463,144
	156,402,857	**108,138,875**	**143,133,607**	**94,777,050**
Net interest income	**163,451,545**	**139,147,759**	**131,537,034**	**116,017,406**

Interest income for the year ended 31 December 2017 includes interest accrued on impaired financial assets of Group: N1.8Bn (31 December 2016: N2.24Bn) and Bank: N848Mn (31 December 2016: N1.74Bn).

The increase in interest income is attributable to the increase in value of loans and advances to customers and repricing.

9 Net impairment charge on financial assets

In thousands of Naira	Group December 2017	Group December 2016	Bank December 2017	Bank December 2016
Additional collective impairment charges on loans and advances to banks(note 22)	(18,120)	(14,300)	(18,120)	(14,300)
Additional collective impairment charges on loans and advances to customers (note 23)	(1,132,010)	(2,742,435)	(81,718)	(2,458,338)
Additional specific impairment charges on loans and advances to customers (see note 23) (a)	(32,766,818)	(17,874,149)	(29,365,940)	(13,846,554)
Additional (impairment)/write back on financial assets in other assets (see note 26)	(549,920)	(1,321,935)	315,930	(1,321,935)
	(34,466,868)	**(21,952,819)**	**(29,149,848)**	**(17,641,127)**

(a) The additional impairment recognised during the year was a result of deterioration of the credit quality of risk asset.

10 Fee and commission income

In thousands of Naira	Group December 2017	Group December 2016	Bank December 2017	Bank December 2016
Credit related fees and commissions	24,453,050	17,921,606	21,072,063	12,487,249
Account maintenance charge and handling commission	6,454,479	2,615,538	5,859,439	2,203,851
Commission on bills and letters of credit	3,499,032	2,930,468	3,499,032	2,632,733
Commissions on collections	155,278	105,197	155,278	71,022
Commission on other financial services	10,043,893	3,324,878	3,139,616	1,664,160
Commission on virtual products	2,155,190	4,102,877	2,155,190	3,005,484
Commission on foreign currency denominated transactions	3,977,588	2,819,128	3,977,588	2,569,588
Channels and other E-business income	5,790,931	21,296,440	5,782,886	21,102,094
Retail account charges	144,893	324,368	144,893	256,303
	56,674,334	**55,440,500**	**45,785,985**	**45,992,484**

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.

11 Net (loss)/gain on investment securities

a Net (loss)/gain on financial instruments designated as held for trading

In thousands of Naira	Group December 2017	Group December 2016	Bank December 2017	Bank December 2016
Fixed income securities	5,642,926	3,257,368	5,354,665	3,219,242
Derivative instruments	(39,272,532)	50,105,544	(38,413,712)	50,061,509
	(33,629,606)	**53,362,912**	**(33,059,046)**	**53,280,751**

Net (loss)/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.

(Loss)/gain on financial instrument relates to fair value increase/(decrease) arising from derivative instruments to which the bank is a party in the normal course of business and are held at fair value. Fair value decrease would arise from the change in rate and maturity. 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 2017	Group December 2016	Bank December 2017	Bank December 2016
Fixed income securities	226,381	1,688,166	226,381	1,688,166
	226,381	**1,688,166**	**226,381**	**1,688,166**
Total	**(33,403,225)**	**55,051,078**	**(32,832,665)**	**54,968,917**

12 Net foreign exchange income/(loss)

In thousands of Naira	Group December 2017	Group December 2016	Bank December 2017	Bank December 2016
Foreign exchange trading income (net)	120,262,351	8,844,295	116,147,446	5,232,111
Unrealised foreign exchange loss on revaluation	(12,330,254)	(5,246,704)	(12,526,107)	(5,326,545)
	107,932,097	**3,597,591**	**103,621,339**	**(94,434)**

Foreign exchange trading income includes realised gains on derivatives that matured during the year.

13 Other operating income

In thousands of Naira	Group December 2017	Group December 2016	Bank December 2017	Bank December 2016
Dividends on available for sale equity securities	2,357,175	860,339	2,357,175	860,339
Gain on disposal of property and equipment	10,090	167,340	902	143,985
Rental income	23,973	43,839	23,973	36,509
Bad debt recovered	606,397	808,458	575,787	631,191
Cash management charges	269,671	265,683	269,671	265,683
Income from agency and brokerage	105,231	147,850	105,231	136,651
Income from asset management	3,274,157	1,030,994	3,274,157	1,030,994
Income from other investments	1,221,834	271,270	159,736	24,914
Income from disposal of available for sale securities (a)	-	16,206,410	-	16,206,410
Income from other finacial services	149,643	142,795	149,643	2,873
	8,018,171	**19,944,978**	**6,916,275**	**19,339,549**

(a) In 2016, 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 2017	Group December 2016	Bank December 2017	Bank December 2016
Wages and salaries	51,643,332	48,450,043	39,220,187	39,323,574
Increase in liability for long term incentive plan (see note 37 (a) (i))	753,058	1,196,994	753,058	1,196,995
Contributions to defined contribution plans	1,239,712	1,087,431	776,407	748,241
Restricted share performance plan (b)	1,170,693	1,061,070	1,023,860	884,777
	54,806,795	**51,795,538**	**41,773,512**	**42,153,587**

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

By the resolution of the Board and Shareholders, the Bank sets aside an amount not exceeding 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 year of three to seven 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 2017		December 2016	
Description of shares		**Number of Shares**	**Weighted Share Price per Share - Naira**	**Number of Shares**	**Weighted Share Price per Share - Naira**
(i)	Shares allocated to staff at start of the year;	503,879,845	5.90	209,554,491	7.56
(ii)	Shares allocated during the year	161,489,590	9.51	349,775,330	5.19
(iii)	Forfeited during the year;	(52,308,223)	4.97	(14,057,608)	5.20
(iv)	Exercised during the year;	(3,935,409)	6.22	(41,392,368)	9.76
(v)	Shares allocated to staff at end of the year;	609,125,803	6.94	503,879,845	5.01
	Shares under the scheme at the end of the year	646,955,092	5.80	552,268,754	5.21
		Naira ('000)	**Price per Share - Naira**	**Naira ('000)**	**Price per Share - Naira**
Share based expense recognised during the year		1,170,693	6.94	1,061,070	5.01

Outstanding allocated shares to staff at the end of the year have the following maturity dates

	Vesting year	Expiry date	Shares
Outstanding allocated shares for the 2016 - 2018 vesting year	2016 - 2018	31 Dec 2018	374,555,488
Outstanding allocated shares for the 2017 - 2019 vesting year	2017 - 2019	31 Dec 2019	172,425,880
Outstanding allocated shares for the 2017 - 2024 vesting year	2017 - 2024	16 Jan 2024	1,800,361
Outstanding allocated shares for the 2018 - 2025 vesting year	2018 - 2025	16 Jan 2025	12,446,084
Outstanding allocated shares for the 2019 - 2026 vesting year	2019 - 2026	17 Feb 2026	25,593,301
Outstanding allocated shares for the 2020 - 2027 vesting year	2020 - 2027	7 Mar 2027	22,304,690
			609,125,804

Bank

		December 2017		December 2016	
Description of shares		**Number of Shares**	**Weighted Share Price per Share - Naira**	**Number of Shares**	**Weighted Share Price per Share - Naira**
(i)	Shares allocated to staff at start of the year;	470,756,837	5.93	202,485,483	7.56
(ii)	Shares allocated during the year	132,468,162	10.00	323,721,330	5.19
(iii)	Forfeited during the year;	(52,308,223)	5.14	(14,057,608)	5.20
(iv)	Exercised during the year;	(3,935,409)	6.19	(41,392,368)	9.76
(v)	Shares allocated to staff at end of the year;	546,981,368	7.25	470,756,837	5.76
(vi)	Shares under the scheme at the end of the year	583,799,951	5.93	519,145,746	5.93
		Naira ('000)	**Price per Share - Naira**	**Naira ('000)**	**Price per Share - Naira**
Share based expense recognised during the year		1,023,860	7.25	884,777	5.76

Outstanding allocated shares to staff at the end of the year have the following maturity dates

	Vesting year	Expiry date	Shares
Outstanding allocated shares for the 2016 - 2018 vesting year	2016 - 2018	31 Dec 2018	374,555,488
Outstanding allocated shares for the 2017 - 2019 vesting year	2017 - 2019	31 Dec 2019	172,425,880
			546,981,368

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

	Group December 2017	Group December 2016	Bank December 2017	Bank December 2016
	Years	**Years**	**Years**	**Years**
Weighted average contractual life of remaining shares	1.70	1.64	1.32	1.63

ii. The average number of persons other than directors, in employment at the Group level during the year comprise:

	Group December 2017	Group December 2016	Bank December 2017	Bank December 2016
	Number	**Number**	**Number**	**Number**
Managerial	309	292	241	233
Other staff	3,650	3,797	2,772	2,723
	3,959	**4,089**	**3,013**	**2,956**

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 2017	Group December 2016	Bank December 2017	Bank December 2016
	Number	**Number**	**Number**	**Number**
Below N900,000	236	306	-	-
N900,001 - N1,990,000	291	408	10	9
N1,990,001 - N2,990,000	104	158	-	-
N2,990,001 - N3,910,000	84	71	-	-
N3,910,001 - N4,740,000	1,006	1,040	968	1,028
N4,740,001 - N5,740,000	24	21	1	-
N5,740,001 - N6,760,000	681	660	651	648
N6,760,001 - N7,489,000	17	31	-	-
N7,489,001 - N8,760,000	453	481	437	446
N8,760,001 - N9,190,000	362	311	353	306
N9,190,001 - N11,360,000	33	29	-	1
N11,360,001 - N14,950,000	378	296	352	276
N14,950,001 - N17,950,000	12	10	-	-
N17,950,001 - N21,940,000	187	177	173	167
N21,940,001 - N26,250,000	40	43	35	38
N26,250,001 - N30,260,000	8	3	-	-
N30,261,001 - N45,329,000	43	44	33	37
	3,959	**4,089**	**3,013**	**2,956**

15 Other operating expenses

In thousands of Naira	Group December 2017	Group December 2016	Bank December 2017	Bank December 2016
Premises and equipment costs	9,950,906	8,170,973	8,033,103	6,627,493
Professional fees	5,679,646	2,119,700	5,513,453	1,558,808
Insurance	1,332,628	1,093,148	1,068,010	893,562
Business travel expenses	6,766,599	6,980,197	6,303,654	6,442,064
Asset Management Corporation of Nigeria (AMCON) surcharge (see note (a) below)	15,474,803	12,059,720	15,474,803	12,059,720
Deposit insurance premium	5,952,588	6,002,813	5,952,588	6,002,813
Auditor's remuneration	529,006	460,182	380,000	350,000
Administrative expenses	19,027,793	16,513,674	17,904,438	15,347,843
Board expenses	671,633	526,108	521,268	386,684
Communication expenses	4,263,329	2,523,023	3,031,550	1,698,749
IT and e-business expenses	16,077,936	13,983,760	13,559,140	12,246,639
Outsourcing costs	8,277,398	7,626,411	7,305,290	6,750,086
Advertisements and marketing expenses	6,038,146	4,211,075	4,812,368	3,771,607
Recruitment and training	2,424,516	1,639,273	2,207,928	1,342,458
Events, charities and sponsorship	5,462,666	2,618,909	4,106,144	2,447,297
Periodicals and subscriptions	1,142,566	1,007,974	984,488	869,154
Security expenses	3,518,297	3,104,455	3,201,277	2,691,644
Cash processing and management cost	2,148,653	1,671,083	1,846,990	1,548,319
Stationeries, postage and printing	1,532,751	1,576,253	1,330,451	1,205,990
Office provisions and entertainment	694,447	475,289	303,389	297,801
Net litigations claims (see note 34(i)	152,923	49,496	152,923	49,496
	117,119,230	**94,413,516**	**103,993,256**	**84,588,227**

(a) This represents the Group's contribution to AMCON's sinking fund for the year ended 31 December 2017. All deposit money banks in Nigeria are required to contribute 0.5% of total assets as at the preceding year end to AMCON's sinking fund in line with existing guidelines. It is non-refundable and does not represent any ownership interest nor does it confer any rights or obligations (save to pay the levy) on the contributor.

