Access Bank Plc

Unaudited Consolidated and separate financial statements for the period ended 30 September 2017

Directors, officers and professional advisors

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

Directors

Mosun Belo-Olusoga	Chairman/Non-Executive Director
Herbert Onyewumbu Wigwe	GMD/Executive Director
Obinna David Nwosu*	GDMD/Executive Director
Roosevelt Michael Ogbonna**	GDMD/Executive Director
Ernest Chukwuka Ndukwe	Independent Non-Executive Director
Anthonia Olufeyikemi Ogunmefun	Non-Executive Director
Paul Usoro, SAN	Non-Executive Director
Emmanuel Chiejina******	Non-Executive Director
Abba Mamman Tor Habib	Non-Executive Director
Ajoritsedere Josephine Awosika	Independent Non-Executive Director
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

* 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

Company Secretary
Mr Sunday Ekwochi

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Company Registration Number: RC125 384
FRC Number: FRC/2012/0000000000271

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Registrars
United Securities Limited
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Telephone: +234 01 730898
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Consolidated statement of comprehensive income

In thousands of Naira	*Notes*	Group September 2017	*Restated Group September 2016	Bank September 2017	*Restated Bank September 2016
Interest income	8	245,873,036	181,210,761	212,028,053	154,008,558
Interest expense	8	(124,400,338)	(74,837,032)	(111,511,415)	(63,964,906)
Net interest income		121,472,699	106,373,729	100,516,638	90,043,651
Net impairment charge	9	(12,823,501)	(12,336,132)	(11,479,346)	(10,616,593)
Net interest income after impairment charges		108,649,198	94,037,597	89,037,292	79,427,058
Fee and commission income	10	38,798,495	45,605,503	30,585,347	39,021,020
Fee and commission expense		(366,902)	(367,770)	-	-
Net fee and commission income		38,431,592	45,237,734	30,585,347	39,021,020
Net gains on investment securities	11a,b	(41,222,809)	96,277,263	(41,426,324)	96,248,358
Net foreign exchange income/(loss)	12	116,456,194	(53,686,566)	113,895,248	(56,101,969)
Other operating income	13	5,150,047	5,061,020	4,632,916	4,696,201
Personnel expenses	14	(43,502,511)	(35,949,863)	(34,283,972)	(29,383,471)
Rent expenses		(2,510,432)	(2,046,353)	(1,239,241)	(1,234,161)
Depreciation	28	(8,449,402)	(6,597,445)	(7,231,383)	(5,671,253)
Amortization	29	(1,781,056)	(1,502,334)	(1,426,760)	(1,275,134)
Other operating expenses	15	(98,310,679)	(71,841,996)	(89,736,606)	(66,038,931)
Profit before tax		72,910,142	68,989,060	62,806,518	59,687,716
Income tax	16	(16,514,273)	(14,908,548)	(15,143,908)	(13,023,336)
Profit for the period		**56,395,869**	**54,080,512**	**47,662,610**	**46,664,382**
Other comprehensive income (OCI) net of income tax :					
Items that may be subsequently reclassified to the income statement:					
Foreign currency translation differences for foreign subsidiaries					
- Unrealised (losses)/gains during the period		13,183,098	23,495,192	-	-
Net changes in fair value of AFS financial instruments					
-Fair value changes during the period		7,588,930	11,129,382	7,184,249	11,501,694
Other comprehensive gain, net of related tax effects		20,772,028	34,624,574	7,184,249	11,501,694
Total comprehensive income for the period		**77,167,897**	**88,705,085**	**54,846,861**	**58,166,076**
Profit attributable to:					
Owners of the bank		56,085,259	53,545,024	47,662,610	46,664,382
Non-controlling interest		310,610	535,488	-	-
Profit for the period		**56,395,869**	**54,080,512**	**47,662,610**	**46,664,382**
Total comprehensive income attributable to:					
Owners of the bank		76,657,297	86,420,934	54,846,861	58,166,076
Non-controlling interest		510,600	2,284,151	-	-
Total comprehensive income for the period		**77,167,897**	**88,705,085**	**54,846,861**	**58,166,076**
Earnings per share attributable to ordinary shareholders					
Basic (kobo)	17	197	188	165	161
Diluted (kobo)	17	194	185	165	161

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

* *See Note 41 - Restatement of prior period financial information*

Consolidated statement of financial position
As at 30 September 2017

In thousands of Naira	*Notes*	Group September 2017	Group December 2016	Bank September 2017	Bank December 2016
Assets					
Cash and balances with banks	18	761,518,689	713,889,105	585,528,889	517,997,249
Investment under management	19	16,883,248	14,871,247	16,883,248	14,871,247
Non pledged trading assets	20	16,978,017	44,629,579	14,846,605	44,629,579
Derivative financial assets	21	92,731,156	156,042,984	92,587,318	155,772,662
Loans and advances to banks	22	72,139,533	45,203,002	92,439,769	104,006,574
Loans and advances to customers	23	1,777,075,731	1,809,459,172	1,540,505,164	1,594,562,345
Pledged assets	24	392,090,152	314,947,502	392,090,152	314,947,502
Investment securities	25	198,912,202	229,113,772	95,907,842	161,200,642
Other assets	26	105,473,344	63,255,054	89,359,418	50,594,480
Investment in subsidiaries	27b	-	-	77,181,811	59,239,252
Property and equipment	28	97,508,485	84,109,052	83,439,612	71,824,472
Intangible assets	29	7,840,841	6,939,555	6,061,666	5,173,784
Deferred tax assets	30	1,632,295	1,264,813	-	-
		3,540,783,691	3,483,724,837	3,086,831,494	3,094,819,788
Asset classified as held for sale	31	110,727	140,727	110,727	140,727
Total assets		**3,540,894,418**	**3,483,865,564**	**3,086,942,219**	**3,094,960,515**
Liabilities					
Deposits from financial institutions	32	323,536,341	167,356,583	194,067,380	95,122,188
Deposits from customers	33	1,924,086,635	2,089,197,286	1,667,745,679	1,813,042,872
Derivative financial liabilities	21	6,184,796	30,444,501	6,184,796	30,275,181
Current tax liabilities	16	9,246,424	5,938,662	8,344,074	5,004,160
Other liabilities	34	177,282,656	113,571,240	160,376,222	107,538,941
Deferred tax liabilities	30	10,608,976	3,699,050	9,885,164	3,101,753
Debt securities issued	35	288,900,604	316,544,502	288,900,604	243,952,418
Interest-bearing borrowings	36	292,833,965	299,543,707	290,366,782	372,179,785
Retirement benefit obligation	37	2,971,375	3,075,453	2,954,174	3,064,597
Total liabilities		**3,035,651,772**	**3,029,370,984**	**2,628,824,876**	**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		113,929,173	93,614,030	116,960,643	93,329,188
Other components of equity	38	174,048,020	142,194,720	128,717,898	115,910,630
Total equity attributable to owners of the Bank		**500,415,995**	**448,247,552**	**458,117,344**	**421,678,620**
Non controlling interest	38	4,826,650	6,247,028	-	-
Total equity		**505,242,646**	**454,494,580**	**458,117,344**	**421,678,620**
Total liabilities and equity		**3,540,894,418**	**3,483,865,564**	**3,086,942,219**	**3,094,960,515**

Signed on behalf of the Board of Directors on 25 October, 2017 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**	Attributable to owners of the Bank												
	Share capital	**Share premium**	**Regulatory risk reserve**	**Other regulatory reserves**	**Share scheme reserve**	**Treasury Shares**	**Capital reserve**	**Fair value reserve**	**Foreign currency translation reserve**	**Retained earnings**	**Total**	**Non Controlling interest**	**Total Equity**
Balance at 1 January 2017	**14,463,986**	**197,974,816**	**42,932,550**	**62,615,212**	**1,211,978**	**(3,286,375)**	**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 period:													
Profit for the period	-	-	-	-	-	-	-	-	-	56,085,259	56,085,259	310,610	56,395,869
Other comprehensive income, net of tax													
Unrealised foreign currency translation difference	-	-	-	-	-	-	-	-	12,996,802	-	12,996,802	186,296	13,183,098
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	-	7,575,235	-	-	7,575,235	13,695	7,588,930
Total other comprehensive income	**-**	**-**	**-**	**-**		**-**	**-**	**7,575,235**	**12,996,802**	**-**	20,572,037	199,991	**20,772,028**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7,575,235**	**12,996,802**	**56,085,259**	76,657,295	510,600	**77,167,895**
Transactions with equity holders, recorded directly in equity:													
Transfers during the period	-	-	4,884,281	5,900,904	-	-	-	-	-	(10,785,185)	-	-	-
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	(6,181,748)	(6,181,748)	(1,930,978)	(8,112,726)
Scheme shares	-	-	-	-	462,553	-	-	-	-	-	462,553	-	462,553
Vested shares	-	-	-	-	-	33,524	-	-	-	-	33,524	-	33,524
Dividend paid to equity holders	-	-	-	-	-	-	-	-	-	(18,803,182)	(18,803,182)	-	(18,803,182)
Total contributions by and distributions to equity holders	**-**	**-**	**4,884,281**	**5,900,904**	**462,553**	**33,524**	**-**	**-**	**-**	**(35,770,115)**	**(24,488,853)**	**(1,930,978)**	**(26,419,830)**
Balance at 30 September 2017	**14,463,986**	**197,974,816**	**47,816,831**	**68,516,117**	**1,674,531**	**(3,252,851)**	**3,489,080**	**30,815,485**	**24,988,827**	**113,929,173**	**500,415,994**	**4,826,650**	**505,242,645**

Consolidated statement of changes in equity

In thousands of Naira **Group**	Attributable to owners of the Bank												
	Share capital	**Share premium**	**Regulatory risk reserve**	**Other regulatory reserves**	**Share Scheme reserve**	**Treasury Shares**	**Capital reserve**	**Fair value reserve**	**Foreign currency translation reserve**	**Retained earnings**	**Total**	**Non Controlling interest**	**Total Equity**
Balance at 1 January 2016	**14,463,986**	**197,974,816**	**39,625,042**	**50,097,911**	**554,898**	**(1,732,771)**	**3,489,080**	**13,268,889**	**(5,570,719)**	**51,730,369**	**363,901,501**	**3,899,966**	**367,801,466**
Total comprehensive income for the period:													
Profit for the period (Restated. *See Note 46*)										56,559,953	56,559,953	535,488	57,095,441
											-		
Other comprehensive income, net of tax											-		
Unrealised foreign currency translation difference	-	-	-	-	-	-	-	-	21,772,420	-	21,772,420	1,722,772	23,495,192
Net changes in fair value of AFS financial instruments	-	-	-	-	-		-	11,103,491	-	-	11,103,491	25,891	11,129,382
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**11,103,491**	**21,772,420**	**-**	**32,875,911**	**1,748,663**	**34,624,574**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**11,103,491**	**21,772,420**	**56,559,953**	**89,435,864**	**2,284,151**	**91,720,015**
Transactions with equity holders, recorded directly in equity:													
Transfers during the period	-	-	3,104,584	8,491,321	-	-	-	-	-	(11,595,905)	-	-	-
Scheme shares	-	-	-	-	631,730	-	-	-	-	-	631,730	-	631,730
Vested Shares	-	-	-	-	-	(1,407,196)	-	-	-	-	(1,407,196)	-	(1,407,196)
Dividend paid to equity holders	-	-	-	-	-	-	-	-	-	(15,910,384)	(15,910,384)	-	(15,910,384)
Total contributions by and distributions to equity holders	**-**	**-**	**3,104,584**	**8,491,321**	**631,730**	**(1,407,196)**	**-**	**-**	**-**	**(27,506,289)**	**(16,685,850)**	**-**	**(16,685,850)**
Balance at 30 September 2016	**14,463,986**	**197,974,816**	**42,729,626**	**58,589,232**	**1,186,628**	**(3,139,967)**	**3,489,080**	**24,372,380**	**16,201,701**	**80,784,033**	**436,651,514**	**6,184,117**	**442,835,631**