16 Income tax expense

In thousands of Naira	Group December 2017	Group December 2016	Bank December 2017	Bank December 2016
Current tax expense				
Corporate income tax	9,124,532	6,096,035	5,640,954	3,571,312
IT tax	670,435	805,796	670,435	805,796
Education tax	1,081,830	-	1,081,841	-
Capital gains tax	11,145	3,808	11,145	3,808
Prior year's under provision	1,841,940	-	1,841,940	-
	12,729,882	6,905,639	9,246,315	4,380,916
Deferred tax expense				
Origination of temporary differences	5,351,746	11,994,470	4,558,364	12,172,525
Income tax expense	18,081,628	18,900,109	13,804,679	16,553,441
Items included in OCI	188,399	-	188,399	-
Income tax expense	**18,270,027**	**18,900,109**	**13,993,078**	**16,553,441**

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

	Group December 2017	Group December 2016	Bank December 2017	Bank December 2016
Balance at the beginning of the year	5,938,662	7,780,824	5,004,160	6,442,311
Tax paid	(9,458,675)	(8,007,140)	(7,860,615)	(5,222,302)
Income tax charge	10,887,942	6,905,639	7,404,375	4,380,916
Prior year's under provision	1,878,365	-	1,841,940	-
Witholding tax utilisation	(1,841,940)	(596,764)	(1,841,940)	(596,765)
Reclassifications	-	-	-	-
Translation adjustments	117,503	(143,897)	-	-
Income tax receivable	(32,273)	-	-	-
Balance at the end of the year	**7,489,586**	**5,938,662**	**4,547,920**	**5,004,160**

Income tax liability is to be settled within one year

In thousands of Naira	Group December 2017	Group December 2017	Group December 2016	Group December 2016
Profit before income tax		80,072,482		90,339,456
Income tax using the domestic tax rate	30%	24,021,745	30%	27,101,837
Effect of tax rates in foreign jurisdictions	-1%	(444,737)	0%	(399,963)
Information technology tax	1%	670,435	1%	805,796
Capital allowance utilised for the year	0%	-	0%	-
Non-deductible expenses	33%	26,198,636	20%	18,083,506
Tax exempt income	-31%	(24,663,027)	-36%	(32,335,829)
Tax losses unutilised	0%	-	0%	-
Education tax levy	1%	1,081,841	0%	-
Capital gain tax	0%	11,145	0%	3,808
Under provided in prior years	-14%	(10,818,414)	0%	-
Impact of dividend	3%	2,024,004	6%	5,640,954
Effective tax rate	**23%**	**18,081,628**	**21%**	**18,900,109**

In thousands of Naira	Bank December 2017	Bank December 2017	Bank December 2016	Bank December 2016
Profit before income tax	-	67,043,501	-	80,579,576
Income tax using the domestic tax rate	30%	20,113,050	30%	24,173,873
Effect of tax rates in foreign jurisdictions	0%	-	0%	-
Information technology tax	1%	670,435	1%	805,796
Non-deductible expenses	37%	25,140,338	23%	18,188,958
Tax exempt income	-36%	(24,417,721)	-40%	(32,259,947)
Education tax levy	2%	1,081,841	0%	-
Capital gain tax	0%	11,145	0%	3,808
Under provided in prior years	-16%	(10,818,414)	0%	-
Impact of dividend	3%	2,024,004	7%	5,640,953
Effective tax rate	**21%**	**13,804,679**	**21%**	**16,553,441**

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 2017	Group December 2016	Bank December 2017	Bank December 2016
Profit for the year from continuing operations	61,977,762	71,117,025	53,238,822	64,026,135
Weighted average number of ordinary shares in issue	28,927,972	28,927,972	28,927,972	28,927,972
Weighted average number of treasury Shares	509,006	461,618	-	-
	28,418,966	28,466,354	28,927,972	28,927,972
In kobo per share				
Basic earnings per share from continuing operations	218	250	184	221

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 2017	Group December 2016	Bank December 2017	Bank December 2016
Profit for the year from continuing operations	61,977,762	71,117,025	53,238,822	64,026,135
Weighted average number of ordinary shares in issue	28,927,972	28,927,972	28,927,972	28,927,972
In kobo per share				
Diluted earnings per share from continuing operations	214	246	184	221

18 Cash and balances with banks

In thousands of Naira	Group December 2017	Group December 2016	Bank December 2017	Bank December 2016
Cash on hand and balances with banks (see note (i))	217,912,766	115,380,195	177,809,307	106,594,205
Restricted deposits with central banks (see note (ii))	357,173,356	250,831,529	354,986,209	248,547,664
Unrestricted balances with central banks	28,837,649	139,954,922	7,976,547	33,160,736
Money market placements	261,805,783	119,826,012	28,157,562	41,798,197
Other deposits with central banks (see note (iii))	88,214,622	87,896,447	88,214,622	87,896,447
	953,944,176	**713,889,105**	**657,144,247**	**517,997,249**

(i) Included in cash on hand and balances with banks is an amount of N33.045Bn (31 Dec 2016: N46.956Bn) representing the Naira value of foreign currencies held on behalf of customers to cover letter of credit transactions. The corresponding liability is included in customer's deposit for foreign trade reported under other liabilities (see Note 34). This has been excluded for cash flow purposes.

(ii) Restricted deposits with central banks comprise the cash reserve requirements of the Central Bank of Nigeria and other central banks of jurisdictions that the group operates in. These balances are not available for day to day operations of the group.

(iii) Other deposits with central banks comprise a special intervention fund with the Central Bank of Nigeria of N49.6Bn introduced in January 2016 as a reduction in the cash reserve ratio with a view of channeling the reduction to financing the real sector. The special intervention fund is restricted and not available for day to day use by the Bank. The balance of N35.39Bn 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 2017	Group December 2016	Bank December 2017	Bank December 2016
Relating to unclaimed dividends:				
Government bonds	357,441	-	357,441	-
Placements	6,283,077	1,070,385	6,283,077	1,070,385
Commercial paper	6,992,904	6,454,067	6,992,904	6,454,067
Nigerian treasury bills	1,972,963	2,887,102	1,972,963	2,887,102
Mutual funds	2,664,746	2,629,693	2,664,746	2,629,693
Others				
Eurobonds	1,986,000	1,830,000	1,986,000	1,830,000
	20,257,131	**14,871,247**	**20,257,131**	**14,871,247**

The Bank entrusted the sum transferred to it by the Registrars in respect of unclaimed dividends with select Asset Managers who will ensure safekeeping and manage the funds for the benefit of the Bank. The investments by the Asset Managers are as listed above (the corresponding liability which is due to the Registrar is reported in Other liabilities. See note 34.

20 Non pledged trading assets

In thousands of Naira	Group December 2017	Group December 2016	Bank December 2017	Bank December 2016
Government bonds	9,031,525	10,170,293	9,031,525	10,170,293
Eurobonds	19,369	18,304	19,369	18,304
Treasury bills	37,743,819	34,381,635	33,906,748	34,381,635
Equity securities	59,348	59,347	59,348	59,347
	46,854,061	**44,629,579**	**43,016,990**	**44,629,579**

21 Derivative financial instruments

In thousands of Naira	Notional amount	Fair Value Assets/ (Liabilities)	Notional amount	Fair Value Assets/ (Liabilities)
	December 2017		December 2016	
Group				
Foreign exchange derivatives				
Total derivative assets	**426,342,495**	**93,419,293**	**709,617,854**	**156,042,984**
Non-deliverable Future contracts	280,403,522	8,311,492	390,410,492	65,280,723
Forward and Swap contract	145,938,973	85,107,801	319,207,362	90,762,261
Total derivative liabilities	**237,298,924**	**(5,332,177)**	**223,456,040**	**(30,444,501)**
Non-deliverable Future contracts	145,200,611	(1,314,399)	41,349,705	(10,668,412)
Forward and Swap contract	92,098,313	(4,017,778)	182,106,335	(19,776,089)

	Notional amount	Fair Value Assets/ (Liabilities)	Notional amount	Fair Value Assets/ (Liabilities)
	December 2017		December 2016	
Bank				
Foreign exchange derivatives				
Total derivative assets	**390,798,265**	**92,390,219**	**698,771,698**	**155,772,662**
Non-deliverable Future contracts	145,938,973	8,311,492	319,207,362	65,280,723
Forward and Swap contract	244,859,292	84,078,727	379,564,336	90,491,939
Total derivative liabilities	**233,911,428**	**(5,306,450)**	**201,664,660**	**(30,275,181)**
Non-deliverable Future contracts	145,200,611	(1,314,399)	41,349,705	(10,668,411)
Forward and Swap contract	88,710,817	(3,992,051)	160,314,955	(19,606,770)

Derivative financial instruments consist of forward,swap and future contracts. These are held for day to day cash management rather than for trading purposes and are held at fair value. The contracts have intended settlement dates of between 30 days and two years. All derivative contracts are considered to be valued with reference to data obtained from the Financial Market Dealer Quotation (FMDQ).

Included in other liabilities are security 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 a decrease in the volume of transactions.

22 Loans and advances to banks

In thousands of Naira	Group December 2017	Group December 2016	Bank December 2017	Bank December 2016
Loans and advances to banks	68,155,581	45,226,388	101,470,507	104,029,960
Less collective allowances for impairment	(41,506)	(23,386)	(41,506)	(23,386)
	68,114,076	**45,203,002**	**101,429,001**	**104,006,574**

Collective allowances for impairment on loans and advances to banks

In thousands of Naira	Group December 2017	Group December 2016	Bank December 2017	Bank December 2016
Balance beginning of year	23,386	9,086	23,386	9,086
- Charge for the year	18,120	14,300	18,120	14,300
Balance end of year	41,506	23,386	41,506	23,386

23 Loans and advances to customers
a Group

December 2017 *In thousands of Naira*	**Gross amount**	**Specific impairment allowance**	**Collective impairment allowance**	**Total impairment allowance**	**Carrying amount**
Loans to individuals					
Retail Exposures					
Auto Loan (note 23c)	1,878,145	-	(28,513)	(28,513)	1,849,633
Credit Card	3,019,121	(4,573)	(49,438)	(54,011)	2,965,110
Finance Lease (note 23c)	1,226,099	(5,475)	(2,528)	(8,003)	1,218,096
Mortgage Loan	33,118,619	-	(78,340)	(78,340)	33,040,279
Overdraft	2,494,735	(138,278)	(181,960)	(320,238)	2,174,497
Personal Loan	17,615,988	(224,442)	(253,600)	(478,042)	17,137,946
Term Loan	7,175,548	(40,237)	(68,982)	(109,219)	7,066,329
Time Loan	902,195	-	(17,426)	(17,426)	884,769
Loans to corporate entities and other organizations					
Non-Retail Exposures					
Auto Loan (note 23c)	1,620,583	-	(20,156)	(20,156)	1,600,427
Credit Card	453,502	(1,036)	(6,950)	(7,985)	445,517
Finance Lease (note 23c)	3,620,889	(142,940)	(53,943)	(196,884)	3,424,005
Mortgage Loan	10,584,856	-	(3,205)	(3,205)	10,581,651
Overdraft	199,670,621	(11,143,666)	(6,440,692)	(17,584,359)	182,086,262
Term Loan	1,269,661,821	(24,099,294)	(12,560,981)	(36,660,276)	1,233,001,546
Time Loan	506,812,720	(5,985,572)	(2,315,587)	(8,301,159)	498,511,560
	2,059,855,443	**(41,785,515)**	**(22,082,301)**	**(63,867,816)**	**1,995,987,627**

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)	3,928,039
Mortgage Loan	5,929,037	-	(4,176)	(4,176)	5,924,861
Overdraft	181,242,213	(8,677,151)	(2,111,511)	(10,788,662)	170,453,553
Term Loan	1,102,912,471	(5,523,054)	(15,587,793)	(21,110,847)	1,081,801,625
Time Loan	486,052,854	(92)	(2,023,099)	(2,023,191)	484,029,664
	1,845,165,464	**(14,755,727)**	**(20,950,566)**	**(35,706,293)**	**1,809,459,172**

Impairment on loans and advances to customers

	Specific allowances		**Collective allowances**	
In thousands of Naira	**December 2017**	**December 2016**	**December 2017**	**December 2016**
Balance beginning of year	14,755,727	10,482,678	20,950,565	18,208,130
Impairment loss for the year:				
- Charge for the year	32,766,818	17,874,149	1,132,010	2,742,435
Write-offs	(5,737,029)	(13,601,100)	(273)	-
Balance end of year	**41,785,516**	**14,755,727**	**22,082,302**	**20,950,565**

23 Loans and advances to customers
b Bank

December 2017 *In thousands of Naira*	**Gross amount**	**Specific impairment allowance**	**Collective impairment allowance**	**Total impairment allowance**	**Carrying amount**
Loans to individuals					
Retail Exposures					
Auto Loan (note 23c)	1,671,616	-	(28,513)	(28,513)	1,643,103
Credit Card	2,905,420	(4,573)	(49,001)	(53,574)	2,851,846
Finance Lease (note 23c)	63,923	-	(1,560)	(1,560)	62,363
Mortgage Loan	4,230,374	-	(67,507)	(67,507)	4,162,867
Overdraft	2,367,502	(138,090)	(181,960)	(320,050)	2,047,453
Personal Loan	15,085,225	(219,417)	(252,613)	(472,030)	14,613,195
Term Loan	3,125,406	(40,237)	(51,323)	(91,560)	3,033,846
Time Loan	804,672	-	(13,266)	(13,266)	791,406
Loans to corporate entities and other organizations					
Non-Retail Exposures					
Auto Loan (note 23c)	1,620,583	-	(20,156)	(20,156)	1,600,427
Credit Card	418,797	(1,036)	(6,008)	(7,044)	411,753
Finance Lease (note 23c)	3,620,889	(142,940)	(53,943)	(196,884)	3,424,005
Mortgage Loan	-	-	-	-	-
Overdraft	154,534,930	(10,481,531)	(4,039,943)	(14,521,474)	140,013,456
Term Loan	1,194,512,747	(19,011,299)	(13,240,527)	(32,251,825)	1,162,260,921
Time Loan	442,610,058	(5,977,635)	(2,266,325)	(8,243,960)	434,366,097
	1,827,572,140	**(36,016,759)**	**(20,272,643)**	**(56,289,402)**	**1,771,282,738**

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	(2,105,379)	(15,506,849)	(17,612,228)	1,015,261,360
Time Loan	413,976,953	-	(1,985,791)	(1,985,792)	411,991,161
	1,624,837,860	**(10,084,316)**	**(20,191,199)**	**(30,275,517)**	**1,594,562,345**

Impairment on loans and advances to customers

In thousands of Naira	**Specific Impairment** December 2017	**Specific Impairment** December 2016	**Collective Impairment** December 2017	**Collective Impairment** December 2016
Balance beginning of year	10,084,316	9,173,223	20,191,198	17,732,860
Impairment loss for the year:				
- Charge for the year	29,365,940	13,846,554	81,718	2,458,338
Write-offs	(3,433,497)	(12,935,461)	(273)	-
Balance end of year	**36,016,759**	**10,084,316**	**20,272,643**	**20,191,198**

23(c) Advances under finance leases

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

In thousands of Naira	Group December 2017	Group December 2016	Bank December 2017	Bank December 2016
Gross investment in finance lease, receivable	10,199,511	10,459,206	8,389,355	10,327,104
Unearned finance income on finance leases	(1,853,795)	(1,937,583)	(1,412,345)	(1,890,469)
Net investment in finance leases	8,345,716	8,521,623	6,977,010	8,436,635
Gross investment in finance leases, receivable:				
Less than one year	965,517	2,217,863	929,601	2,286,156
Between one and five years	9,013,294	7,976,709	7,319,275	7,782,749
Later than five years	136,735	264,634	140,479	258,199
	10,115,546	10,459,206	8,389,355	10,327,104
Unearned finance income on finance leases	(1,769,831)	(1,937,583)	(1,412,345)	(1,890,469)
Present value of minimum lease payments	8,345,715	8,521,623	6,977,010	8,436,635
Present value of minimum lease payments may be analysed as:				
- Less than one year	784,328	2,018,383	874,224	2,091,526
- Between one and five years	7,468,946	6,215,439	5,992,296	6,064,306
- Later than five years	92,443	287,801	110,489	280,803

24 Pledged assets

In thousands of Naira	Group December 2017	Group December 2016	Bank December 2017	Bank December 2016
Treasury bills	258,672,815	188,239,520	252,061,738	188,239,520
Government bonds	188,441,589	126,707,982	188,441,589	126,707,982
	447,114,404	**314,947,502**	**440,503,327**	**314,947,502**
The related liability for assets pledged as collateral include:				
Bank of Industry (BOI)	18,309,954	39,566,300	18,309,954	39,566,300

(i) The assets pledged as collateral include assets pledged to third parties under secured borrowing with the related liability disclosed above. Also included in pledged assets are assets pledged as collateral or security deposits to clearing house and payment agencies of N36.47bn (31 December 2016: N17.58Bn) for which there is no related liability. The pledges have been made in the normal course of business of the Bank. In the event of default, the pledgee has the right to realise the pledged assets.

25 Investment securities

Available for sale investment securities *In thousands of Naira*	Group December 2017	Group December 2016	Bank December 2017	Bank December 2016
Debt securities				
Government bonds	34,112,643	11,738,700	9,319,691	546,731
Treasury bills	29,977,451	69,346,601	9,598,737	40,960,665
Eurobonds	1,572,222	2,760,661	352,100	2,760,661
Corporate bonds	3,744,387	3,431,482	3,744,387	3,431,482
State government bonds	14,650,116	14,961,006	14,650,116	14,961,006
Equity securities				
Equity securities with readily determinable fair values (i)	69,581,098	58,667,555	69,181,956	58,420,406
Unquoted equity securities at cost	3,145,697	3,145,697	3,145,697	3,145,697
	156,783,614	164,051,703	109,992,684	124,226,649
Specific allowance for impairment on available for sale investments	(3,409,804)	(3,389,059)	(3,409,804)	(3,389,059)
	153,373,810	**160,662,644**	**106,582,880**	**120,837,590**

The fair value of the unquoted equity securities carried at cost cannot be reliably estimated as there are no active market for these financial instruments; they have therefore been disclosed at cost less impairment. These equity investments have been fully impaired and has a nil balance in the group financial statement.

(i) Equity securities with readily determinable fair values (carrying amount)

MTN Nigeria	8,760,176	7,451,138	8,760,176	7,451,138
Central Securities Clearing System Limited	1,343,868	1,559,612	1,343,868	1,559,612
Nigeria Interbank Settlement System Plc.	3,396,757	1,175,570	3,396,757	1,175,570
Unified Payment Services Limited	3,130,451	2,340,346	3,130,451	2,340,346
Africa Finance Corporation	50,882,911	44,230,177	50,882,911	44,230,177
E-Tranzact	1,147,387	1,147,387	1,147,387	1,147,387
African Export-import Bank	14,984	10,754	14,984	10,754
FMDQ OTC Plc	130,610	130,610	130,610	130,610
Nigerian Mortage Refinance Company Plc.	93,186	93,186	93,186	93,186
Credit Reference company	281,626	281,626	281,626	281,626
Others	399,140	247,150	-	-
	69,581,098	58,667,555	69,181,956	58,420,406

Held to maturity investment securities
In thousands of Naira

Debt securities				
Treasury bills	88,203,365	27,350,114	5,837,568	-
Federal government bonds	30,127,895	31,754,372	2,654,168	31,016,409
State government bonds	3,786,715	5,276,855	3,786,715	5,276,855
Corporate bonds	610,777	1,624,228	610,777	1,624,228
Eurobonds	2,065,195	2,445,558	2,065,195	2,445,558
	124,793,947	68,451,128	14,954,423	40,363,050
Total	**278,167,757**	**229,113,772**	**121,537,303**	**161,200,642**

Specific allowance for impairment on available for sale investment securities

In thousands of Naira	Group December 2017	Group December 2016	Bank December 2017	Bank December 2016
Balance, beginning of year	3,389,059	3,326,077	3,389,059	3,326,077
Allowance written off	-	(21,358)	-	(21,358)
Revaluation difference	20,745	84,338	20,745	84,338
Balance, end of year	**3,409,804**	**3,389,059**	**3,409,804**	**3,389,059**

26 Other assets

In thousands of Naira	Group December 2017	Group December 2016	Bank December 2017	Bank December 2016
Financial assets				
Accounts receivable	29,153,379	23,063,084	15,988,773	13,804,165
Receivable on E-business channels	16,502,776	2,333,865	16,502,776	2,253,689
Receivable from disposal of non-current asset	-	19,341,974	-	19,341,974
Deposit for investment in AGSMEIS (i)	3,201,307	-	3,201,307	-
Subscription for investment (ii)	612,054	25,003	920,767	833,102
	49,469,517	44,763,926	36,613,624	36,232,930

(i)
Deposit for investment in AGSMEIS represents the Bank's deposit as equity investment in Agri-business/Small and Medium Enterprises Investment Scheme. As approved by the Bankers' Committee on 9th February 2017, all Deposit Money Banks are required to invest 5% of prior year's Profit After Tax as equity investment in the scheme.

(ii) Subscription for investment balance relates to subscription for equity investments

Non-financial assets				
Prepayments	34,611,077	20,751,237	29,329,123	16,668,917
Inventory	1,343,160	707,748	1,343,160	660,491
	35,954,237	21,458,986	30,672,283	17,329,408
Gross other assets	85,423,754	66,222,912	67,285,907	53,562,338
Allowance for impairment on financial assets				
Accounts receivable	(2,645,320)	(2,942,857)	(2,071,109)	(2,942,857)
Subscription for investment	(25,001)	(25,001)	(25,001)	(25,001)
	82,753,433	**63,255,054**	**65,189,797**	**50,594,480**

Movement in allowance for impairment on other assets:

In thousands of Naira	**Group Accounts Receivable**	**Group subscription for investments**	**Bank Accounts Receivable**	**Bank subscription for investments**
Balance as at 1 January 2016	2,635,576	25,001	2,635,576	25,001
Impairment loss for the year:				
- Additional provision	1,321,935	-	1,321,935	-
Net impairment	1,321,935	-	1,321,935	-
Allowance written off	(1,016,504)	-	(1,016,504)	-
Revaluation difference	1,848	-	1,848	-
Balance as at 31 December 2016/1 January 2017	2,942,855	25,001	2,942,855	25,001
Impairment loss for the year:				
- Additional provision	549,920	-	(315,930)	-
Net impairment	549,920	-	(315,930)	-
Allowance written off	(847,455)	-	(555,816)	-
Balance as at 31 December 2017	2,645,320	25,001	2,071,109	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 year of service. These include rents and advertisements.

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

Set out below are the group's subsidiaries as at 31 December 2017. Unless otherwise stated, the subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the group and the proportion of ownership interests held equals to the voting rights held by the group. The country of incorporation is also their principal place of business.

There are no significant restrictions on the Group's ability to access or use the assets and settle the liabilities of any member of the Group to the extent that regulation does not inhibit the group from having access, and in liquidation scenario, this restriction is limited to its level of investment in the entity.
There are no significant restrictions on the ability of subsidiaries to transfer funds to the Group in the form of cash dividends or repayment of loans and advances

			Ownership interest	
	Nature of business	**Country of incorporation**	**December 2017**	**December 2016**
Access Bank Gambia Limited	Banking	Gambia	88%	64%
Access Bank Sierra Leone Limited	Banking	Sierra Leone	97%	97%
Access Bank Rwanda Limited	Banking	Rwanda	75%	75%
Access Bank Zambia	Banking	Zambia	70%	92%
The Access Bank UK	Banking	United Kingdom	100%	100%
Access Bank R.D. Congo	Banking	Congo	99.98%	74%
Access Bank Ghana	Banking	Ghana	91%	91%
Access Finance B.V.	Banking	Netherlands	100%	100%

Access Finance B.V. was incorporated in 2011 and commenced operations in 2012. An obligation also exists between the Bank and Access Finance B.V., for which Access Finance B.V. lent to the Bank the sum of USD 2,462,000 as a share premium loan. The loan agreement between both parties however permits that the obligation of Access Finance B.V. to grant the loan, be set off against the obligation of the Bank to repay the loan such that each party's obligation either as a borrower or lender is discharged. In view of this, no loan payable has been recognized in the Bank's financial statements.