Statement of changes in equity
In thousands of Naira

Bank	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Share Scheme reserve	Capital Reserve	Fair value reserve	Retained earnings	Total Equity
Balance at 1 January, 2017	**14,463,986**	**197,974,816**	**35,058,266**	**53,001,072**	**1,008,118**	**3,489,081**	**23,354,093**	**93,329,188**	**421,678,620**
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	-	-	47,662,610	**47,662,610**
Other comprehensive income, net of tax									
Actuarial gain on remeasurement of retirement benefit	-	-	-	-	-	-	-	-	-
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	7,184,249	-	**7,184,249**
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**7,184,249**	**-**	**7,184,249**
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**7,184,249**	**47,662,610**	**54,846,860**
Transactions with equity holders, recorded directly in equity:									
Transfers for the period	-	-	-	5,227,973	-	-	-	(5,227,973)	-
Dividend paid to equity holders	-	-	-	-	-	-	-	(18,803,182)	**(18,803,182)**
Scheme shares	-	-	-	-	395,045	-	-	-	**395,045**
Vested shares	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to equity holders	**-**	**-**	**-**	**5,227,973**	**395,045**	**-**	**-**	**(24,031,155)**	**(18,408,136)**
Balance at 30 September 2017	**14,463,986**	**197,974,816**	**35,058,266**	**58,229,045**	**1,403,163**	**3,489,081**	**30,538,342**	**116,960,643**	**458,117,344**

Statement of changes in equity
In thousands of Naira

Bank	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Share Scheme reserve	Capital Reserve	Fair value reserve	Retained earnings	Total Equity
Balance at 1 January, 2016	**14,463,986**	**197,974,816**	**37,826,382**	**43,397,152**	**527,331**	**3,489,081**	**13,291,054**	**49,459,102**	**360,428,904**
Total comprehensive income for the period:									
Profit for the period (Restated. *See Note 46*)	-	-	-	-	-	-	-	49,679,311	**49,679,311**
Other comprehensive income, net of tax									
Actuarial loss on remeasurement of retirement benefit									-
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	11,501,694	-	**11,501,694**
Total other comprehensive gain/(loss)	**-**	**-**	**-**	**-**	**-**	**-**	**11,501,694**	**-**	**11,501,694**
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**11,501,694**	**49,679,311**	**61,181,005**
Transactions with equity holders, recorded directly in equity:									
Transfers for the period	-	-	-	5,288,360	-	-	-	(5,288,360)	-
Dividend paid to equity holders	-	-			-	-	-	(15,910,384)	**(15,910,384)**
Proceed from right issue	-	-	-	-	-	-	-	-	-
Scheme shares	-	-	-	-	659,297	-	-	-	**659,297**
Vested Shares	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to equity holders	**-**	**-**	**-**	**5,288,360**	**659,297**	**-**	**-**	**(21,198,744)**	**(15,251,087)**
Balance at 30 September 2016	**14,463,986**	**197,974,816**	**37,826,382**	**48,685,512**	**1,186,628**	**3,489,081**	**24,792,748**	**77,939,669**	**406,358,822**

Access Bank Plc

Consolidated financial statements
For the period ended 30 June 2017

Consolidated statement of cash flows

In thousands of Naira	Group September 2017	Group September 2016	Bank September 2017	Bank September 2016
Cash flows from operating activities				
Profit before income tax and discontinued operations	72,910,142	68,989,060	62,806,518	59,687,716
Adjustments for:				
Depreciation of property and equipment	8,449,402	6,780,360	7,231,383	5,671,253
Amortization of intangible assets	1,781,056	1,502,334	1,426,760	1,234,161
Gain on disposal of property and equipment	(11,753)	(112,070)	(6,451)	(102,639)
Unrealised gains on derivative financial instruments	39,052,124	(97,083,424)	39,094,958	(97,083,424)
Loss/(Gain) on disposal of investment securities	-	58,588	-	58,588
Impairment on financial assets	12,823,501	12,124,051	11,479,346	10,616,593
Additional gratuity provision	627,891	1,554,752	627,891	839,627
Equity share-based payment expense	462,553	528,896	395,045	528,896
Property and equipment written off	264,051	155,143	-	155,143
Net interest income	(121,472,699)	(106,373,729)	(100,516,638)	(90,043,651)
Unrealised foreign exchange loss on revaluation	323,824	60,027,877	323,824	60,581,508
Dividend income	(2,357,176)	(2,368,646)	(2,357,176)	(2,368,646)
	12,852,917	(54,216,808)	20,505,459	(50,224,876)
Changes in operating assets				
Non-pledged trading assets	27,651,563	(6,064,162)	29,782,975	(5,991,412)
Derivative financial instruments	63,311,828	(123,345,857)	63,185,343	(123,370,532)
Pledged assets	(77,142,650)	(124,379,221)	(77,142,650)	(127,629,994)
Restricted deposits	(55,985,243)	(29,921,782)	(53,508,376)	(28,910,268)
Loans and advances to banks and customers	(7,340,390)	(428,574,853)	53,828,710	(384,850,818)
Other assets	(41,697,753)	(29,474,912)	(37,892,580)	(18,609,041)
Changes in operating liabilities				
Deposits from banks	156,179,758	99,460,005	98,945,193	51,834,292
Deposits from customers	(165,110,651)	415,316,475	(145,297,193)	275,751,847
Other liabilities	63,711,416	27,114,288	52,837,281	24,224,081
Payment to gratuity benefit holders	(738,314)	-	(738,314)	-
Interest paid on deposits to banks and customers	(91,197,057)	(78,303,794)	(76,533,875)	(64,512,312)
Interest received on loans and advances	187,850,400	131,143,606	161,248,701	115,627,247
	72,345,825	(201,247,015)	89,220,675	(336,661,786)
Income tax paid	(6,894,546)	(5,931,298)	(5,020,583)	4,094,095
Net cash generated from operating activities	65,451,279	(207,178,313)	84,200,092	(332,567,691)
Cash flows from investing activities				
Acquisition of investment securities	(695,247,921)	(355,760,354)	(638,880,694)	(341,688,332)
Interest received on investment securities	42,947,837	46,925,972	42,716,315	41,705,972
Dividend received	2,357,176	2,368,646	2,357,176	2,368,646
Acquisition of property and equipment	(23,197,708)	(10,624,372)	(18,856,067)	(10,624,372)
Proceeds from the sale of property and equipment	258,369	112,070	112,413	102,639
Acquisition of intangible assets	(2,652,528)	(1,333,891)	(2,314,642)	(1,185,785)
Proceeds from matured investment securities	69,651,476	53,841,709	69,276,000	46,420,238
Proceeds from disposal of asset held for sale	30,000	-	30,000	-
Additional investment in subsidiaries	-	-	(8,112,235)	(11,788,135)
Proceeds from sale of investment securities	640,099,788	469,599,445	639,370,906	531,518,451
Proceeds from sale of associates	-	-	-	-
Net cash generated from investing activities	**34,246,491**	**205,129,224**	**85,699,170**	**256,829,321**
Cash flows from financing activities				
Interest paid on borrowings and debt securities issued	(36,633,758)	(13,308,363)	(36,633,758)	(13,233,221)
Proceeds from interest bearing borrowings	11,340,734	63,887,158	11,340,734	62,966,264
Repayment of interest bearing borrowings	(16,224,582)	(14,777,013)	(88,688,249)	(14,777,013)
Purchase of own shares	(109,370)	-	-	-
Dividends paid to owners	(18,803,182)	(1,202,471)	(18,803,182)	-
Debt securities issued	88,394,832	(15,910,384)	88,394,832	(15,910,384)
Repayment of debt securities issued	(118,111,070)	-	(45,647,403)	-
Net cash provided by financing activities	**(90,146,395)**	**18,688,927**	**(90,037,024)**	**19,045,646**
Net increase/(decrease) in cash and cash equivalents	9,551,375	16,639,837	79,862,238	(56,692,724)
Cash and cash equivalents at beginning of period	343,075,962	234,044,111	149,467,972	163,405,749
Net increase/ (decrease) in cash and cash equivalents	9,551,375	16,639,837	79,862,238	(56,692,724)
Effect of exchange rate fluctuations on cash held	1,439,986	(6,837)	(4,178)	(6,833)
Cash and cash equivalents at end of period	354,067,323	250,677,111	229,326,032	106,706,192

1.0 General information

Access Bank Plc ("the Bank") is a company domiciled in Nigeria. The address of the Bank's registered office is Plot 999c, Danmole Street, off Adeola Odeku/Idejo Street, Victoria Island, Lagos (formerly Plot 1665, Oyin Jolayemi, Victoria Island, Lagos). The consolidated financial statements of the Bank for the period ended 30 September 2017 comprise the Bank and its subsidiaries (together referred to as "the Group" and separately referred to as "Group entities"). The Group is primarily involved in investment, corporate, commercial and retail banking and is listed on the Nigerian Stock Exchange.

These financial statements were authorised for issue by the Board of Directors on 25 October 2017. The directors have the power to amend and reissue the financial statements.

2.0 Statement of compliance with International Financial Reporting Standards

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

3.0 Basis of preparation

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

3.1 Summary of significant accounting policies

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

(a) Functional and presentation currency

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

(b) Basis of measurement

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

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

(c) Use of estimates and judgments

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

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

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

3.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the group

Below are the IFRSs and International Financial Reporting Interpretations Committee (IFRIC) interpretations that are effective for the first time for the financial year beginning on or after 1 January 2017 that are relevant to the group.

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

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

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

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

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

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

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

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

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

(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)

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

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

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

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

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

The Bank is in the design phase of the project. This phase will involve obtaining information from current systems, adjusting the IT systems to capture the additional data requirements.

IFRS 16 Leases (effective 1 January 2019)

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

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

The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. The Standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers to improve comparability within industries, across industries, and across capital markets 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.

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 June 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. The group is in the process of assessing the impact.

3.3 Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group exercise control.
Control is achieved when the Group can demonstrate it has:

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

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

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

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

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

(b) Business combinations

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

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

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

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

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

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

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

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

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

(c) Loss of control

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

(d) Disposal of subsidiaries

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

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

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

(f) Transactions eliminated on consolidation

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

3.4 Segment reporting

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

3.5 Foreign currency translation

(a) Functional and presentation currency

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

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

(b) Transactions and balances

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

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

(c) Group companies

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

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

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

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

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

3.6 Operating income

(a) Interest income and expense

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

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

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

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

(b) Fees and commission

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

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

Fee and commission presented in the income statement includes:
- Credit related fees and commission: These fees are not integral to the loans and are therefore not included in the EIR calculation. These are recognised as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period.

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

(c) Net gains on investment securities

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

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

(d) Foreign exchange income

Foreign exchange income includes foreign exchange gains on revaluation and unrealised foreign exchange gains on 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 period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3.8 Income tax

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

(a) Current tax

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

(b) Deferred tax

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

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

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

3.9 Financial assets and liabilities

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

The table below reconciles classification of financial instruments to the respective IAS 39 category.

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

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

(a) Financial assets

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

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

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

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

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

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

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

[ii] Loans and receivables

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

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

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

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

[iii] Held-to-maturity

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

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

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

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

[iv] Available-for-sale

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

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

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

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

Availabe for sale instruments include investment securities.

[v] Investments under management

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

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

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

(b) Financial liabilities

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

[i] Financial liabilities at amortised cost

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

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

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

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

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

[ii] Financial liabilities at fair value

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

(c) De-recognition

[i] Financial assets

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

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

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

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

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

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

[ii] Financial liabilities

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

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

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

(e) Sale and repurchase agreements

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

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

(f) Measurement

[i] Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for 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 period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through the income statement; otherwise, any increase in fair value is recognised through OCI. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is always recognised in OCI.

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

(h) Cash and balances with banks

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

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

(i) Repossessed collateral

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

(j) Derivative financial instruments

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

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

(k) Reclassification of financial assets

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

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

(l) Pledged assets

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

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

3.10 Investment properties

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

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

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

3.11 Property and equipment

(a) Recognition and measurement

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

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

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

(b) Subsequent costs

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

(c) Depreciation

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

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

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

Leasehold Land and Building	Over the shorter of the useful life of the item or lease term
Leasehold improvements	Over the shorter of the useful life of the item or lease term
Buildings	60 years
Computer hardware	3 - 4.5 years
Furniture and fittings	3 - 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.

3.12 Intangible assets

(a) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill has an indefinite useful life and it is tested annually for impairment.

Goodwill is allocated to cash-generating units or groups of cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified in accordance with IFRS 8.

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

(b) Software

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

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

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

3.13 Leases

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

A group company is the lessee

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

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

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

3.14 Impairment of non-financial assets

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

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

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

3.15 Discontinued operations

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

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

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

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

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

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

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

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

3.17 Provisions

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

(a) Restructuring

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

3.18 Financial guarantees

Financial guarantees which includes Letters of credit are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee liabilities are initially recognised at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable).
Letters of credits which have been guaranteed by Access bank but funded by the customer is included in other liabilities while those guaranteed and funded by the Bank is included in Deposit from financial institutions.

3.19 Employee benefits

(a) Defined contribution plans

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

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

(b) Termination benefits

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

(c) Long-term Incentive Plan

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

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

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

(d) Short-term employee benefits

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

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

(e) Share-based payment remuneration scheme

The Group applies IFRS 2 Share Based Payments in accounting for employee remuneration in the form of shares.
Employee incentives include awards in the form of shares The cost of the employee services received in respect of the shares or share granted is recognised in the income statement over the period that employees provide services, generally the period between the date the award is granted or notified and the vesting date of the shares. The overall cost of the award is calculated using the number of shares and options expected to vest and the fair value of the shares or options at the date of grant.
The number of shares expected to vest takes into account the likelihood that performance and service conditions included in the terms of the awards will be met. Failure to meet the non-vesting condition is treated as a forfieture, resulting in an acceleration of recognition of the cost of the employee services.
The fair value of shares is the market price ruling on the grant date, in some cases adjusted to reflect restrictions on transferability.

3.20 Share capital and reserves

(a) Share issue costs

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

(b) Dividend on the Bank's ordinary shares

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

(c) Treasury shares

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

(d) Earnings per share

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

(e) Statutory credit reserve

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

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

3.21 Levies

The Group recognizes liability to pay levies progressively if the obligating event occurs over a period 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. The same recognition principles are applied in interim financial reports.

4.0 Use of estimates and judgements

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

Key sources of estimation uncertainty
(i) ***Allowances for credit losses***

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

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

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

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

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

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

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

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.

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

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

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

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

(iii) Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

(c) Financial instruments in level 3
The Group uses widely recognised valuation models for determining the fair value of its financial assets. Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

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

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

(ii) Determination of fair value of financial instruments.

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

Description	Fair value at 30 September 2017	Valuation Technique	Observable Inputs	Fair value if inputs increased by 5%	Fair value if inputs decreased by 5%	Relationship of unobservable inputs to fair value
Investment in MTN	8,095,885	Fair value through quoted share price as at last trade date.	Share price from last trade date Number of units owned by Access bank	8,500,679	7,691,091	The higher the share price as at the last trade date, the higher the fair value

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

Description	Fair value at 30 September 2017	Valuation Technique	Observable Inputs	Fair value if inputs increased by 5%	Fair value if inputs decreased by 5%	Fair value if unobservable inputs increased by 5%	Fair value if unobservable inputs decreased by 5%	Relationship of unobservable inputs to fair value
Investment in African Finance Corporation	47,024,418	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	49,375,639	44,673,197	49,375,639	44,673,197	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	2,911,506	Adjusted fair value comparison approach	Weighted Price to earnings (P/E) ratio of similar comparable companies	3,057,081	2,765,931	3,057,081	2,765,931	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Investment in Afrexim	13,848	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	14,540	13,155	14,540	13,155	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 period ended 30th September 2017

Equity Securities - Available for Sale	**Group September 2017**	**Group December 2016**	**Bank September 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, period end	55,180,818	50,069,031	54,929,513	49,821,881

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

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

Disclosure Requirements for Level 3 Financial Instruments

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

In accordance with IFRS 13 Fair Value Measurement, which outlines three approaches for valuing unquoted equity instruments; market approach, the income approach and the cost approach. The Group estimated the fair value of its investment in each of the unquoted equity securities at the end of the financial period 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% are used to discount the value of the investment being that they are not tradable
ii. EPS Hair cut "emerging market" discount of 40% to take care of inflation and exchange rate impact being that the comparable companies are in foreign countries

Valuation Technique Asset Held for Sale:

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

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

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

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

(iii) ***Assessment of impairment of goodwill on acquired subsidiaries***
Goodwill on acquired subsidiaries was tested for impairment using discounted cash flow valuation method. Projected cash flows were discounted to present value using a discount rate of 19.50% (Dec. 2016: 19.5%) and a cash flow growth rate of 6.62% (Dec. 2016: 6.62%) over a period of four years. The Group determined the appropriate discount rate at the end of the period. See note 29b for further details.

(iv) ***Defined benefit plan***

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

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

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

(i) Cash

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

(ii) Loans and advances to banks and customers

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

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

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

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

(iv) Other assets

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

(v) Deposits from banks and customers

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

(vi) Other liabilities

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

(vii) Interest bearing borrowings

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

5.1 Credit risk management

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

Credit risk exposures relating to financial assets are as follows:

In thousands of Naira	**Group September 2017**	**Group December 2016**	**Bank September 2017**	**Bank December 2016**
Cash and balances with banks				
- Current balances with banks outside Nigeria	103,923,478	115,380,195	106,616,130	106,594,205
- Unrestricted balances with central banks	140,933,989	139,954,922	28,734,269	33,160,736
- Restricted balances with central banks	306,816,772	250,831,529	302,056,040	248,547,664
- Money market placements	65,189,197	119,826,012	18,701,419	41,798,197
- Other deposits with central banks	71,030,065	87,896,447	71,030,065	87,896,447
Investment under management	16,883,248	14,871,247	16,883,248	14,871,247
Non pledged trading assets				
Treasury bills	15,835,002	34,381,635	13,703,590	34,381,635
Bonds	1,083,667	10,188,597	1,083,667	10,188,597
Derivative financial instruments	92,731,156	156,042,984	92,587,318	155,772,662
Loans and advances to banks	72,139,533	45,203,002	92,439,769	104,006,574
Loans and advances to customers	1,777,075,731	1,809,459,172	1,540,505,164	1,594,562,345
Pledged assets				
Treasury bills	206,725,056	188,239,520	206,725,055	188,239,520
Bonds	185,365,096	126,707,982	185,365,096	126,707,982
Investment securities				
Available for sale				
Treasury bills	68,209,063	69,346,601	-	40,960,665
Bonds	38,982,786	32,891,849	22,652,963	21,699,880
Held to Maturity				
Treasury bills	7,590,631	27,350,114	-	-
Bonds	19,643,523	41,101,014	9,045,662	40,363,051
Other assets	85,637,860	41,796,068	75,875,800	33,265,072
Total	**3,275,795,850**	**3,311,468,890**	**2,784,005,257**	**2,883,016,479**
Off balance sheet exposures				
Transaction related bonds and guarantees	224,261,486	186,251,718	165,135,095	136,163,848
Guaranteed facilities	119,428,902	99,582,709	112,189,441	85,513,821
Clean line facilities for letters of credit and other commitments	288,952,220	261,208,243	193,435,934	158,994,793
Future, swap and forward contracts	614,996,812	933,073,893	614,996,812	900,436,358
Total	**1,247,639,419**	**1,480,116,563**	**1,085,757,281**	**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 30 September 2017 and 31 December 2016, without taking account of any collateral held or other credit enhancements attached.

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

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

Market risk management

The Group trades on bonds, treasury bills and foreign currency. Market risk in trading portfolios is monitored and controlled using tools such as position limits, value at risk and present value of an assumed basis points change in yields or exchange rates coupled with concentration limits. The major measurement technique used to measure and control market risk is outlined below.

5.2.2 Value at risk (VAR)

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

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

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

The table below sets out information on the exposure to fixed and variable interest instruments.

Exposure to fixed and variable interest rate risk
Group
In thousands of Naira

30 September 2017	Fixed	Floating	Non-interest bearing	Total
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	65,189,197	-	696,329,492	761,518,689
Non pledged trading assets	16,918,669	-	59,348	16,978,017
Derivative financial instruments	-	-	92,731,156	92,731,156
Loans and advances to banks	72,139,533	-	-	72,139,533
Loans and advances to customers	6,655,308	1,770,420,423	-	1,777,075,731
Pledged assets	392,090,152	-	-	392,090,152
Investment securities:				
– Available-for-sale	107,191,850	-	64,486,199	171,678,048
– Held-to-maturity	27,234,153	-	-	27,234,153
TOTAL	**687,418,862**	**1,770,420,423**	**853,606,194**	**3,311,445,477**
LIABILITIES				
Deposits from financial institutions	323,536,341	-	-	323,536,341
Deposits from customers	1,013,696,289	910,390,347	-	1,924,086,635
Derivative financial instruments	-	-	6,184,796	6,184,796
Debt securities issued	168,263,914	120,636,690	-	288,900,604
Interest-bearing borrowings	257,940,246	34,893,719	-	292,833,965
TOTAL	**1,763,436,790**	**1,065,920,756**	**6,184,796**	**2,835,542,340**

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	44,629,578
Derivative financial instruments	-	-	156,042,984	156,042,984
Loans and advances to banks	45,203,002	-	-	45,203,002
Loans and advances to customers	4,891,994	1,804,567,178	-	1,809,459,172
Pledged assets	314,947,502	-	-	314,947,502
Investment securities:				
– Available-for-sale	102,238,450	-	58,424,194	160,662,644
– Held-to-maturity	68,451,128	-	-	68,451,128
TOTAL	**700,128,319**	**1,804,567,178**	**808,589,619**	**3,313,285,116**

LIABILITIES				
Deposits from financial institutions	167,356,583	-	-	167,356,583
Deposits from customers	925,976,555	1,163,220,731	-	2,089,197,287
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**	**2,903,086,579**

Bank

30 September 2017	**Fixed**	**Floating**	**Non-interest bearing**	**Total**
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	18,701,419	-	566,827,469	585,528,889
Non pledged trading assets	14,787,256	-	59,348	14,846,604
Derivative financial instruments	-	-	92,587,318	92,587,318
Loans and advances to banks	92,439,769	-	-	92,439,769
Loans and advances to customers	6,193,105	1,534,312,060	-	1,540,505,164
Pledged assets	392,090,152	-	-	392,090,152
Investment securities:				
– Available-for-sale	22,652,962	-	64,209,217	86,862,180
– Held-to-maturity	9,045,662	-	-	9,045,662
TOTAL	**555,910,325**	**1,534,312,060**	**723,683,353**	**2,813,905,738**
LIABILITIES				
Deposits from financial institutions	194,067,380	-	-	194,067,380
Deposits from customers	937,465,422	730,280,257	-	1,667,745,679
Derivative financial instruments	-	-	6,184,796	6,184,796
Debt securities issued	168,263,914	120,636,690	-	288,900,604
Interest-bearing borrowings	255,473,063	34,893,719	-	290,366,782
TOTAL	1,555,269,780	885,810,665	6,184,796	2,447,265,242

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**	**690,208,106**	**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 and value at risk that may be undertaken, which is monitored daily by Group Treasury.