The transaction for which the entity was set up matured during the year. Management has not decided on the possibility of the entity existing beyond the maturity of the obligation.

(ii) Structured entities:

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

27(b) Investment in subsidiaries

In thousands of Naira	**Bank December 2017**	**Bank December 2016**
Subsidiaries with continuing operations		
Access Bank, UK	40,500,598	29,104,081
Access Bank, Ghana	15,558,107	15,558,107
Access Bank Rwanda	1,578,825	1,578,825
Access Bank, Congo	13,205,189	2,779,650
Access Bank, Zambia	4,274,925	4,274,925
Access Bank, Gambia	7,061,501	1,853,756
Access Bank, Sierra Leone	1,582,486	1,019,951
Investment in RSPP scheme	4,028,909	3,065,865
Access Bank Finance B.V.	4,092	4,092
Balance, end of year	**87,794,631**	**59,239,252**

Based on the contractual arrangements between the Group and the shareholders in each of the entities, the Group has the power to appoint and remove the majority of the board of Directors of each entity.

The relevant activities of each of the listed subsidiaries are determined by the Board of Directors of each entity based on simple majority shares. Therefore, the directors of the Group concluded that the Group has control over each of the above listed entities and were consolidated in the group financial statements.

27 (c) Condensed results of consolidated entities

(i) The condensed financial data of the consolidated entities as at 31 December 2017, are as follows:

Condensed profit and loss *In thousands of naira*	**The Access Bank UK**	**Access Bank Ghana**	**Access Bank Rwanda**	**Access Bank (R.D. Congo)**	**Access Bank Zambia**	**Access Bank Gambia**	**Access Bank Sierra Leone**	**Access Bank Investment in RSPP**	**Access Bank B.V.**
Operating income	14,962,209	21,529,191	3,084,907	4,172,949	1,686,079	1,028,016	986,333	-	118,255
Operating expenses	(6,048,057)	(14,070,445)	(2,773,919)	(3,410,831)	(2,428,083)	(798,685)	(718,476)	-	(28,157)
Net impairment loss on financial assets	-	(3,062,381)	(14,651)	(393)	(1,157,400)	(22,008)	(5,475)	-	-
Profit before tax	8,914,151	4,396,365	296,337	761,726	(1,899,404)	207,322	262,381	-	90,098
Income tax expense	(1,810,740)	(2,175,631)	(189,704)	-	-	(25,970)	(76,147)	-	1,243
Profit for the year	7,103,411	2,220,734	106,633	761,726	(1,899,404)	181,352	186,234	-	91,342
Assets									
Cash and cash equivalents	311,472,705	86,741,693	15,134,815	20,494,593	13,555,223	1,958,940	1,191,427	-	502,841
Non pledged trading assets	-	3,837,071	-	-	-	-	-	-	-
Pledged assets	-	-	-	-	-	6,611,077	-	-	-
Derivative financial instruments	876,441	-	152,633	-	-	-	-	-	-
Loans and advances to banks	163,088,579	-	-	-	-	-	-	-	-
Loans and advances to customers	129,404,746	69,137,927	12,701,441	8,895,050	3,389,900	561,819	702,133	-	-
Investment securities	63,926,977	67,369,279	4,916,259	-	16,873,602	762,287	2,782,050	-	-
Other assets	2,178,222	12,335,432	779,994	1,064,059	1,952,200	1,133,583	551,709	-	-
Investment in subsidiaries	-	-	-	-	-	-	-	4,028,910	-
Property and equipment	183,100	9,540,301	447,829	1,355,224	802,356	813,711	295,397	-	-
Intangible assets	324,125	330,471	635,960	108,950	117,500	84,665	31,270	-	-
Deferred tax assets	-	197,789	-	-	482,534	-	60,079	-	-
	671,454,895	249,489,963	34,768,931	31,917,876	37,173,315	11,926,082	5,614,065	4,028,910	502,841
Financed by:									
Deposits from banks	387,555,089	14,810,633	-	-	2,136,129	18,579	-	-	-
Deposits from customers	203,729,763	167,004,704	28,071,794	18,694,179	25,324,734	7,672,977	3,738,792	-	-
Derivative Liability	25,727	-	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-	-
Retirement benefit obligations	-	-	-	-	-	-	13,358	-	-
Current tax liabilities	1,195,829	1,540,259	45,738	130,601	-	-	-	-	29,239
Other liabilities	4,625,682	1,842,876	606,838	8,825,132	639,747	761,165	140,223	-	47,737
Interest-bearing loans and borrowings	-	26,819,317	2,156,640	-	350,090	-	-	-	-
Deferred tax liabilities	58,656	641,257	154,059	-	-	61,775	-	-	-
Equity	74,264,149	36,830,917	3,733,862	4,267,964	8,722,615	3,411,586	1,721,692	4,028,910	425,865
	671,454,895	249,489,963	34,768,931	31,917,876	37,173,315	11,926,082	5,614,065	4,028,910	502,841
Net cashflow from investing activities	(31,154,411)	(2,020,906)	(3,548,214)	(387,615)	567,561	120,490	-	-	68,162,205
Net cashflow from financing activities	10,255,390	7,247,347	(114,281)	-	(17,799)	-	(57,088)	-	(67,394,003)
Increase in cash and cash equivalents	47,114,822	61,467,964	505,117	17,133,014	17,141,349	697,018	(367,610)	-	855,278
Cash and cash equivalent, beginning of year	192,853,632	33,677,911	8,240,384	2,523,369	9,360,900	810,868	1,144,498	-	152,390,477
Effect of exchange rate fluctuations on cash held	-	-	-	-	-	-	-	-	(863,274)
Cash and cash equivalent, end of year	239,968,454	95,145,875	8,745,501	19,656,383	26,502,249	1,507,886	776,888	-	152,382,481

27 (d) 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)	451,942	4,226	184,129	160,913	-	163,141
Taxation	(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)	164,544	156,617	-	151,057

Statement of financial position as at 31 December 2016

	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.
Assets									
Cash and cash equivalents	206,090,386	53,060,292	12,843,280	4,081,910	7,748,129	1,850,740	3,189,614	-	433,441
Derivative financial instruments		-	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	-	-
Pledged assets	-	-	-	-	-	-	-	-	-
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	2,484,112	197,067	476,666	-	4,319
Investment in subsidiaires	-	-	-	-	-	-	-	3,286,375	-
Property and equipment	98,390	8,039,370	733,065	1,425,053	734,526	845,656	408,520	-	-
Intangible assets	320,219	436,493	-	85,669	100,736	102,207	39,440	-	-
Deferred tax assets	-	1,014,466	-	-	432,094	-	168,936	-	-
	427,162,776	**195,270,393**	**28,362,286**	**18,103,816**	**18,291,733**	**10,339,595**	**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	686,957	477,233	-	41,673
Interest-bearing loans and borrowings	-	159,393	1,848,571	-	-	-	-	-	-
Contingent settlement provisions	-	-	-	-	-	-	-	-	-
Deferred tax liability	-	-	-	-	-	-	-	-	-
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	**194,967,048**	**28,151,267**	**18,103,816**	**18,291,733**	**10,256,665**	**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/(Decrease) 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	2,523,369	9,360,900	810,868	1,144,498	-	152,390,477

28 Property and equipment

Group

In thousands of Naira

	Leasehold improvement and building	Leasehold Land	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Cost							
Balance at 1 January 2017	55,996,220	9,742,073	24,028,522	35,303,353	11,615,441	5,491,263	142,176,872
Acquisitions	3,052,577	-	824,948	12,003,579	4,016,068	3,989,340	23,886,512
Disposals	(134,651)	-	(142,057)	(379,433)	(298,209)	-	(954,350)
Transfers	1,359,946	-	79,880	33,632	12,132	(1,485,590)	-
Translation difference	9,229	-	130,426	(141,548)	(131,460)	638,935	505,582
Balance at 31 December 2017	**60,283,321**	**9,742,073**	**24,921,719**	**46,819,583**	**15,213,972**	**8,633,948**	**165,614,616**
Balance at 1 January 2016	49,254,893	7,818,982	17,762,955	29,241,820	9,898,894	7,755,533	121,733,077
Acquisitions	2,058,046	1,923,091	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)	(1,630,992)
Transfers	3,586,520	-	74,632	87,346	-	(3,748,497)	-
Write-offs	(187,281)	-	-	(18,575)	-	(155,144)	(361,001)
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	55,996,220	9,742,073	24,028,522	35,303,353	11,615,441	5,491,263	142,176,872

Depreciation and impairment losses	Leasehold improvement and building	Leasehold Land	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Balance at 1 January 2017	11,193,974	-	15,046,823	24,636,684	7,190,340	-	58,067,821
Charge for the year	2,474,675	-	3,296,435	3,829,132	1,637,709	-	11,237,951
Disposal	(14,752)	-	(136,531)	(377,275)	(257,232)	-	(785,790)
Translation difference	(783,585)	-	79,081	635,127	49,371	-	(20,006)
Balance at 31 December 2017	**12,870,312**	**-**	**18,285,808**	**28,723,668**	**8,620,188**	**-**	**68,499,976**
Balance at 1 January 2016	9,286,024	-	12,318,555	20,442,415	6,356,156	-	48,403,149
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	-	58,067,820
Carrying amounts:							
Balance at 31 December 2017	**47,413,009**	**9,742,073**	**6,635,910**	**18,095,915**	**6,593,784**	**8,633,948**	**97,114,640**
Balance at 31 December 2016	44,802,246	9,742,073	8,981,698	10,666,669	4,425,101	5,491,263	84,109,052

28 Property and equipment
Bank

In thousands of Naira	Leasehold improvement and buildings	Leasehold Land	Computer hardware	Furniture & fittings	Motor vehicles	Capital work-in - progress	Total
Cost							
Balance at 1 January 2017	47,904,498	9,742,073	20,614,356	30,775,870	9,694,750	3,216,721	121,948,268
Acquisitions	2,916,884	-	574,556	11,715,864	3,619,689	2,680,626	21,507,619
Disposals	(134,651)	-	(135,822)	(348,908)	(208,597)	-	(827,978)
Transfers	617,063	-	184	3,055	541	(620,843)	-
Balance at 31 December 2017	**51,303,794**	**9,742,073**	**21,053,274**	**42,145,881**	**13,106,383**	**5,276,504**	**142,627,909**
Balance at 1 January 2016	44,918,694	7,818,982	15,863,065	26,748,469	8,644,919	5,388,964	109,383,091
Acquisitions	1,147,630	1,923,091	5,008,811	4,490,233	1,477,917	655,470	14,703,152
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	47,904,498	9,742,073	20,614,356	30,775,870	9,694,750	3,216,721	121,948,266
Depreciation and impairment losses	**Leasehold improvement and buildings**	**Leasehold Land**	**Computer hardware**	**Furniture & fittings**	**Motor vehicles**	**Capital work-in - progress**	**Total**
Balance at 1 January 2017	9,700,946	-	12,997,503	21,259,586	6,165,759	-	50,123,794
Charge for the year	993,644	-	2,578,761	4,455,043	1,471,732	-	9,499,180
Disposal	(14,752)	-	(130,893)	(344,195)	(181,945)	-	(671,785)
Balance at 31 December 2017	**10,679,838**	**-**	**15,445,371**	**25,370,434**	**7,455,546**	**-**	**58,951,189**
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
Carrying amounts:							
Balance at 31 December 2017	**40,623,955**	**9,742,073**	**5,607,903**	**16,775,447**	**5,650,837**	**5,276,504**	**83,676,722**
Balance at 31 December 2016	38,203,552	9,742,074	7,616,853	9,516,285	3,528,992	3,216,722	71,824,473

(a) The amount of contractual commitments for the acquisition of property and equipment as at 31 December 2017 is N322.2Mn (31 Dec 2016: N365Mn)
(b) Estimates of useful life and residual value, and the method of depreciation, are reviewed at a minimum at each reporting year. Any changes are accounted for prospectively as a change in estimate.