7 Operating segments

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately based on the Group's management and internal reporting structure. For each of the strategic business units, the Executive Management Committee reviews internal management reports on at least a quarterly basis. The Group presents segment information to its Executive Committee, which is the Group's Chief Operating Decision Maker, based on International Financial Reporting Standards.

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

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

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

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

- **Business Banking** - The Business banking division is a hybrid of Commercial and Personal Banking Divisions. It focuses on small and medium scale enterprises providing them with business solutions to support their growing business needs. The division delivers commercial banking products and services to SME customers with annual turnover of less than 1billion.

All of the Segments reported at the end of the year had its,

- Reported revenue, from both external customers and intersegment sales or transfers, 10 per cent or more of the combined revenue, internal and external, of all operating segments, or

-the absolute measure of its reported profit or loss 10 per cent or more of the greater, in absolute amount, of
(i) the combined reported profit of all operating segments that did not report a loss and
(ii) the combined reported loss of all operating segments that reported a loss, or

-its assets are 10% or more of the combined assets of all operating segments.

Unallocated Segments represents all other transactions than are outside the normal course of business and can not be directly related to a specific segment financial information.

Thus, in essence, unallocated segments reconcile segment balances to group balances. Material items comprising total assets and total liabilities of the unallocated segments have been outlined below;

Sales between segments are carried out at arm's length. The revenue from external parties reported to the executive committee is measured in a manner consistent with that in the income statement.

Material total assets and liabilities

In thousands of Naira	Group September 2017	Group December 2016
Other Assets	105,473,344	63,255,054
Deferred tax (net)	1,632,295	1,264,813
Assets Held for Sale	110,727	140,727
Goodwill	681,007	681,007
	107,897,373	**65,341,601**
Other liabilities	177,282,656	113,571,240
Debt Securities issued	288,900,604	316,544,502
Interest-bearing loans and borrowings	292,833,965	299,543,707
Deferred tax	10,608,976	3,699,050
Retirement Benefit Obligation	2,971,375	3,075,453
Total liabilities	772,597,576	736,433,952

Material revenue and expenses

	Group September 2017	Group December 2016
Interest expense		
Interest expense on debt securities issued	(28,511,638)	(18,369,256)

7a Operating segments (continued)

30 September 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	183,300,855	106,775,778	25,664,481	49,312,360	-	365,053,474	365,053,474
Derived from other business segments	(937)	(2,379)	1,595	3,210	-	1,488.62	1,488.62
Total Revenue	183,299,918	106,773,399	25,666,076	49,315,570	-	365,054,963	365,054,963
Interest Income	70,802,033	117,035,975	24,271,680	33,763,349	-	245,873,036	245,873,036
Interest expense	(40,979,546)	(47,174,404)	(3,207,194)	(4,527,556)	(28,511,638)	(124,400,338)	(124,400,338)
Impairment Losses	(6,649,968)	(4,125,467)	59,590	(2,107,655)	-	(12,823,501)	(12,823,501)
Profit/(Loss) on ordinary activities before taxation	67,380,750	27,131,470	2,046,866	4,862,693	(28,511,638)	72,910,142	72,910,142
Share of profit from associate	-	-	-	-	-	-	-
Income tax expense	-	-	-	-	-	(16,514,273)	(16,514,273)
Profit after tax						56,395,869	56,395,869
Assets and liabilities:							
Loans and Advances to customers	660,060,500	1,006,684,450	59,935,100	50,395,681	-	1,777,075,731	1,777,075,731
Goodwill	-	-	-	-	681,007	681,007	681,007
Tangible segment assets	1,190,091,242	2,021,300,334	120,382,960	101,222,509	-	3,432,997,045	3,432,997,045
Unallocated segment assets	-	-	-	-	107,216,366	107,216,366	107,216,366
Total assets	1,190,091,242	2,021,300,334	120,382,960	101,222,509	107,897,373	3,540,894,418	3,540,894,418
Deposits from customers	426,303,217	739,131,968	270,646,451	488,004,999	-	1,924,086,635	1,924,086,635
Segment liabilities	463,036,843	924,098,185	311,418,128	564,501,041	-	2,263,054,196	2,263,054,196
Unallocated segment liabilities	-	-	-	-	772,597,576	772,597,576	772,597,576
Total liabilities	463,036,843	924,098,185	311,418,128	564,501,041	772,597,576	3,035,651,772	3,035,651,772
Net assets	727,054,399	1,097,202,149	(191,035,167)	(463,278,532)	(664,700,203)	505,242,646	505,242,646

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
Share of profit from associate							-
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

30 September 2017 *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Total**
Derived from external customers	319,715,241	34,237,948	11,101,774	365,054,963
Derived from other segments	-	-	-	-
Total Revenue	319,715,241	34,237,948	11,101,774	365,054,963
Interest Income	212,028,053	26,630,330	7,214,653	245,873,036
Impairment Losses	(11,479,346)	(1,344,155)	-	(12,823,501)
Interest expense	(111,511,415)	(10,789,640)	(2,099,283)	(124,400,338)
Net Fee and commission	30,585,347	4,136,120	3,710,125	38,431,592
Operating Income	208,203,825	23,448,309	9,002,491	240,654,625
Profit/(loss) before income tax	62,806,518	3,626,788	6,476,836	72,910,143
Assets and liabilities:				
Loans and Advances to customers	1,632,944,934	125,124,819	91,145,511	1,849,215,264
Non current assets				
Goodwill	-	681,007	-	681,007
Total assets	3,086,942,219	347,121,658	106,830,541	3,540,894,418
Deposit from customers	1,667,745,679	187,239,603	69,101,353	1,924,086,635
Total liabilities	2,628,824,876	191,039,808	215,787,089	3,035,651,772

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)
Fee and commission expenses	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
Profit/(loss) 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	63,764,101	1,854,662,173
Non current assets				
Goodwill	-	681,007	-	681,007
Total assets	3,094,960,515	163,680,065	225,224,983	3,483,865,562
Deposit from customers	1,813,042,872	204,070,854	72,083,559	2,089,197,286
Total liabilities	2,673,281,895	155,057,459	200,434,335	3,028,773,689

No revenue from transaction with a single external customer or a group of connected economic entities or counterparty amounted to 10% or more of the group's total revenue in period ended 30 September 2017 and for the period 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.

Interest income

In thousands of Naira	Group September 2017	Group September 2016	Bank September 2017	Bank September 2016
Interest income				
Cash and balances with banks	2,016,044	2,688,127	1,780,044	922,220
Loans and advances to banks and customers	184,822,456	145,420,600	150,468,657	125,021,162
Investment securities				
- Available for sale	22,206,561	12,047,726	21,141,252	12,005,578
- Held for trading	18,720,850	5,426,926	18,462,284	5,426,800
- Held to maturity	15,085,225	14,617,261	11,175,715	9,622,696
	245,872,036	181,240,761	212,028,052	154,008,558
Interest expense				
Deposit from financial institutions	11,271,035	9,160,550	9,573,046	7,822,220
Deposit from customers	70,025,122	50,284,802	66,050,020	39,466,756
Debt securities issued	38,511,628	6,614,866	26,026,028	6,614,866
Interest bearing borrowings and other borrowed funds	4,601,642	8,667,814	8,950,612	10,050,046
	124,400,328	74,897,032	111,511,415	62,964,906
Net interest income	121,472,699	106,273,729	100,516,638	90,042,651

Interest income for the period ended 30 September 2017 includes interest accrued on impaired financial assets of Group: N2.18bn (30 September 2016: N4.06bn) and Bank: N1.3bn (30 September 2016: N3.02bn).

Net impairment charge on financial assets

In thousands of Naira	Group September 2017	Group September 2016	Bank September 2017	Bank September 2016
Additional collective impairment charges on loans and advances to banks(note 22)	23,386	(2,357)	23,386	(2,357)
Additional collective impairment charges on loans and advances to customers (note 23)	(7,441,318)	(4,623,129)	(7,461,124)	(4,444,488)
Additional specific impairment charges on loans and advances to customers(see note 27)	(5,289,589)	(6,724,460)	(4,356,538)	(5,258,604)
Additional impairment allowance on financial assets in other assets (see note 26)	(56,200)	(944,186)	315,030	(631,743)
	(12,822,501)	(12,336,132)	(11,479,246)	(10,616,592)

Fee and commission income

In thousands of Naira	Group September 2017	Group September 2016	Bank September 2017	Bank September 2016
Credit related fees and commissions	17,830,807	13,771,354	13,452,800	9,998,971
Account maintenance charge and handling commission	2,520,052	1,704,504	2,146,752	1,505,150
Commission on bills and letters of credit	2,065,000	1,886,011	2,775,850	1,670,002
Commissions on collections	148,012	75,836	117,670	40,460
Commission on other financial services	5,220,580	4,117,280	2,805,824	2,020,801
Commission on virtual products	2,876,265	2,760,518	1,772,200	2,016,157
Commission on foreign currency denominated transactions	2,252,001	2,880,162	2,062,274	2,607,115
Channels and other E-business income	2,666,220	10,072,036	2,408,227	18,027,077
Retail account charges	200,268	246,722	142,540	107,108
	38,708,405	45,605,502	29,585,247	29,021,030

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.

Net gains on investment securities

Net (loss)/gain on financial instruments designated as held for trading

In thousands of Naira	Group September 2017	Group September 2016	Bank September 2017	Bank September 2016
Fixed income securities	(2,170,686)	(806,161)	(2,221,266)	(825,067)
Derivative instruments	(39,052,124)	97,083,424	(39,204,958)	97,083,424
	(41,222,809)	96,277,262	(41,426,224)	96,258,358

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

Net foreign exchange income/(loss)

In thousands of Naira	Group September 2017	Group September 2016	Bank September 2017	Bank September 2016
Foreign exchange trading income (net)	116,456,104	(52,686,566)	112,805,248	(56,101,060)
	116,456,104	(52,686,566)	112,805,248	(56,101,060)

Foreign exchange trading income includes realised gains on derivatives that matured during the period.

Other operating income

In thousands of Naira	Group September 2017	Group September 2016	Bank September 2017	Bank September 2016
Dividends on available for sale equity securities	2,257,176	2,268,646	2,257,176	2,268,646
Gain on disposal of property and equipment	11,752	112,070	6,451	102,620
Rental income	27,068	26,526	20,276	21,848
Bad debt recovered	665,544	807,110	446,780	650,555
Cash management charges	174,462	150,616	174,462	150,616
Income from agency and brokerage	214,400	72,260	214,400	65,122
Income from assets under management	1,222,121	448,458	1,222,121	448,458
Income from other investments	244,655	974,808		848,650
Income from other finacial services	252,857	60,206	310,128	632
	5,150,047	5,061,020	4,632,916	4,696,201

Personnel expenses

In thousands of Naira	Group September 2017	Group September 2016	Bank September 2017	Bank September 2016
Wages and salaries	41,514,053	33,708,985	32,766,727	27,441,292
Increase in liability for long term incentive plan (see note 37 (a) (i))	627,891	846,700	627,891	830,627
Contributions to defined contribution plans	898,013	794,186	494,209	573,656
Restricted share performance plan (b)	462,552	500,002	395,045	528,896
	43,502,511	35,849,862	34,283,872	29,383,471

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

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

Group

Description of shares		September 2017 Number of Shares	September 2017 Weighted Share Price per Share - Naira	September 2016 Number of Shares	September 2016 Weighted Share Price per Share - Naira
(i)	Shares allocated to staff at start of the period:	552,268,754	5.21	300,554,401	7.56
(ii)	Shares allocated during the period	15,822,200	6.40	218,027,007	4.86
(iii)	Forfeited during the period:	(62,777,758)	5.44	10,728,687	6.74
(iv)	Exercised during the period:	11,851,426	6.10	-	-
(v)	Shares allocated to staff at end of the period:	458,020,618	6.12	517,752,801	5.05
	Shares under the scheme at the end of the period	556,240,628	4.40	-	
		Naira ('000)	Price per Share - Naira	Naira ('000)	Price per Share - Naira
Share based expense recognized during the period		462,552	6.12	500,002	5.05

	Vesting period	Expiry date	Shares
Outstanding allocated shares for the 2014 - 2016 vesting period	2014 - 2016	31 Dec 2016	[illegible]
Outstanding allocated shares for the 2015 - 2017 vesting period	2015 - 2017	31 Dec 2017	[illegible]
Outstanding allocated shares for the 2016 - 2018 vesting period	2016 - 2018	31 Dec 2018	[illegible]
			[illegible]

Bank

Description of shares		September 2017 Number of Shares	September 2017 Weighted Share Price per Share - Naira	September 2016 Number of Shares	September 2016 Weighted Share Price per Share - Naira
(i)	Shares allocated to staff at start of the period:	[illegible]	[illegible]	[illegible]	[illegible]
(ii)	Shares allocated during the period	-	-	[illegible]	[illegible]
(iii)	Forfeited during the period:	[illegible]	[illegible]	[illegible]	[illegible]
(iv)	Exercised during the period:	[illegible]	[illegible]	-	-
(v)	Shares allocated to staff at end of the period:	[illegible]	[illegible]	[illegible]	[illegible]
	Shares under the scheme at the end of the period	[illegible]			
		Naira ('000)	Price per Share - Naira	Naira ('000)	Price per Share - Naira
Share based expense recognized during the period		[illegible]	[illegible]	[illegible]	[illegible]

	Vesting period	Expiry date	Shares
Outstanding allocated shares for the 2014 - 2016 vesting period	2014 - 2016	31 Dec 2016	
Outstanding allocated shares for the 2015 - 2017 vesting period	2015 - 2017	31 Dec 2017	158,906,084
Outstanding allocated shares for the 2016 - 2018 vesting period	2016 - 2018	31 Dec 2018	250,177,226
			409,083,310

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

	Group September 2017	Group September 2016	Bank September 2017	Bank September 2016
	Years	Years	Years	Years
Weighted average contractual life of remaining shares	1.08	1.80	1.11	1.78

Other operating expenses

In thousands of Naira	Group September 2017	Group September 2016	Bank September 2017	Bank September 2016
Premises and equipment costs	7,604,667	6,100,151	6,210,680	5,026,288
Professional fees	4,861,478	3,301,144	4,417,077	2,822,370
Insurance	980,142	787,541	784,075	646,026
Business travel expenses	5,620,527	5,403,500	5,118,247	5,056,432
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	4,404,685	4,265,526	4,404,685	4,265,526
Auditor's remuneration	385,343	266,051	275,846	197,000
Administrative expenses	18,054,520	11,092,611	17,582,850	10,918,268
Board expenses	600,433	373,756	402,513	286,302
Communication expenses	2,800,700	1,800,900	2,105,501	1,000,000
IT and e-business expenses	13,344,050	8,873,466	11,804,060	7,086,068
Outsourcing costs	6,371,748	5,073,282	5,482,350	4,402,734
Advertisements and marketing expenses	4,745,336	3,051,741	3,027,322	2,708,312
Recruitment and training	2,061,087	1,267,818	1,854,146	1,105,262
Events, charities and sponsorship	2,701,010	1,038,282	2,660,100	1,854,286
Periodicals and subscriptions	937,842	700,874	802,740	612,341
Security expenses	2,911,868	2,428,281	2,608,456	2,181,302
Cash processing and management cost	1,333,332	1,246,735	1,200,268	1,260,375
Stationeries, postage and printing	1,525,330	1,130,157	1,268,657	880,015
Office provisions and entertainment	391,050	343,850	332,080	230,312
	98,210,679	71,841,996	89,726,606	66,028,921

(a) This represents the Group's contribution to AMCON's sinking fund for the period ended 30 September 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 September 2017	Group September 2016	Bank September 2017	Bank September 2016
Current tax expense				
Corporate income tax	9,181,781	3,834,610	7,287,311	2,169,598
IT tax	452,665	627,026	452,665	627,026
Education tax	620,196	124,870	620,196	124,870
Capital gains tax	325	864	325	864
	10,254,966	4,587,370	8,360,497	2,922,358
Deferred tax expense				
Origination of temporary differences	6,259,307	10,321,177	6,783,411	10,100,977
Income tax expense	**16,514,273**	**14,908,548**	**15,143,908**	**13,023,336**

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

	Group September 2017	Group December 2016	Bank September 2017	Bank December 2016
Balance at the beginning of the period	5,938,662	7,780,824	5,004,160	6,442,311
Tax paid	(6,894,546)	(8,007,140)	(5,020,583)	(5,222,302)
Income tax charge	10,254,966	6,905,639	8,360,497	4,380,916
Prior period's under provision	(8,642)	-	-	-
Witholding tax utilisation	-	(596,764)	-	(596,765)
Reclassifications	-	-	-	-
Translation adjustments	(8,951)	(143,897)	-	-
Income tax receivable	(35,066)	-	-	-
Balance at the end of the period	**9,246,424**	**5,938,662**	**8,344,074**	**5,004,160**

Income tax liability is to be settled within one year

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 period excluding ordinary shares purchased by the company and held as treasury shares.

In thousands of Naira	Group September 2017	Group September 2016	Bank September 2017	Bank September 2016
Profit for the period from continuing operations	56,085,259	53,545,024	47,662,610	46,664,382
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	377,467	-	-
	28,418,966	28,550,505	28,927,972	28,927,972
In kobo per share				
Basic earnings per share from continuing operations	197	188	165	161

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 September 2017	Group September 2016	Bank September 2017	Bank September 2016
Profit for the period from continuing operations	56,085,259	53,545,024	47,662,610	46,664,382
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	194	185	165	161

18 Cash and balances with banks

In thousands of Naira	Group September 2017	Group December 2016	Bank September 2017	Bank December 2016
Cash on hand and balances with banks (see note (i))	177,548,666	115,380,195	165,007,096	106,594,205
Restricted deposits with central banks (see note (ii))	306,816,772	250,831,529	302,056,040	248,547,664
Unrestricted balances with central banks	140,933,989	139,954,922	28,734,269	33,160,736
Money market placements	65,189,197	119,826,012	18,701,419	41,798,197
Other deposits with central banks (see note (iii))	71,030,065	87,896,447	71,030,065	87,896,447
	761,518,689	**713,889,105**	**585,528,889**	**517,997,249**

(i) Included in cash on hand and balances with banks is an amount of N43.76Bn (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.

(ii) Other deposits with central banks comprise a special intervention fund with the Central Bank of Nigeria of N49.6Bn introduced in January 2016 as a reduction in the cash reserve ratio with a view of channeling the reduction to financing the real sector. The special intervention fund is restricted and not available for day to day use by the Bank. The balance of N21.43Bn 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 September 2017	Group December 2016	Bank September 2017	Bank December 2016
Relating to unclaimed dividends:				
Government Bonds	259,974	-	259,974	-
Placements	4,397,470	1,070,385	4,397,470	1,070,385
Commercial Paper	5,347,429	6,454,067	5,347,429	6,454,067
Nigerian Treasury Bills	3,832,311	2,887,102	3,832,311	2,887,102

Mutual Funds	1,210,664	2,629,694	1,210,664	2,629,693
Eurobonds	1,835,400	1,830,000	1,835,400	1,830,000
	16,883,248	**14,871,248**	**16,883,248**	**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** **September 2017**	**Group** **December 2016**	**Bank** **September 2017**	**Bank** **December 2016**
Government bonds	904,113	10,170,293	904,113	10,170,293
Eurobonds	179,554	18,304	179,554	18,304
Treasury bills	15,835,002	34,381,635	13,703,590	34,381,635
Equity securities	59,348	59,347	59,348	59,347
	16,978,017	**44,629,579**	**14,846,605**	**44,629,579**

21 Derivative financial instruments

In thousands of Naira	Notional amount	Fair Value Assets/ (Liabilities)	Notional amount	Fair Value Assets/ (Liabilities)
	September 2017		December 2016	
Group				
Foreign exchange derivatives				
Total derivative assets	386,621,631	92,731,156	709,617,854	156,042,984
Non-deliverable Future contracts	204,572,947	38,203,068	390,410,492	65,280,723
Forward and Swap contract	182,048,685	54,528,089	319,207,362	90,762,261
Total derivative liabilities	230,304,369	(6,184,796)	223,456,040	(30,444,501)
Non-deliverable Future contracts	95,078,969	(4,554,693)	41,349,705	(10,668,412)
Forward and Swap contract	135,225,400	(1,630,103)	182,106,335	(19,776,089)

	Notional amount	Fair Value Assets/ (Liabilities)	Notional amount	Fair Value Assets/ (Liabilities)
	September 2017		December 2016	
Bank				
Foreign exchange derivatives				
Total derivative assets	384,722,059	92,587,318	698,771,698	155,772,662
Non-deliverable Future contracts	182,048,685	38,203,068	319,207,362	65,280,723
Forward and Swap contract	202,673,374	54,384,251	379,564,336	90,491,939
Total derivative liabilities	230,274,753	(6,184,796)	201,664,660	(30,275,181)
Non-deliverable Future contracts	95,078,969	(4,554,693)	41,349,705	(10,668,411)
Forward and Swap contract	135,195,784	(1,630,102)	160,314,955	(19,606,770)

Derivative financial instruments consist of forward,sawap and futrure contracts. These are held for day to day cash management rather than for trading purposes and are held at fair value. The contracts have intended settlement dates of between 30 days and two years. All derivative contracts are considered to be valued with reference to data obtained from FMDQ.