29 Intangible assets

Group

In thousands of Naira	Goodwill	WIP	Purchased Software	Total
Cost				
December 2017				
Balance at 1 January 2017	681,007	286,724	14,858,925	15,826,656
Acquisitions	-	881,374	2,573,350	3,454,724
Transfer	-	(55,155)	55,155	-
Write off	-	-	(66,985)	(66,985)
Translation difference	-	-	535,236	535,236
Balance at 31 December 2017	**681,007**	**1,112,943**	**17,955,681**	**19,749,631**
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	-	-	280,111	280,111
Balance at 31 December 2016	681,007	286,724	14,858,925	15,826,656
Amortization and impairment losses				
Balance at 1 January 2017	-	-	8,887,101	8,887,101
Amortization for the year	-	-	2,407,886	2,407,886
Write off	-	-	(66,985)	(66,985)
Translation difference	-	-	225,774	225,774
Balance at 31 December 2017	-	-	**11,453,776**	**11,453,776**
Balance at 1 January 2016	-	-	6,294,951	6,294,951
Amortization for the year	-	-	2,191,614	2,191,614
Translation difference	-	-	400,536	400,536
Balance at 31 December 2016	-	-	8,887,101	8,887,101
Net Book Value				
Balance at 31 December 2017	**681,007**	**1,112,943**	**6,501,905**	**8,295,855**
Balance at 31 December 2016	681,007	286,724	5,971,824	6,939,555

Bank

In thousands of Naira	WIP	Purchased Software	Total
Cost			
December 2017			
Balance at 1 January 2017	231,569	12,167,422	12,398,991
Acquisitions	881,374	1,873,350	2,754,724
Write off	-	(66,985)	(66,985)
Balance at 31 December 2017	1,112,943	13,973,787	15,086,730
December 2016			
Balance at 1 January 2016	-	10,348,678	10,348,678
Acquisitions	231,569	1,818,744	2,050,313
Balance at 31 December 2016	231,569	12,167,422	12,398,991
Amortization and impairment losses			
Balance at 1 January 2017	-	7,225,207	7,225,207
Amortization for the year	-	1,946,601	1,946,601
Write off	-	(66,985)	(66,985)
Balance at 31 December 2017	-	9,104,823	9,104,823
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
Carrying amounts			
Balance at 31 December 2017	**1,112,943**	**4,868,963**	**5,981,907**
Balance at 31 December 2016	231,569	4,942,214	5,173,784

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

The recoverable amount of Goodwill as at 31 December 2017 is greater than its carrying amount and is thus not impaired.

(ii) Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. Impairment assessment has been performed for the year, while no losses on goodwill were recognized during the year under review 31 December 2017 (31 December 2016: Nil)

The recoverable amount of Goodwill as at 31 December 2017 was greater than its carrying amount and is thus not impaired.
The recoverable amount was determined using a value-in-use computation as N3.5bn

Goodwill is monitored by the Group on an entity by entity basis
The key assumption used in computing the value-in-use for goodwill in during the year are as follows:

	December 2017	**December 2016**
Compound annual volume growth (i)	5.44%	6.62%
Long term growth rate (ii)	4.70%	4.70%
Discount rate (ii)	19.50%	19.50%
Revenue Growth	9.60%	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 2017			December 2016		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property and equipment, and software	9,608,714	(951,035)	8,657,679	14,329,164	(443,943)	13,885,221
Allowances/(Reversal) for loan losses	8,802,968	(2,460)	8,800,508	9,009,821	-	9,009,821
Tax loss carry forward	193,980	(86,571)	107,409	4,549,454	-	4,549,454
Exchange gain/(loss) unrealised	-	(25,549,678)	(25,549,678)	-	(29,234,934)	(29,234,934)
Employee benefits	63,438	-	63,438	11,421	-	11,421
Actuarial loss on retirement benefit	-	-				-
obligation	-	(843,619)	(843,619)	-	(655,220)	(655,220)
Deferred tax assets (net)	18,669,100	(27,433,362)	(8,764,262)	27,899,860	(30,334,097)	(2,434,237)

(b) Bank

Deferred tax assets and liabilities are attributable to the following:

In thousands of Naira	December 2017			December 2016		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property and equipment, and software	9,508,714	-	9,508,714	13,937,906	-	13,937,906
Allowances/(Reversal) for loan losses	8,712,969	-	8,712,969	8,344,683	-	8,344,683
Tax loss carry forward	-	-	-	4,505,813	-	4,505,813
Exchange gain unrealised	-	(25,226,579)	(25,226,579)	-	(29,234,934)	(29,234,934)
Actuarial loss on retirement benefit obligation	-	(843,619)	(843,619)	-	(655,220)	(655,220)
Net deferred tax assets/(liabilities)	18,221,683	(26,070,198)	(7,848,515)	26,788,402	(29,890,154)	(3,101,752)

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 2017 (31 December 2016: nil)

	Group December 2017	Group December 2016	Bank December 2017	Bank December 2016
Deferred income tax assets				
– Deferred income tax asset to be recovered after more than 12 months	8,907,917	13,559,276	8,712,969	12,850,495
– Deferred income tax asset to be recovered within 12 months	9,761,183	14,340,585	9,508,714	13,937,906
	18,669,100	27,899,861	18,221,683	26,788,401
Deferred income tax liabilities				
– Deferred income tax liability to be recovered after more than 12 months	(27,433,362)	(30,334,096)	(26,070,198)	(29,890,154)
– Deferred income tax liability to be recovered within 12 months	-	-	-	-
	(27,433,362)	(30,334,096)	(26,070,198)	(29,890,154)

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

In thousands of Naira	Group December 2017	Group December 2016	Bank December 2017	Bank December 2016
Balance, beginning of year	(2,434,236)	10,578,968	(3,101,754)	10,180,831
Tax charge	(5,351,746)	(11,994,560)	(4,558,364)	(12,172,525)
Translation adjustments	(789,880)	91,416	-	-
Items included in OCI	(188,399)	(1,110,059)	(188,399)	(1,110,059)
Net deferred tax assets/(liabilities)	(8,764,261)	(2,434,236)	(7,848,515)	(3,101,754)
Out of which				
Deferred tax assets	18,669,100	27,899,860	18,221,683	26,788,401
Deferred tax liabilities	(27,433,362)	(30,334,096)	(26,070,198)	(29,890,154)

Temporary difference relating to the Group's Investment in subsidiaries as at December 2017 is N14.5 billion (Dec 2016: N28.6 billion). As the Group exercises control over the subsidiaries, it has the power to control the timing of the reversals of the temporary difference arising from its investments in them. The group has determined that the subsidiaries' profits and reserves will not be distributed in the foreseeable future and that the subsidiaries will not be disposed of. Hence, the deferred tax arising from the temporary differences above will not be recognised.

Items included in Other Comprehensive Income

In thousands of Naira	Group December 2017	Group December 2016	Bank December 2017	Bank December 2016
Actuarial gain/loss on retirement benefit obligation				
Gross loss on retirement benefit obligation	627,995	3,700,198	627,995	3,700,198
Deferred tax @ 30%	(188,399)	(1,110,059)	(188,399)	(1,110,059)
Net balance loss after tax	439,597	2,590,139	439,597	2,590,139

31 Assets classified as held for sale

During the year, the Bank obtained a property by taking possession of collateral held as security against a loan. The value of the collateral repossessed during the year was N9.4bn (2016: Nil). The Group's policy is to pursue timely realisation of the collateral in an orderly manner. The Group does not generally use the non-cash collateral for its own operations.
This amount has been presented in Note 7 as unallocated segment in accordance with IFRS 8.

Assets held for sale

In thousands of Naira	Group December 2017	Group December 2016	Bank December 2017	Bank December 2016
Balance at 1 January	140,727	179,843	140,727	179,843
Additions	9,369,240	-	9,369,240	-
Disposals	(30,000)	(39,116)	(30,000)	(39,116)
Balance at 31 December 2017	**9,479,967**	**140,727**	**9,479,967**	**140,727**

32 Deposits from financial institutions

In thousands of Naira	Group December 2017	Group December 2016	Bank December 2017	Bank December 2016
Money market deposits	165,366,714	85,020,959	107,484,428	26,209,999
Trade related obligations to foreign banks	284,830,256	82,335,624	168,656,407	68,912,189
	450,196,970	**167,356,583**	**276,140,835**	**95,122,188**

33 Deposits from customers

In thousands of Naira	Group December 2017	Group December 2016	Bank December 2017	Bank December 2016
Term deposits	1,172,733,890	925,976,555	1,035,810,196	799,495,575
Demand deposits	860,560,595	984,150,905	691,144,436	853,780,226
Saving deposits	211,584,590	179,069,826	183,819,081	159,767,071
	2,244,879,075	**2,089,197,286**	**1,910,773,713**	**1,813,042,872**

34 Other liabilities

In thousands of Naira	Group December 2017	Group December 2016	Bank December 2017	Bank December 2016
Financial liabilities				
Certified and bank cheques	1,614,507	2,430,832	1,537,858	2,018,166
E-banking payables (see (a) below)	14,750,651	3,758,302	14,750,651	3,561,974
Collections account balances (see (b) below)	113,274,691	18,677,355	110,802,951	17,692,904
Due to subsidiaries	-	-	347,385	714,192
Accruals	841,230	1,294,775	841,230	434,811
Creditors	14,773,251	5,043,127	3,838,501	3,404,703
Customer deposits for foreign exchange (see (c) below)	64,067,288	59,738,350	64,067,288	59,574,436
Agency services	51,446	37,984	51,446	36,140
Unclaimed dividend (see (d) below)	13,888,938	11,957,131	13,888,938	11,957,131
Other financial liabilities	12,524,476	8,179,792	13,837,188	5,893,267
	235,786,478	111,117,648	223,963,436	105,287,724
Non-financial liabilities				
Litigation claims provision	766,809	613,886	766,809	613,886
Other current non-financial liabilities	17,360,887	1,839,706	13,965,441	1,637,331
Total other liabilities	**253,914,174**	**113,571,240**	**238,695,686**	**107,538,941**

(a) E-banking payables represent settlements due to other banks use of their electronic channels by the Group's customers. The Group's Receivables from other banks is contained in Note 26.

(b) Collections are balances held in trust on behalf of customers for various transactions. These include escrows, collection for remittances, payments, etc.

(c) Customer deposits for foreign exchange represents deposits customers have made to fulfil foreign currency obligations. The Group's process requires that all customers with foreign currency obligations deposit foreign currency to back these transactions. The corresponding balance is in Other deposits with central banks - Cash and balances with Banks.

(d) Unclaimed dividend is the balance of dividend declared by the Bank but yet to be claimed by shareholders. The amount relates to the portion that has been transferred to the Bank by the Registrar in accordance with Securities and Exchange Commission guidelines on Return of Unclaimed Dividends (See Note 19) for the corresponding assets with Asset Managers. The amount is payable on demand to shareholders.

Movement in litigation claims provision	**Group December 2017**	**Group December 2016**	**Bank December 2017**	**Bank December 2016**
Opening balance	613,886	1,220,780	613,886	1,220,780
Additions	152,923	49,496	152,923	49,496
Payment	-	(656,390)	-	(656,390)
Closing balance	**766,809**	**613,886**	**766,809**	**613,886**

35 Debt securities issued

In thousands of Naira	**Group December 2017**	**Group December 2016**	**Bank December 2017**	**Bank December 2016**
Debt securities at amortized cost:				
Eurobond debt from Access Bank B.V (see (a) below)	-	72,592,084	-	-
Eurobond debt security (see (b) below)	231,122,344	212,380,366	231,122,344	212,380,366
Commercial Papers (c)	70,984,362	31,572,052	70,984,362	31,572,052
	302,106,706	**316,544,502**	**302,106,706**	**243,952,418**

Movement in Debt securities issued:

In thousands of Naira	**Group**	**Bank**
Net debt as at 1 January 2017	316,544,502	243,952,418
Debt securities issued	121,486,981	121,486,981
Repayment of debt securities issued	(151,694,953)	(79,102,869)
Total changes from financing cash flows	286,336,530	286,336,530
The effect of changes in foreign exchange rates	18,173,205	18,173,205
Other changes		
Interest expense	35,947,693	35,947,693
Interest paid	(38,350,722)	(38,350,722)
Balance as at 31 December 2017	**302,106,706**	**302,106,706**

(a) This refers to USD350,000,000 7.25% 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.
This has been fully redeemed on the maturity date.