Included in other liabilities are security deposit for Swap and future deals which are deposits (collaterised deposits) by counter parties.

The movement in fair value is as a result of a depreciation of the functional currency of the group (Naira) within the period and an increase in the volume of transactions.

22 Loans and advances to banks

In thousands of Naira	Group September 2017	Group December 2016	Bank September 2017	Bank December 2016
Loans and advances to banks	72,139,532	45,226,388	92,439,768	104,029,960
Less collective allowances for impairment	-	(23,386)	-	(23,386)
	72,139,533	45,203,002	92,439,769	104,006,574

Collective allowances for impairment on loans and advances to banks

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

23 Loans and advances to customers

a Group

September 2017 *In thousands of Naira*	Gross amount	Specific impairment allowance	Collective impairment allowance	Total impairment allowance	Carrying amount
Loans and advances to individuals and corporate entit	1,824,100,015	(18,632,400)	(28,391,884)	(47,024,284)	1,777,075,731
	1,824,100,015	(18,632,400)	(28,391,884)	(47,024,284)	1,777,075,731

Group

December 2016 *In thousands of Naira*	Gross amount	Specific impairment allowance	Collective impairment allowance	Total impairment allowance	Carrying amount
Loans and advances to individuals and corporate entit	1,845,165,464	(14,755,727)	(20,950,566)	(35,706,292)	1,809,459,172
	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	September 2017	December 2016	September 2017	December 2016
Balance beginning of period	14,755,727	10,482,678	20,950,565	18,208,130
Impairment loss for the period:				

- Charge for the period	5,369,369	17,874,149	7,441,318	2,742,435
Write-offs	(1,492,696)	(13,601,100)	-	-
Balance end of period	**18,632,400**	**14,755,727**	**28,391,883**	**20,950,565**

23 Loans and advances to customers
b Bank

September 2017 *In thousands of Naira*	**Gross amount**	**Specific impairment allowance**	**Collective impairment allowance**	**Total impairment allowance**	**Carrying amount**
Loans and advances to individuals and corporate entit	1,582,599,342	(14,440,854)	(27,653,323)	(42,094,177)	1,540,505,164
	1,582,599,342	**(14,440,854)**	**(27,653,323)**	**(42,094,177)**	**1,540,505,164**

Bank

December 2016 *In thousands of Naira*	**Gross amount**	**Specific impairment allowance**	**Collective impairment allowance**	**Total impairment allowance**	**Carrying amount**
Loans and advances to individuals and corporate entit	1,624,837,860	(10,084,316)	(20,191,199)	(30,275,515)	1,594,562,345
	1,624,837,860	**(10,084,316)**	**(20,191,199)**	**(30,275,517)**	**1,594,562,345**

Impairment on loans and advances to customers

	Specific Impairment		**Collective Impairment**	
In thousands of Naira	**September 2017**	**December 2016**	**September 2017**	**December 2016**
Balance beginning of period	10,084,316	9,173,223	20,191,199	17,732,860
Impairment loss for the period:				
- Charge for the period	4,356,538	13,846,554	7,462,124	2,458,338
Write-offs	-	(12,935,461)	-	-
Balance end of period	**14,440,854**	**10,084,316**	**27,653,323**	**20,191,199**

24 Pledged assets

In thousands of Naira	Group September 2017	Group December 2016	Bank September 2017	Bank December 2016
Treasury bills	206,725,056	188,239,520	206,725,055	188,239,520
Government bonds	185,365,096	126,707,982	185,365,096	126,707,982
	392,090,152	**314,947,502**	**392,090,152**	**314,947,502**
The related liability for assets pledged as collateral include:				
Bank of Industry (BOI)	29,214,000	39,566,300	29,214,000	39,566,300

(i) The assets pledged as collateral include assets pledged to third parties under secured borrowing with the related liability disclosed above. Also included in pledged assets are assets pledged as collateral or security deposits to clearing house and payment agencies 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 September 2017	Group December 2016	Bank September 2017	Bank December 2016
Debt securities				
Government bonds	33,572,526	26,699,706	17,242,702	15,507,737
Treasury bills	68,209,063	69,346,601	-	40,960,665
Eurobonds	1,834,406	2,760,661	1,834,406	2,760,661
Corporate bonds	3,575,855	3,431,482	3,575,855	3,431,482
Equity securities				
Equity securities with readily determinable fair values (i)	64,730,158	58,667,555	64,453,177	58,420,406
Unquoted equity securities at cost	3,145,697	3,145,697	3,145,697	3,145,697
	175,067,705	164,051,703	90,251,837	124,226,649
Specific allowance for impairment on available for sale investments	(3,389,657)	(3,389,059)	(3,389,657)	(3,389,059)
	171,678,048	**160,662,644**	**86,862,180**	**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	8,095,885	7,451,138	8,095,885	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.	2,911,506	1,175,570	2,911,506	1,175,570
Unified payment services limited	3,130,451	2,340,346	3,130,451	2,340,346
Africa finance corporation	47,024,418	44,230,177	47,024,418	44,230,177
E-Tranzact	1,124,439	1,147,387	1,124,439	1,147,387
African export-import bank	13,848	10,754	13,848	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
NG Clearing Limited	303,340	-	303,340	-
Others	276,982	247,150	-	-
	64,730,159	58,667,555	64,453,177	58,420,406

Held to maturity investment securities *In thousands of Naira*				
Debt securities				
Treasury bills	7,590,631	27,350,114	-	-
Federal government bonds	11,435,986	31,754,372	1,675,462	31,016,409
State government bonds	3,685,220	5,276,855	3,685,220	5,276,855
Corporate bonds	1,649,801	1,624,228	1,649,801	1,624,228
Eurobonds	2,872,515	2,445,558	2,035,179	2,445,558
	27,234,153	68,451,128	9,045,662	40,363,050
Total	**198,912,202**	**229,113,772**	**95,907,842**	**161,200,642**

Specific allowance for impairment on available for sale investment securities

In thousands of Naira	Group September 2017	Group December 2016	Bank September 2017	Bank December 2016
Balance, beginning of period	3,389,059	3,326,077	3,389,059	3,326,077
Additional allowance	-	-	-	-
Allowance written off	-	(21,358)	-	(21,358)
Revaluation difference	598	84,338	598	84,338
Balance, end of period	**3,389,657**	**3,389,059**	**3,389,657**	**3,389,059**

26 Other assets

In thousands of Naira	Group September 2017	Group December 2016	Bank September 2017	Bank December 2016
Financial assets				
Accounts receivable	49,150,088	23,063,084	38,561,835	13,804,165
Receivable on E-business channels	15,305,490	2,333,865	15,278,096	2,253,689
Receivable from disposal of Non-current asset	19,341,974	19,341,974	19,341,974	19,341,974
Deposit for investment in AGSMEIS (i)	3,201,307	-	3,201,307	-
Subscription for investment	1,086,320	25,003	1,588,088	833,102
	88,085,180	44,763,926	77,971,301	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.

	Group September 2017	Group December 2016	Bank September 2017	Bank December 2016
Non-financial assets				
Prepayments	19,182,497	20,751,237	12,872,157	16,668,917
Inventory	652,988	707,748	611,460	660,491
	19,835,484	21,458,986	13,483,617	17,329,408
Gross other assets	107,920,665	66,222,912	91,454,918	53,562,338
Allowance for impairment on financial assets				
Accounts receivable	(2,422,319)	(2,942,857)	(2,070,500)	(2,942,857)
Subscription for investment	(25,001)	(25,001)	(25,001)	(25,001)
	105,473,344	**63,255,054**	**89,359,417**	**50,594,480**

Movement in allowance for impairment on other assets:

In thousands of Naira	**Group Accounts Receivable**	**Group subscription for investments**	**Bank Accounts Receivable**	**Bank subscription for investments**
Balance as at 1 January 2016	2,635,576	25,001	2,635,576	25,001
Impairment loss for the period:				
- Additional provision	1,321,936	-	1,321,936	-
Net impairment	1,321,936	-	1,321,936	-
Allowance written off	(1,016,504)	-	(1,016,504)	-
Revaluation difference	1,848	-	1,848	-
Balance as at 31 December 2016/1 January 2017	2,942,855	25,001	2,942,856	25,001
Impairment loss for the period:				
- Additional provision	422,130	-	70,000	-
- Provision no longer required	(385,930)	-	(385,930)	-
Net impairment	36,200	-	(315,930)	-
Allowance written off	(557,203)	-	(556,893)	-
Revaluation difference	467	-	467	-
Balance as at 30 September 2017	2,422,319	25,001	2,070,500	25,001

Inventory consists of blank debit cards, cheque leaves, computer consumables and other stationery held by the Bank.

Increase in prepayments resulted from services that have been paid in advance for the period for which the amortization will be over the relevant period of service. These include rents and advertisements.

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

Set out below are the group's subsidiaries as at 30 September 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

	Nature of business	Country of incorporation	Ownership interest September 2017	Ownership interest December 2016
Access Bank Gambia Limited	Banking	Gambia	88%	64%
Access Bank Sierra Leone Limited	Banking	Sierra Leone	97%	97%
Access Bank Rwanda Limited	Banking	Rwanda	75%	75%
Access Bank Zambia	Banking	Zambia	92%	92%
The Access Bank UK	Banking	United Kingdom	100%	100%
Access Bank R.D. Congo	Banking	Congo	99.98%	74%
Access Bank Ghana	Banking	Ghana	91%	91%
Access Finance B.V.	Banking	Netherlands	100%	100%

Access Finance B.V. was incorporated in 2011 and commenced operations in 2012. An obligation also exists between the Bank and Access Finance B.V., for which Access Finance B.V. lent to the Bank the sum of USD 2,462,000 as a share premium loan. The loan agreement between both parties however permits that the obligation of Access Finance B.V. to grant the loan, be set off against the obligation of the Bank to repay the loan such that each party's obligation either as a borrower or lender is discharged. In view of this, no loan payable has been recognized in the Bank's financial statements.

The transaction for which the entity was set up has matured subsequent to the period end. Management has not decided on the possibility of the entity existing beyong the maturity of the obligation.

(ii) Structured entities:

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

27(b) Investment in subsidiaries

In thousands of Naira	**Bank September 2017**	**Bank December 2016**
Subsidiaries with continuing operations		
Access Bank, UK	38,747,420	29,104,081
Access Bank, Ghana	15,558,107	15,558,107
Access Bank Rwanda	1,578,825	1,578,825
Access Bank, Congo	5,998,590	2,779,650
Access Bank, Zambia	4,274,925	4,274,925
Access Bank, Gambia	6,747,051	1,853,756
Access Bank, Sierra Leone	1,019,951	1,019,951
Investment in RSPP scheme	3,252,851	3,065,865
Access Bank Finance B.V.	4,092	4,092
Balance, end of period	**77,181,811**	**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 30 September 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	10,590,507	13,550,681	2,176,909	2,961,297	907,537	750,951	718,457	-	75,975
Operating expenses	(4,186,098)	(9,528,769)	(1,897,547)	(2,279,850)	(2,086,848)	(557,091)	(521,003)	-	(3,548)
Net impairment loss on financial assets	-	(137,896)	(15,127)	-	(406,648)	(2,007)	(6,256)	-	-
Profit before tax	6,404,409	3,884,015	264,235	681,449	(1,585,959)	191,852	191,197	-	72,427
Income tax expense	(456,075)	(725,492)	(117,488)	-	-	(18,653)	(38,260)	-	(14,397)
Profit for the period	5,948,334	3,158,523	146,747	681,449	(1,585,959)	173,198	152,937	-	58,032
Assets									
Cash and cash equivalents	151,375,784	71,107,182	14,807,787	15,317,641	16,375,970	2,581,982	1,473,026	-	407,428
Non pledged trading assets	-	2,131,412	-	-	-	-	-	-	-
Pledged assets	-	-	-	-	-	-	-	-	-
Derivative financial instruments	952,707	-	179,481	-	-	-	-	-	-
Loans and advances to banks	194,826,996	-	-	-	-	-	-	-	1
Loans and advances to customers	111,445,748	94,457,819	15,588,472	9,910,123	3,962,001	687,069	519,335	-	-
Investment securities	44,308,863	37,688,204	3,753,497	-	7,749,737	6,814,673	3,083,333	-	-
Other assets	2,462,625	14,292,154	877,574	1,099,262	2,468,915	253,027	404,438	-	5,278
Investment in subsidiaries	-	-	-	-	-	-	-	3,252,851	-
Property and equipment	167,778	9,585,996	912,366	1,453,220	834,760	806,560	308,191	-	-
Intangible assets	346,866	368,472	-	110,895	135,837	101,326	34,773	-	-
Deferred tax assets	-	1,042,482	-	-	495,381	-	94,431	-	-
Assets classified as held for sale	-	-	-	-	-	-	-	-	-
	505,887,366	230,673,721	36,119,177	27,891,141	32,022,601	11,244,638	5,917,529	3,252,851	412,706
Financed by:									
Deposits from banks	257,914,575	28,721,434	-	-	1,623,938	-	627,590	-	-
Deposits from customers	171,188,036	156,112,863	29,093,783	22,210,036	20,637,837	7,196,108	3,032,317	-	-
Derivative Liability	-	-	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-	1
Retirement benefit obligations	13	13,502	-	-	3,686	-	-	-	-
Current tax liabilities	652,816	104,233	59,093	6,320	-	(1,548)	38,260	-	43,177
Other liabilities	3,947,643	6,878,328	755,449	1,371,677	3,860,940	568,726	512,231	-	21,237
Interest-bearing loans and borrowings	-	359,571	2,107,610	-	-	-	-	-	-
Contingent settlement provisions	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	58,084	361,459	261,604	-	-	42,664	-	-	-
Equity	72,126,199	38,122,329	3,841,638	4,303,108	5,896,200	3,438,688	1,707,131	3,252,851	348,290
	505,887,366	230,673,721	36,119,177	27,891,141	32,022,601	11,244,638	5,917,529	3,252,851	412,706

27 (d) Condensed results of consolidated entities
(i) The condensed financial data of the consolidated entities as at 30 September 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	6,033,099	13,261,745	1,940,870	1,826,361	1,165,009	645,536	687,187	80,897	38,584
Operating expenses	(3,067,396)	(6,588,841)	(1,503,409)	(1,413,419)	(987,241)	(473,829)	(513,505)	-	(5,164)
Net impairment loss on financial assets	-	(1,436,951)	(12,671)	(1,072)	(174,683)	(23,844)	(70,318)	-	-
Profit before tax	2,965,703	5,235,953	424,790	411,870	3,085	147,863	103,364	80,897	33,420
Taxation	(624,281)	(1,102,168)	(89,418)	(86,699)	(649)	(31,125)	(21,758)	-	(7,035)
Profit for the period	2,341,423	4,133,785	335,372	325,171	2,436	116,738	81,606	80,897	26,385

Statement of financial position as at 31 December 2016

Assets									
Cash and cash equivalents	206,090,386	53,060,292	12,843,280	4,081,910	7,748,129	1,850,740	3,189,614	-	433,441
Derivative financial instruments	-	-	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	1,994,406	(8,643,815)	(989,210)	(135,946)	1,059,644	(639,740)	(19,873)	-	-
Net cashflow from financing activities	-	200,199	920,894	-	-	-	-	-	1,372,464
Increase/(Decrease) in cash and cash equivalents	122,257,654	29,226,974	463,224	(1,365,535)	1,201,421	(264,891)	(724,689)	-	(9,008)
Cash and cash equivalent, beginning of period	44,642,519	27,916,021	7,867,697	5,165,455	4,108,425	1,792,049	1,318,767	-	223,305
Effect of exchange rate fluctuations on cash held	12,666,055	-	3,027,437	1,896,295	1,922,220	551,128	(59,049)	-	98,494
Cash and cash equivalent, end of period	179,566,228	57,142,995	11,358,358	5,696,215	7,232,066	2,078,286	535,029	-	312,791

28 Property and equipment

Group

In thousands of Naira

	Land and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Cost						
Balance at 1 January 2017	65,738,292	24,028,522	35,303,353	11,615,441	5,491,267	142,176,875
Acquisitions	2,370,394	848,100	11,404,150	3,536,233	5,038,831	23,197,708
Disposals	-	(33,796)	(70,967)	(153,607)	-	(258,369)
Transfers	1,612,787	30,712	21,800	-	(1,411,494)	253,805
Write-offs	(185,153)	-	(16,846)	-	-	(201,998)
Reclassifications	-	-	-	-	-	-
Translation difference	(2,104,637)	(2,457,489)	(3,341,724)	(1,031,538)	7,378,174	(1,557,214)
Balance at 30 September 2017	**67,431,684**	**22,416,049**	**43,299,766**	**13,966,529**	**16,496,778**	**163,610,806**
Balance at 1 January 2016	57,073,875	17,762,955	29,241,820	9,898,894	7,755,533	121,733,077
Acquisitions	3,981,137	5,474,190	4,978,500	1,785,155	1,823,777	18,042,759
Disposals	(122,313)	(290,101)	(530,187)	(558,855)	(129,535)	(1,630,991)
Transfers	3,586,520	74,632	87,346	-	(3,748,497)	-
Write-offs	(187,281)	-	(18,575)	-	(155,144)	(361,000)
Reclassifications	-	-	-	-	(556,893)	(556,893)
Translation difference	1,406,355	1,006,846	1,544,451	490,247	502,022	4,949,921
Balance at 31 December 2016	65,738,292	24,028,522	35,303,353	11,615,441	5,491,267	142,176,873

Depreciation and impairment losses	Leasehold improvement and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Balance at 1 January 2017	11,193,974	15,046,823	24,636,684	7,190,340	-	58,067,821
Charge for the period	1,504,720	2,441,419	3,308,265	1,194,999	-	8,449,402
Disposal	-	(32,622)	(44,477)	(95,749)	-	(172,848)
Write-Offs	(2,017)	-	(6,196)	-	-	(8,213)
Translation difference	(228,131)	(885,236)	1,426,212	(546,686)	-	(233,841)
Balance at 30 September 2017	**12,468,546**	**16,570,384**	**29,320,488**	**7,742,904**	**-**	**66,102,321**
Balance at 1 January 2016	9,286,024	12,318,555	20,442,415	6,356,156	-	48,403,149
Charge for the period	1,864,239	2,658,469	3,340,041	1,244,137	-	9,106,886
Disposal	(10,538)	(281,617)	(515,657)	(428,352)	-	(1,236,164)
Write-Offs	(14,219)	-	(6,267)	-		(20,486)
Translation difference	68,468	351,416	1,376,152	18,399	-	1,814,435
Balance at 31 December 2016	11,193,974	15,046,823	24,636,684	7,190,340	-	58,067,821
Carrying amounts:						
Balance at 30 September 2017	**54,963,139**	**5,845,665**	**13,979,279**	**6,223,625**	**16,496,778**	**97,508,485**
Balance at 31 December 2016	54,544,318	8,981,699	10,666,669	4,425,101	5,491,267	84,109,052

28 Property and equipment
Bank

In thousands of Naira	**Land and buildings**	**Computer hardware**	**Furniture & fittings**	**Motor vehicles**	**Capital Work-in - progress**	**Total**
Cost						
Balance at 1 January 2017	57,646,569	20,614,356	30,775,870	9,694,750	3,216,721	121,948,266
Acquisitions	1,140,012	462,528	10,105,610	3,009,810	4,138,107	18,856,067
Disposals	-	(5,286)	(25,664)	(81,463)	-	(112,413)
Write-Offs	-	-	-	-	-	-
Balance at 30 September 2017	**58,786,581**	**21,071,599**	**40,858,918**	**12,623,097**	**7,351,726**	**140,691,920**
Balance at 1 January 2016	52,737,675	15,863,065	26,748,469	8,644,919	5,388,964	109,383,091
Acquisitions	3,070,720	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	57,646,569	20,614,356	30,775,870	9,694,750	3,216,721	121,948,266

Depreciation and impairment losses	**Leasehold improvement and buildings**	**Computer hardware**	**Furniture & fittings**	**Motor vehicles**	**Capital Work-in - progress**	**Total**
Balance at 1 January 2017	9,700,946	12,997,503	21,259,586	6,165,759	-	50,123,794
Charge for the period	1,179,991	1,932,615	3,086,256	1,032,525	-	7,231,387
Disposal	-	(5,286)	(25,663)	(71,925)	-	(102,873)
Balance at 30 September 2017	**10,880,937**	**14,924,833**	**24,320,179**	**7,126,359**	**-**	**57,252,308**
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 30 September 2017	**47,905,644**	**6,146,766**	**16,538,739**	**5,496,737**	**7,351,726**	**83,439,612**
Balance at 31 December 2016	47,945,623	7,616,853	9,516,284	3,528,991	3,216,721	71,824,473

(a) The amount of contractual commitments for the acquisition of property and equipment as at 30 September 2017 is N432.1Mn (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 period. Any changes are accounted for prospectively as a change in estimate.

29 Intangible assets

Group

In thousands of Naira	**Goodwill**	**WIP**	**Purchased Software**	**Total**
Cost				
September 2017				
Balance at 1 January 2017	681,007	286,724	14,858,925	15,826,656
Acquisitions	-	546,852	2,105,676	2,652,528
Transfer	-	-	(44,933)	(44,933)
Write off	-	-	(53,841)	(53,841)
Translation difference	-	(5,286)	116,709	111,423
Balance at 30 September 2017	**681,007**	**828,291**	**16,982,536**	**18,491,834**
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 period	-	-	1,781,056	1,781,056
Translation difference	-	-	(17,165)	(17,165)
Balance at 30 September 2017	-	-	**10,650,992**	**10,650,992**
Balance at 1 January 2016	-	-	6,300,836	6,300,836
Amortization for the period	-	-	2,191,614	2,191,614
Translation difference	-	-	394,651	394,651
Balance at 31 December 2016	-	-	8,887,101	8,887,101
Net Book Value				
Balance at 30 September 2017	**681,007**	**828,291**	**6,331,544**	**7,840,841**
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			
September 2017			
Balance at 1 January 2017	231,569	12,167,422	12,398,991
Acquisitions	495,459	1,819,184	2,314,642
Balance at 30 September 2017	727,028	13,986,606	14,713,633
December 2016			
Balance at 1 January 2016	-	10,348,678	10,348,678
Acquisitions	231,569	1,818,744	2,050,313
Transfers	-	-	-
Write off	-	-	-
Balance at 31 December 2016	231,569	12,167,422	12,398,991
Amortization and impairment losses			
Balance at 1 January 2017	-	7,225,207	7,225,207
Amortization for the period	-	1,426,760	1,426,760
Balance at 30 September 2017	-	8,651,967	8,651,967
Balance at 1 January 2016	-	5,370,770	5,370,770
Amortization for the period	-	1,854,437	1,854,437
Balance at 31 December 2016	-	7,225,207	7,225,207
Carrying amounts			
Balance at 30 September 2017	**727,028**	**5,334,639**	**6,061,666**
Balance at 31 December 2016	231,569	4,942,214	5,173,784

There were no capitalised borrowing costs related to the internal development of software during the period under review, 30 September 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.