(b) 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 N231.18bn.

(c) This relates to short-term debt financing securities issued by the Bank.

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 2017	Group December 2016	Bank December 2017	Bank December 2016
African Development Bank (see note (a))	28,575,578	29,026,302	26,418,938	29,026,302
Netherlands Development Finance Company (see note (b))	989,655	1,513,901	989,655	1,513,901
French Development Finance Company (see note (c))	14,479,796	11,580,283	8,045,056	11,580,283
European Investment Bank (see note (d))	41,880,625	26,979,759	21,842,579	26,979,759
International Finance Corporation (see note (e))	-	2,554,646	-	2,554,646
Central Bank of Nigeria under the Commercial Agriculture Credit Scheme (see note (f))	17,641,231	9,766,871	17,641,231	9,766,871
Bank of Industry-Intervention Fund for SMEs (see note (g))	2,186,572	4,500,284	2,186,572	4,500,284
Bank of Industry-Power & Airline Intervention Fund (see note (h))	10,975,439	12,881,897	10,975,439	12,881,897
Access Finance B.V. (see note (i))	-	-	-	74,425,046
Special Refinancing & Restructuring Intervention fund (SRRIF) see note (j)	6,260,348	6,633,475	6,260,348	6,633,475
Central Bank of Nigeria - Salary Bailout facilities (see note (k))	65,230,347	66,479,721	65,230,347	66,479,721
Central Bank of Nigeria - Excess Crude Account (see note (l))	122,585,415	125,837,600	122,585,415	125,837,600
Other loans and borrowings	812,182	1,788,968	115,561	-
	311,617,187	**299,543,707**	**282,291,140**	**372,179,785**

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

(a) The amount of N26,418,938,000 (USD 79,815,524) represents the outstanding balance in the on-lending facility granted to the Bank by AFDB (Africa Development Bank) in two tranches. The first tranche of USD35 million has matured and was fully paid out in August 2016. The second tranche was disbursed in August 2014 (USD 90m) for a year of 10years, while the third tranche came in June 2016 for (USD 10m) for a period of 9 years. The principal amount is repayable semi-annually starting from February 2017 for both tranches. Interest is paid semi annually at 3% above 6 months LIBOR. The annual effective interest rate is 4.10% and 4.14% respectively. From this creditor, the bank has nil undrawn balance as at 31 December 2017.

(b) The amount of N989,654,959 (USD 2,989,894) 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 2017.

(c) The amount of N8,045,055,547 (USD 24,305,304) represents the outstanding balance in the on-lending facility granted to the Bank by the French Development Finance Company effective from 15 December 2012 and disbursed in four tranches; February 2013 (USD 6m) , October 2013 (USD 15m) , October 2013 (USD 9m) and November 2014 (USD 30m) for a period of 6.5 years for the first three tranches and 5 years for the fourth tranche. The principal amount is repayable semi-annually from December 2014 with the fourth tranche repayable from January 2016 while interest is paid semi annually at 3% above 6 months LIBOR. 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 4.57% for the fourth tranche. From this creditor, the bank has nil undrawn balance as at 31 December 2017.

(d) The amount of N21,842,579,074 (USD 65,989,665) represents the outstanding balance on five on-lending facilities granted to the Bank by the European Investment Bank (EIB) in May 2013(USD 25m), September 2013 (USD 26.75m) , June 2014 (USD 14.7m) , September 2015 (USD 27.9m) and March 2016 (USD 27.1m) for a period of 6 years each for the first three and year of 8 years each for the last two. 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 2017.

(e) An on-lending facility of USD 50mn was granted to the Bank by the International Finance Corporation (IFC) in November 2013 (USD 50m) for a period of 5 years. The principal amount was repayable semi-annually from December 2014 while interest is paid semi annually at 4% above 6months LIBOR. The facility matured in June 2017 and has been fully paid out to the counterparty International Finance Corporation (IFC).

(f) The amount of N17,641,213,289 represents the outstanding balance on the on-lending facility granted to the Bank by Central Bank of Nigeria in collaboration with the Federal Government of Nigeria (FGN) in respect of Commercial Agriculture Credit Scheme (CACS) established by both CBN and the FGN for promoting commercial agricultural enterprises in Nigeria. The facility is for a maximum period of 7 years at a zero percent interest rate to the Bank however, a management fee of 1% deductible at source is paid by the Bank under the on-lending agreement. The Bank did not provide security for this facility.From this creditor, the bank has nil undrawn balance as at 31 December 2017.

(g) The amount of N2,186,572,371 represents an outstanding balance on the intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria for the purpose of refinancing or restructuring existing loans to Small and Medium Scale Enterprises (SMEs) and manufacturing companies. The total facility has a tenor of 10 years. A management fee of 1% deductible at source is paid by the Bank under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. Though the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 31 December 2017.

(h) The amount of N10,975,438,589 represents the outstanding balance on intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria, to be applied to eligible power and airline projects. The total facility has a maximum tenor of 13.5 years. A management fee of 1% deductible at source is paid by the Bank under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. Though the facility is meant for on-lending to borrowers within the power and aviation sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 31 December 2017.

(i) This relates to borrowings of Access Bank Plc from Access Finance BV in respect of the dollar guaranteed notes issued by Access Finance B.V., Netherlands which was 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 7.57%. The notes matured on 25th July 2017 and was fully redeemed at maturity.

(j) The amount of N6,260,347,857 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 2017.

(k) The amount of N65,230,346,639 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 2017.

(l) The amount of N122,585,415,103 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 2017.

(m) Movement in interest bearing loans and borrowings:
In thousands of Naira

	Group	**Bank**
Balance as at 1 January 2017	299,543,707	372,179,785
Proceeds from interest bearing borrowings	43,577,454	13,337,947
Repayment of interest bearing borrowings	(34,371,397)	(99,011,336)
Total changes from financing cash flows	308,749,764	286,506,396
The effect of changes in foreign exchange rates	4,664,912	4,319,235
Other changes		
Interest expense	12,373,830	11,070,759
Interest paid	(14,171,319)	(19,605,250)
Balance as at 31 December 2017	**311,617,187**	**282,291,140**

37 Retirement benefit obligation

In thousands of Naira	Group December 2017	Group December 2016	Bank December 2017	Bank December 2016
Recognised liability for defined benefit obligations (see note (a) below)	2,481,916	3,064,597	2,481,916	3,064,597
Liability for defined contribution obligations	13,358	10,856	-	-
	2,495,274	**3,075,453**	**2,481,916**	**3,064,597**

(a) **Defined benefit obligations**

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

In thousands of Naira	Group December 2017	Group December 2016	Bank December 2017	Bank December 2016
Post employment benefit plan (see note (i) below)	2,481,916	3,064,597	2,481,916	3,064,597
Recognised liability	**2,481,916**	**3,064,597**	**2,481,916**	**3,064,597**

(i) **Post employment benefit plan**

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

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

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

In thousands of Naira	Group December 2017	Group December 2016	Bank December 2017	Bank December 2016
Deficit on defined benefit obligations at 1 January	3,064,597	5,567,800	3,064,597	5,567,800
Charge for the year:				
-Interest costs	495,674	692,268	495,674	692,268
-Current service cost	257,384	504,727	257,384	504,727
-Benefits paid	(707,744)	-	(707,744)	-
Net actuarial gain/(loss) for the year remeasured in OCI:				
Remeasurements - Actuarial gains and losses arising from changes in demographic assumptions	(602,798)	(577,343)	(602,798)	(577,343)
Remeasurements - Actuarial gains and losses arising from changes in financial assumption	(25,197)	(3,122,855)	(25,197)	(3,122,855)
Balance, end of year	**2,481,916**	**3,064,597**	**2,481,916**	**3,064,597**
Expense recognised in income statement:				
Current service cost	257,384	504,727	257,384	504,727
Interest on obligation	495,674	692,268	495,674	692,268
Total expense recognised in profit and loss (see Note 14)	**753,058**	**1,196,995**	**753,058**	**1,196,995**

The weighted average duration of the defined benefit obligation is 8years. The information on the maturity profile of the defined benefit plan includes the maturity analysis and the distribution of the timing of payment. The estimated contribution to the plan for the next annual reporting year is: N629Mn

The sensivities below relates to Group and Bank.

31 December 2017	**Impact on defined benefit obligation**		
In thousands of Naira	**Decrease in assumption by 1%**	**Liability changes to**	**Total comprehensive income**
Effect of changes in the assumption to the discount rate	Increase in liability by 5.6%	2,621,835	(139,919)
Effect of changes in assumption to the salary growth	Decrease in liability by 4.9%	2,361,130	120,786
Effect of changes in assumption to the mortality rate	Decrease in liability by 0.2%	2,475,795	6,121

	Impact on defined benefit obligation		
	Increase in assumption by 1%	**Liability changes to**	**Total comprehensive income**
Effect of changes in the assumption to the discount rate	Decrease in liability by 5.2%	2,352,750	129,166
Effect of changes in assumption to the salary growth	Increase in the liability by 5.2%	2,611,416	(129,500)
Effect of changes in assumption to the mortality rate	Increase in the liability by 0.3%	2,488,587	(6,671)

31 December 2016	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%	3,232,367	(167,770)
Effect of changes in assumption to the salary growth	Decrease in liability by 6.75%	2,909,189	155,408
Effect of changes in assumption to the mortality rate	Decrease in liability by 6.75%	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 the liability by 6.9%	2,910,376	154,221
Effect of changes in assumption to the salary growth	Increase in the liability by 7.3%	3,232,322	(167,725)
Effect of changes in assumption to the mortality rate	Increase in the liability by 0.03%	3,073,008	(8,411)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the 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 2017.

	December 2017	December 2016
Discount rate	14.70%	16.70%
Future salary increases	5.00%	5.00%
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%	3.75%

Assumptions regarding future mortality before retirement are based on A49/52 ultimate table published by the Institute of Actuaries of United Kingdom. The rate used to discount post employment benefit obligations has been determined by reference to the yield on Nigerian Government bonds of medium duration. This converts into an effective yield of 14.70% as at 31 December 2017. 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 2017	Bank December 2016
(a) Authorised:		
Ordinary shares:		
38,000,000,000 Ordinary shares of 50k each (2013: 24,000,000,000 ordinary share of 50k each)	19,000,000	19,000,000
Preference shares:		
2,000,000,000 Preference shares of 50k each	1,000,000	1,000,000
	20,000,000	20,000,000

In thousands of Naira	Bank December 2017	Bank December 2016
(b) Issued and fully paid-up :		
28,927,971,631 Ordinary shares of 50k each	14,463,986	14,463,986

Ordinary shareholding:
The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Bank. All ordinary shares rank pari-passu with the same rights and benefits at meetings of the Bank.

Preference shareholding:
Preference shares do not carry the right to vote. Preference shareholders have priority over ordinary shareholders with regard to the residual assets of the Bank and participate only to the extent of the face value of the shares plus any accrued dividends. No preference shares were in issue as at the end of the 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 2017	Bank December 2016
Balance, beginning of the year	14,463,986	14,463,986
Balance, end of the 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 2017	Group December 2016
Balance, beginning of the year	28,927,972	28,927,972
Balance, end of the 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 2017	Group December 2016
Balance, beginning of the year	197,974,816	197,974,816
Balance, end of the year	197,974,816	197,974,816

C Retained earnings

	Group December 2017	Group December 2016	Bank December 2017	Bank December 2016
Retained earnings	117,701,679	93,614,030	120,218,603	93,329,188

D Other components of equity

	Group December 2017	Group December 2016	Bank December 2017	Bank December 2016
Other regulatory reserves (see i(a) below)	70,562,156	62,615,212	60,986,896	53,001,072
Share Scheme reserve	2,031,978	1,211,978	2,031,978	1,008,118
Treasury Shares	(4,028,910)	(3,286,375)	-	-
Capital Reserve	3,489,080	3,489,080	3,489,081	3,489,081
Fair value reserve	36,111,322	23,240,250	35,267,471	23,354,093
Foreign currency translation reserve	26,813,500	11,992,025	-	-
Regulatory risk reserve	43,420,287	42,932,550	35,058,266	35,058,266
	178,399,413	**142,194,720**	**136,833,692**	**115,910,630**

(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.

i(a)

	Statutory reserves		SMEEIS Reserves		Total	
	December 2017	December 2016	December 2017	December 2016	December 2017	December 2016
Group						
In thousand of Naira						
Opening	61,788,644	49,271,343	826,568	826,568	62,615,212	50,097,911
Transfers during the year	7,946,944	12,517,301	-	-	7,946,944	12,517,301
Closing	69,735,588	61,788,644	826,568	826,568	70,562,156	62,615,212
Bank						
In thousand of Naira						
Opening	52,174,504	42,570,584	826,568	826,568	53,001,072	43,397,152
Transfers during the year	7,985,824	9,603,920	-	-	7,985,824	9,603,920
Closing	60,160,328	52,174,504	826,568	826,568	60,986,896	53,001,072

(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 2017	Group December 2016
Access Bank, Gambia	310,883	1,142,313
Access Bank, Sierra Leone	43,387	57,189
Access Bank Zambia	2,609,806	276,532
Access Bank, Rwanda	933,465	838,624
Access Bank, Congo	887	1,172,519
Access Bank, Ghana	3,009,086	2,759,852
	6,907,514	**6,247,029**

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

In thousands of Naira	Group December 2017	Group December 2016
Access Bank, Gambia	21,714	59,235
Access Bank, Sierra Leone	4,693	4,698
Access Bank Zambia	(221,560)	(980)
Access Bank, Rwanda	26,658	(36,204)
Access Bank, Congo	151	113,372
Access Bank, Ghana	181,434	182,200
	13,090	**322,322**

	Group December 2017	Group December 2016
Proportional Interest of NCI in subsidiaries	%	%
Access Bank, Gambia	12%	36%
Access Bank, Sierra Leone	3%	3%
Access Bank Zambia	30%	8%
Access Bank, Rwanda	25%	25%
Access Bank Congo	0%	26%
Access Bank, Ghana	9%	9%

E Transactions with non-controlling interests
During the year, the Access Bank Plc acquired additional shares in Access Bank Congo and Access Bank Gambia. This resulted in changes in its ownership interests in the subsidiaries, but the transactions did not result in a loss of control. Furthermore, the Group's holding in Access Bank Zambia reduced as a result of issuance of shares to third party outside the Group by Access Bank Zambia. This diluted Access bank Plc's holding in Access Bank Zambia. However,control was not lost as a result of the dilution. The Group adjusted the carrying amounts of the controlling and non-controlling interests to reflect the changes in the relative interests in the subsidiaries. The impact was recognised directly in equity.

E Dividends

In thousands of Naira	Bank December 2017	Bank December 2016
Interim dividend paid (2017: 25k, 2016: 25k)	7,231,992	7,231,993
Final dividend paid (2017: 40k, 2016: 40k)	11,571,188	11,571,188
	18,803,180	18,803,181
Number of shares	28,927,972	28,927,972

The Directors proposed a final dividend of 40k for the year ended 31 December 2017

39 Contingencies

Claims and litigation

The Group is a party to numerous legal actions arising out of its normal business operations. The Directors believe that, based on currently available information and advice of counsel, none of the outcomes that result from such proceedings will have a material adverse effect on the financial position of the Group, either individually or in the aggregate. No provision has been made for the year ended 31 December 2017.

Contingent liability and commitments

In common with other banks, Group conducts business involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise acceptances, endorsements, guarantees and letters of credit.

Nature of instruments

An acceptance is undertaken by a bank to pay a bill of exchange drawn on a customer. The Group expects most acceptances to be presented, but reimbursement by the customer is normally immediate. Endorsements are residual liabilities of the Group in respect of bills of exchange, which have been paid and subsequently rediscounted.

Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Group will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

Other contingent liabilities include transaction related custom and performance bonds and are generally short term commitments to third parties which are not directly dependent on the customer's credit worthiness. Commitments to lend are agreements to lend to a customer in the future, subject to certain conditions. Such commitments are either made for a fixed year, 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 2017	Group December 2016	Bank December 2017	Bank December 2016
Contingent liabilities:				
Transaction related bonds and guarantees	184,867,177	68,423,783	144,763,718	59,637,792
Financial guarantees	28,837,649	139,954,922	7,976,547	33,160,736
	261,805,783	119,826,012	28,157,562	41,798,197
Commitments:	-	-	-	-
Clean line facilities for letters of credit, unconfirmed letters of credit and other commitments	17,913,690	13,041,247	17,913,690	13,041,247
	-	-	-	-
Future, swap and forward contracts	-	-	-	-
	493,424,299	**341,245,964**	**198,811,517**	**147,637,972**

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 N322.2Mn (31 Dec 2016: N365.4Mn)

40 Cash and cash equivalent

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

In thousands of Naira	Group December 2017	Group December 2016	Bank December 2017	Bank December 2016
Cash on hand and balances with banks	184,867,177	68,423,783	144,763,718	59,637,792
Unrestricted balances with central banks	28,837,649	139,954,922	7,976,547	33,160,736
Money market placements	261,805,783	119,826,012	28,157,562	41,798,197
Investment under management	17,913,690	13,041,247	17,913,690	13,041,247
	493,424,299	**341,245,964**	**198,811,517**	**147,637,972**

Cash and cash equivalent for the purpose of the preparation of the statement of cash flows excludes cash collaterals held for letters of credit and the mandatory cash deposit held with the Central Bank of Nigeria.

(b) Reconciliation of movements of liabilities to cash flows arising from financing activities

	Debt securities issued		Interest bearing borrowings	
	Group December 2017	Bank December 2017	Group December 2017	Bank December 2017
Net debt as at 1 January 2017	316,544,502	243,952,418	299,543,707	372,179,785
Proceeds from interest bearing borrowings	-	-	43,577,454	13,337,948
Repayment of interest bearing borrowings	-	-	(34,371,397)	(99,011,336)
Debt securities issued	121,486,981	121,486,981	-	-
Repayment of debt securities issued	(151,694,953)	(79,102,869)	-	-
Total changes from financing cash flows	286,336,530	286,336,530	308,749,764	286,506,397
The effect of changes in foreign exchange rates	18,173,205	18,173,205	4,664,912	4,319,235
Other changes				
Interest expense	35,947,693	35,947,693	12,373,830	11,070,759
Interest paid	(38,350,722)	(38,350,722)	(14,171,319)	(19,605,250)
Balance as at 31 December 2017	**302,106,706**	**302,106,706**	**311,617,187**	**282,291,140**

41 Contraventions of the Banks and Other Financial Institutions Act of Nigeria and CBN circulars

S/N	Regulatory Body	Infraction
i)	Central Bank of Nigeria	Sum of N60 million in respect of BVN registration
ii)	Central Bank of Nigeria	Sum of N6 million in respect of unutilized foreign exchange from CBN
iii)	Central Bank of Nigeria	Sum of N2 million for non-compliance as regards Bancassurance
iv)	Central Bank of Nigeria	Sum of N2 million in respect of CBN FX examination
v)	Central Bank of Nigeria	Sum of N4 million in respect of injection of capital to subsidiaries
vi)	Central Bank of Nigeria	Sum of N2 million in respect of KYC requirement
vii)	Central Bank of Nigeria	Sum of N2 million in respect of the implementation of external auditors' recommendation

42 Events after reporting date

Subsequent to the end of the reporting year, 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 2017	**Directors and other key management personnel (and close family members)**	**Subsidiaries**	**Total**
In thousands of Naira			
Balance, beginning of year	1,030,899	92,014,601	**93,045,500**
Net movement during the year	2,998,509	15,919,197	**18,917,706**
Balance, end of year	4,029,408	107,933,798	**111,963,206**
Interest income earned	275,232	1,310,286	**1,585,518**
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 2017 of N4.03Bn 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 4 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 1.49% 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 2017			
In thousands of Naira			
Balance, beginning of year	2,038,024	109,626,264	**111,664,288**
Net movement during the year	1,062,274	67,025,939	**68,088,213**
Balance, end of year	3,100,298	176,652,203	**179,752,501**
Interest expenses on deposits	215,665	5,609,001	**5,824,665**

The deposits are majorly term deposit with an average interest rate and tenor of approximately 8.37% and 5months for directors and 3.18% and 3.5 months for subsidiaries.

(c) Borrowings from related parties

In thousands of Naira	Subsidiaries	Total
Borrowings at 1 January 2017	74,425,046	**74,425,046**
Net movement during the year	(74,425,046)	**(74,425,046)**
Borrowings at 31 December 2017	-	-
Interest expenses on borrowings	3,268,610	**3,268,610**

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 matured on 25 July 2017. The notes were issued on 25 July 2012 for a year 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 7.79%. 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.
The notes matured on 25 July 2017 and it was fully redeemed.

(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	-	21,126,935	**21,126,935**
Deposit from financial institutions	-	326,279	**326,279**
Receivables	-	462,754	**462,754**
Other Liabilities	-	347,385	**347,385**
Fee and commission expense	-	716,978	**716,978**
Off balance sheet exposures	-	850,714	**850,714**

(e) Key management personnel compensation for the year comprises:

Directors' remuneration

In thousands of Naira	December 2017	December 2016
Non-executive Directors		
Fees	58,125	51,875
Other emoluments:		
Allowances	411,044	320,335
	469,169	372,210
Executive directors		
Short term employee's benefit	237,820	264,220
Defined contribution plan	14,364	14,813
Share based payment	39,189	52,960
Long term incentive plan	707,744	-
	999,117	**331,993**

(f) Directors remuneration:

Remuneration paid to directors of the Bank (excluding pension contributions and other benefits) was as follows:

In thousands of Naira	December 2017	December 2016
Fees as Directors	58,125	51,875
Other emoluments	303,982	207,898
Wages and salaries	237,820	264,220
Allowances	107,063	112,438

The Directors remuneration show above includes

	December 2017	December 2016
Chairman	50,513	41,993
Highest paid director	85,160	85,160

The emoluments of all other directors fell within the following ranges:

	December 2017	December 2016
N13,000,001-N20,000,000	6	6
N20,000,001-N37,000,000	8	8
	14	14

44 Director-related exposures

Access Bank has some exposures that are related to its Directors. The Bank however follows a strict process before granting such credits to its Directors. The requirements for creating and managing this category of risk assets include the following amongst others:

a. Complete adherence to the requirements for granting insider-related exposure as stated in the Bank's Credit Policy Guidelines, the Insider-related Policy as well as the Bank's duly approved Standard Operating Procedure for managing insider-related exposures.
b. Full compliance with the relevant CBN policies on insider-related lending.
c. All affected Directors are precluded from taking part in the approval process of credit request wherein they have interest.
d. The related Director is required to execute a document authorizing the Bank to use their accruable dividends to defray any related-obligor's delinquent exposures.
e. The Directors are required to execute documents for the transfer of their shares to the Bank's nominated broker to ensure effective control as required by the CBN policy to enhance the bank's Corporate Governance structure.
f. Section 89 of the Bank's Article of Association also reiterated that "a related Director shall vacate office or cease to be a Director, if the Director directly or indirectly enjoys a facility from the Bank that remains non-performing for a year of more than 12months."

The Bank's gross exposure to all its directors as at 31 December 2017 is N1.65bn. 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 Consult. Ltd.	Ex-Chairman	Mr. Gbenga Oyebode	Term Loan	31,250,000	Performing	Corporate Guarantee of Assets Management Group Limited.
2	Asset Management Group Limited	Ex-Chairman	Mr. Gbenga Oyebode	Time loan	1,444,848,074	Performing	1. Pledged properties at Ikoyi Lagos 2. Personal guarantee 3 Domicilliation of Rental Income
3	Sic Property and Investment Company Ltd	Ex Non-executive director	Mr Ortisedere Otubu	Term Loan	119,983,765	Performing	1. Legal Mortgage 2. Personal Guarantee 3. Debenture
4	Paul Usoro & Company	Non-executive director	Mr Paul Usoro	Overdraft	8,123,918	Performing	Cash collateral
				Credit Card	46,655,178	Performing	Cash collateral
	Balance, end of year				**1,650,860,935**		

45 Non-audit services

During the year, the Bank's auditor, PricewaterHouseCoopers, were awarded the following contracts;

	Service	Description	Sum N'000
1	Recovery and resolution plan	Advisory services on development of recovery and resolution plan to be submitted to the Central Bank of Nigeria and Nigeria Deposit Insurance Corporation as part of regulatory requirements for systemically important financial institutions.	9,975
2	Automation of revenue assurance reviews	Revenue assurance exercise and script development to block income leakages and facilitate recoveries	11,500
			21,475

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 2017	%	Group December 2016	%
Gross earnings	459,075,779		381,320,783	
Interest expense				
Foreign	(5,585,583)		(29,874,830)	
Local	(102,622,266)		(59,894,789)	
	350,867,930		291,551,164	
Net impairment (loss) on financial assets	(33,916,948)		(20,630,884)	
Net impairment loss on other financial assets	(549,920)		(1,321,935)	
Bought-in-materials and services				
Foreign	(1,819,106)		(3,859,283)	
Local	(117,735,321)		(93,364,322)	
Value added	**196,846,635**		**172,374,740**	
Distribution of Value Added				
To Employees:				
Employees costs	54,806,795	28%	51,795,538	30%
To government				
Government as taxes	18,081,628	9%	18,900,109	11%
To providers of finance				
Interest on borrowings	48,321,523	25%	18,369,256	11%
Dividend to shareholders	18,803,180	10%	15,910,384	9%
Retained in business:				
For replacement of property and equipment and intangible assets	13,645,837	7%	11,293,791	7%
Retained profit (including Statutory and regulatory risk reserves	43,187,672	22%	56,105,662	33%
	196,846,635	**100%**	**172,374,740**	**100%**

OTHER NATIONAL DISCLOSURES

Value Added Statement

In thousands of Naira

	Bank December 2017	%	Bank December 2016	%
Gross earnings	398,161,575		331,000,972	
Interest expense				
Foreign	(5,508,566)		(32,402,507)	
Local	(90,507,289)		(48,892,468)	
	302,145,720		249,705,997	
Net impairment (loss) on financial assets	(29,465,778)		(16,319,192)	
Net impairment loss on other financial assets	315,930		(1,321,935)	
Bought-in-materials and services				
Foreign	(1,819,106)		(3,859,283)	
Local	(102,273,451)		(82,273,672)	
Value added	**168,903,315**		**145,931,915**	
Distribution of Value Added				
To Employees:				
Employees costs	41,773,512	25%	42,153,587	29%
To government				
Government as taxes	13,804,679	8%	16,553,441	11%
To providers of finance				
Interest on borrowings	47,018,452	28%	13,569,723	9%
Dividend to shareholders	18,803,180	11%	15,910,384	11%
Retained in business:				
For replacement of property and equipment	11,445,781	7%	9,629,029	7%
For replacement of equipment on lease	1,622,069	1%		
Retained profit (including Statutory and regulatory risk reserves	34,435,642	20%	48,115,751	33%
	168,903,315	**100%**	**145,931,915**	**100%**

OTHER NATIONAL DISCLOSURES

Other financial Information
Five-year Financial Summary

Group	December 2017	December 2016	December 2015	December 2014	December 2013
	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	953,944,176	713,889,105	478,409,336	405,014,793	439,459,541
Investment under management	20,257,131	14,871,247	10,403,608	-	-
Non pledged trading assets	46,854,061	44,629,579	52,298,422	28,411,644	3,877,969
Pledged assets	447,114,404	314,947,502	203,715,397	87,072,147	63,409,851
Derivative financial instruments	93,419,293	156,042,984	77,905,020	24,866,681	102,123
Loans and advances to banks	68,114,076	45,203,002	42,733,910	12,435,659	24,579,875
Loans and advances to customers	1,995,987,627	1,809,459,172	1,365,830,831	1,110,464,442	786,169,703
Trading properties	-	-	-	-	-
Investment securities	278,167,757	229,113,772	186,223,126	270,211,388	353,811,348
Insurance receivables	-	-	-	-	
Other assets	82,753,431	63,255,054	83,014,503	56,310,620	52,019,723
Investment properties	-	-	-	-	23,974,789
Investments in equity accounted investee	-	-	-	-	3,623,326
Investment in subsidiary	-	-	-	-	-
Property and equipment	97,114,640	84,109,052	73,329,927	69,659,707	67,243,305
Intangible assets	8,295,855	6,939,555	6,440,616	5,592,991	3,659,072
Deferred tax assets	740,402	1,264,813	10,845,612	10,881,984	10,687,635
Assets classified as held for sale	9,479,967	140,727	179,843	23,438,484	2,847,740
Total assets	4,102,242,820	3,483,865,564	2,591,330,151	2,104,360,540	1,835,466,000
Liabilities					
Deposits from financial institutions	450,196,970	167,356,583	72,914,421	119,045,423	72,147,956
Deposits from customers	2,244,879,075	2,089,197,286	1,683,244,320	1,454,419,052	1,331,418,659
Derivative financial instruments	5,332,177	30,444,501	3,077,927	1,989,662	32,955
Claims payable	-	-	-	-	-
Current tax liabilities	7,489,586	5,938,662	7,780,824	8,180,969	6,899,558
Other liabilities	253,914,174	113,571,240	69,355,947	21,689,079	56,847,216
Deferred tax liabilities	8,764,262	3,699,050	266,644	59,038	37,861
Liabilities on investment contracts	-	-	-	-	-
Liabilities on insurance contracts	-	-	-	-	-
Debt securities issued	302,106,706	316,544,502	149,853,640	138,481,179	55,828,248
Interest-bearing borrowings	311,617,187	299,543,707	231,467,161	79,816,309	64,338,982
Retirement benefit obligations	2,495,274	3,075,453	5,567,800	3,269,100	1,933,021
Contingent settlement provisions	-	-	-	-	-
Liabilities classified as held for sale	-	-	-	-	1,499,495
Total liabilities	3,586,795,411	3,029,370,984	2,223,528,684	1,826,949,811	1,590,983,951
Equity					
Share capital and share premium	212,438,802	212,438,802	212,438,802	172,477,671	172,477,671
Retained earnings	117,701,679	93,614,030	51,730,369	34,139,453	22,232,374
Other components of equity	178,399,413	142,194,720	99,732,330	67,262,761	48,003,894
Non controlling interest	6,907,515	6,247,028	3,899,966	3,530,844	1,768,110
Total equity	515,447,409	454,494,580	367,801,467	277,410,729	244,482,049
Total liabiities and Equity	4,102,242,819	3,483,865,564	2,591,330,151	2,104,360,540	1,835,466,000
Gross earnings	459,075,779	381,320,783	337,404,230	245,383,536	206,891,219
Profit before income tax	80,072,482	90,339,456	75,038,117	52,022,290	44,996,410
Profit from continuing operations	61,990,852	71,439,347	65,868,773	43,063,479	36,101,830
Discontinued operations	-	-	-	(87,267)	265,760
Profit for the year	61,990,852	71,439,347	65,868,773	42,976,212	36,367,590
Non controlling interest	13,090	322,322	536,233	560,883	195,762
Profit attributable to equity holders	61,977,762	71,117,024	65,332,540	42,415,329	36,171,828
Dividend paid	18,803,180	15,910,384	15,241,014	13,729,777	13,729,777
Earning per share - Basic	218k	249k	265k	189k	158k
- Adjusted	214k	245k	262k	189k	158k
Number of ordinary shares of 50k	28,927,971,631	28,927,971,631	28,927,971,631	22,882,918,908	22,882,918,908

OTHER NATIONAL DISCLOSURES

Other financial Information
Five-year Financial Summary

Bank	**December 2017**	**December 2016**	**December 2015**	**December 2014**	**December 2013**
	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	657,144,247	517,997,249	405,998,636	351,174,879	395,808,747
Investment under management	20,257,131	14,871,247	10,403,608	-	-
Non pledged trading assets	43,016,990	44,629,579	52,298,422	28,411,644	3,877,969
Pledged assets	440,503,327	314,947,502	200,464,624	85,183,353	63,347,823
Derivative financial instruments	92,390,219	155,772,662	77,852,349	24,831,145	72,675
Loans and advances to banks	101,429,001	104,006,574	60,414,721	55,776,837	13,048,651
Loans and advances to customers	1,771,282,739	1,594,562,345	1,243,215,309	1,019,908,848	735,300,741
Trading properties	-	-	-	-	-
Investment securities	121,537,303	161,200,642	155,994,798	226,137,983	309,071,802
Insurance receivables	-	-	-	-	-
Other assets	65,189,797	50,594,480	78,623,381	48,246,307	44,326,360
Investment properties	-	-	-	-	23,974,789
Investments in equity accounted investee	-	-	-	-	1,521,812
Investment in subsidiary	87,794,631	59,239,252	45,439,246	40,120,572	38,029,992
Property and equipment	83,676,722	71,824,472	65,900,384	64,160,327	63,203,245
Intangible assets	5,981,905	5,173,784	4,977,908	4,436,814	2,661,553
Deferred tax assets	-	-	10,180,832	10,128,537	9,847,853
Assets classified as held for sale	9,479,967	140,727	179,843	23,438,484	-
Total assets	3,499,683,979	3,094,960,515	2,411,944,061	1,981,955,730	1,704,094,012
Liabilities					
Deposits from banks	276,140,835	95,122,188	63,343,785	134,509,662	61,295,352
Deposits from customers	1,910,773,713	1,813,042,872	1,528,213,883	1,324,800,611	1,217,176,793
Derivative financial instruments	5,306,450	30,275,181	2,416,378	1,737,791	-
Debt securities issued	302,106,706	243,952,418	78,516,655	73,155,391	-
Claims payable			-	-	-
Current tax liabilities	4,547,920	5,004,160	6,442,311	7,113,226	6,075,590
Other liabilities	238,695,686	107,538,941	64,094,358	16,870,132	52,092,559
Retirement benefit obligations	2,481,916	3,064,597	5,567,800	3,267,364	-
Liabilities on investment contracts			-	-	-
Liabilities on insurance contracts	-	-	-	-	-
Interest-bearing borrowings	282,291,141	372,179,785	302,919,987	146,345,767	120,342,026
Contingent settlement provisions	-	-	-	-	1,929,695
Deferred tax liabilities	7,848,515	3,101,753	-	-	-
Liabilities classified as held for sale	-	-	-	-	-
Total liabilities	3,030,192,882	2,673,281,895	2,051,515,157	1,707,799,944	1,458,912,015
Equity					
Share capital and share premium	212,438,802	212,438,802	212,438,802	172,477,671	172,477,671
Retained earnings	120,218,603	93,329,188	49,459,102	36,499,779	23,095,392
Other components of equity	136,833,692	115,910,630	98,531,000	65,178,336	49,608,934
Total equity	469,491,098	421,678,620	360,428,904	274,155,786	245,181,997
Total liabilities and Equity	3,499,683,979	3,094,960,515	2,411,944,061	1,981,955,730	1,704,094,012
Gross earnings	398,161,575	331,000,972	302,061,975	221,610,769	182,888,906
Profit before income tax	67,043,501	80,579,576	65,177,914	46,142,422	31,365,396
Profit for the year	53,238,822	64,026,135	65,868,773	39,941,126	26,211,844
Dividend paid	18,803,180	15,910,384	13,729,777	13,729,777	12,588,538
Earning per share - Basic	184k	237k	174k	114k	157k
- Adjusted	184k	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