Amortization method used is straight line.

29(b) Intangible assets

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

In thousands of Naira	September 2017	December 2016
Access Bank Rwanda	681,007	681,007
	681,007	681,007

The recoverable amount of Goodwill as at 30 September 2017 is greater than its carrying amount and is thus not impaired.

(ii) Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. Impairment assessment has been performed for the period, while no losses on goodwill were recognized during the period under review 30 September 2017 (31 December 2016: Nil)

The recoverable amount of Goodwill as at 30 September 2017 was greater than its carrying amount and is thus not impaired.
The recoverable amount was determined using a value-in-use computation as N4.9bn

Goodwill is monitored by the Group on an entity by entity basis
The key assumption used in computing the value-in-use for goodwill in during the period are as follows:

	Access Bank Rwanda
Compound annual volume growth (i)	6.62%
Long term growth rate (ii)	4.70%
Discount rate (ii)	19.50%
Revenue Growth	9.60%

(i) Compound annual volume growth rate in the initial four-year period.
(ii) Weighted average growth rate used to extrapolate cash flows beyond the budget year.
(ii) Pre-tax discount rate applied to the cash flow projections.

Cash Flow Forecast
Cash flows were projected based on past experience, actual operating results and the 4-year business plan. These cashflows are based on the expected revenue growth for the entity over this 4-year period.

Discount Rate
Pre-tax discount rate of 19.50% was applied in determining the recoverable amounts for the only entity with goodwill (Access Bank Rwanda). This discount rate was estimated using the risk-free rate and the country risk premium for Rwanda.

Long-term term growth rate

The long term growth rate applied was based on the long term growth rate in GDP of Rwanda

The key assumptions described above may change as economic and market conditions change. The Group estimates that reasonably possible changes in these assumptions are not expected to cause the recoverable amount of the subsidiaries (from which the goodwill arose) to decline below their carrying amount.

Revenue Growth
Revenue growth were projected based on past growth, actual operating income and the company's 4 year strategic plan. The revenue growth of 9.6% represents the average revenue growth of 4 years. The revenue growth was used to project the cashflow for the business.

Sensitivity analysis of key assumptions used

	10% increase	10% decrease
Impact of change in discount rate on value-in-use computation	(481,959)	626,557
Impact of change in growth rate on value-in-use computation	85,169	(79,926)
Impact of change in revenue growth on value-in-use computation	490,918	(490,918)

30 Deferred tax assets and liabilities
(a) Group

Deferred tax assets and liabilities are attributable to the following:

In thousands of Naira	September 2017			December 2016		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property and equipment, and software	99,850	(2,980,731)	(2,880,882)	14,329,164	(443,943)	13,885,221
Allowances/(Reversal) for loan losses	10,726,603	-	10,726,603	9,009,821	-	9,009,821
Tax loss carry forward	238,054	-	238,054	4,549,454	-	4,549,454
Exchange gain/(loss) unrealised	-	(17,077,426)	(17,077,426)	-	(29,234,934)	(29,234,934)
Fair value gain on Available for sale investmei	-	-	-	-	-	-
Employee benefits	16,970	-	16,970	11,421	-	11,421
Actuarial loss on retirement benefit obligation	-	-	-	-	(655,220)	(655,220)
Deferred tax assets (net)	11,081,476	(20,058,157)	(8,976,681)	27,899,860	(30,334,096)	(2,434,236)

(b) Bank

Deferred tax assets and liabilities are attributable to the following:

In thousands of Naira	September 2017			December 2016		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property and equipment, and software	-	(2,524,041)	(2,524,041)	13,937,906	-	13,937,906
Allowances/(Reversal) for loan losses	9,814,180	-	9,814,180	8,344,683	-	8,344,683
Tax loss carry forward	-	-	-	4,505,813	-	4,505,813
Exchange gain/(loss) unrealised	-	(17,175,303)	(17,175,303)	-	(29,234,934)	(29,234,934)
Fair value gain on investment property	-	-	-	-	-	-
Actuarial loss on retirement benefit obligation	-	-	-	-	(655,220)	(655,220)
Net deferred tax assets/(liabilities)	9,814,180	(19,699,344)	(9,885,164)	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 30 September 2017 (31 December 2016: nil)

	Group September 2017	Group December 2016	Bank September 2017	Bank December 2016
Deferred income tax assets				
– Deferred income tax asset to be recovered after more than 12 months	10,964,657	13,559,276	9,814,180	12,850,495
– Deferred income tax asset to be recovered within 12 months	116,819	14,340,585	-	13,937,906
	11,081,476	27,899,861	9,814,180	26,788,401
Deferred income tax liabilities				
– Deferred income tax liability to be recovered after more than 12 months	(20,058,157)	(30,334,096)	(19,699,344)	(29,890,154)
– Deferred income tax liability to be recovered within 12 months	-	-	-	-
	(20,058,157)	(30,334,096)	(19,699,344)	(29,890,154)

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

In thousands of Naira	Group September 2017	Group December 2016	Bank September 2017	Bank December 2016
Balance, beginning of period	(2,434,236)	10,578,968	(3,101,754)	10,180,831
Tax charge	(6,259,307)	(11,994,560)	(6,783,411)	(12,172,525)
Translation adjustments	(283,138)	91,416	-	-
Items included in OCI	-	(1,110,059)	-	(1,110,059)
Net deferred tax assets/(liabilities)	(8,976,681)	(2,434,236)	(9,885,164)	(3,101,754)
Out of which				
Deferred tax assets	11,081,476	27,899,860	9,814,180	26,788,401
Deferred tax liabilities	(20,058,157)	(30,334,096)	(19,699,344)	(29,890,154)

Temporary difference relating to the Group's Investment in subsidiaries as at September 2017 is N29.35billion (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 September 2017	Group December 2016	Bank September 2017	Bank December 2016
Actuarial gain/loss on retirement benefit obligation				
Gross loss on retirement benefit obligation	-	3,700,198	-	3,700,198
Deferred tax @ 30%	-	(1,110,059)	-	(1,110,059)
Net balance loss after tax	-	2,590,139	-	2,590,139

31 Assets classified as held for sale

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

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

Assets held for sale

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

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

32 Deposits from financial institutions

In thousands of Naira	Group September 2017	Group December 2016	Bank September 2017	Bank December 2016
Money market deposits	98,689,256	85,020,959	40,520,295	26,209,999
Trade related obligations to foreign banks	224,847,084	82,335,624	153,547,086	68,912,189
	323,536,341	**167,356,583**	**194,067,380**	**95,122,188**

33 Deposits from customers

In thousands of Naira	Group September 2017	Group December 2016	Bank September 2017	Bank December 2016
Term deposits	1,013,696,289	925,976,555	937,465,422	799,495,575
Demand deposits	718,497,310	984,150,905	562,968,966	853,780,226
Saving deposits	191,893,036	179,069,826	167,311,291	159,767,071
	1,924,086,635	**2,089,197,286**	**1,667,745,679**	**1,813,042,872**

34 Other liabilities

In thousands of Naira	Group September 2017	Group December 2016	Bank September 2017	Bank December 2016
Financial liabilities				
Certified and bank cheques	2,361,217	2,430,832	1,549,750	2,018,166
E-banking payables	5,557,104	3,758,302	5,477,468	3,561,974
Collections account balances	59,604,377	18,677,355	58,672,504	17,692,904
Due to subsidiaries	-	-	170,163	714,192
Accruals	6,134,744	1,294,775	4,990,272	434,811
Creditors	8,498,584	5,043,127	3,612,928	3,404,703
Customer deposits for foreign exchange	42,537,244	59,738,350	42,461,819	59,574,436
Agency services	55,913	37,984	53,184	36,140
Unclaimed dividend	12,731,512	11,957,131	12,731,512	11,957,131
Other financial liabilities	31,316,614	8,179,792	27,816,144	5,893,267
	168,797,309	111,117,648	157,535,743	105,287,724
Non-financial liabilities				
Litigation claims provision (see (i)below)	613,886	613,886	613,886	613,886
Other current non-financial liabilities	7,871,462	1,839,706	2,226,593	1,637,331
Total other liabilities	**177,282,656**	**113,571,240**	**160,376,222**	**107,538,941**

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

35 Debt securities issued

In thousands of Naira	**Group September 2017**	**Group December 2016**	**Bank September 2017**	**Bank December 2016**
Debt securities at amortized cost:				
Eurobond debt from Access Bank B.V (see (i) below)	-	72,592,084	-	-
Eurobond debt security (see (ii) below)	218,559,004	212,380,366	218,559,004	212,380,366
Commercial Papers	70,341,600	31,572,052	70,341,600	31,572,052
	288,900,604	**316,544,502**	**288,900,604**	**243,952,418**

(i) 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 . The notes have since matured on 25th July 2017

The principal amount is payable at maturity, whilst interest is payable on a semi-annual basis at the interest rate above. This has been fully paid on maturity date, subsequent to period end.

(ii) This refers to US$400,000,000 subordinated notes of 9.25% resettable interest issued on 24 December 2014 with a maturity date of 24 December 2021 and US$300,000,000 notes of 10.5% interest issued on 19 October 2016 with a maturity date of 19 October 2021. These represent an amortized cost of N218.56bn.

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 September 2017	Group December 2016	Bank September 2017	Bank December 2016
African Development Bank (see note (a))	24,842,188	29,026,302	24,842,188	29,026,302
Netherlands Development Finance Company (see note (b))	8,064,156	1,513,901	8,064,156	1,513,901
French Development Finance Company (see note (c))	1,987,375	11,580,283	1,987,375	11,580,283
European Investment Bank (see note (d))	23,473,250	26,979,759	23,473,250	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))	21,232,368	9,766,871	21,232,368	9,766,871
Bank of Industry-Intervention Fund for SMEs (see note (g))	2,583,870	4,500,284	2,583,870	4,500,284
Bank of Industry-Power & Airline Intervention Fund (see note (h))	11,387,771	12,881,897	11,387,771	12,881,897
Access Finance B.V. (see note (i))	-	-	-	74,425,046
Special Refinancing & Restructuring Intervention fund (SRRIF) see note (j)	7,282,120	6,633,475	7,282,120	6,633,475
Central Bank of Nigeria - Salary Bailout facilities (see note (k))	65,504,201	66,479,721	65,504,201	66,479,721
Central Bank of Nigeria - Excess Crude Account (see note (l))	123,418,867	125,837,600	123,418,867	125,837,600
Other loans and borrowings	3,057,797	1,788,968	590,615	-
	292,833,965	**299,543,707**	**290,366,782**	**372,179,785**

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

(a) The amount of N 24,842,187,500 (USD 81,250,000) 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 period 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 2.00% and 2.04% respectively. From this creditor, the bank has nil undrawn balance as at 30th September 2017.

(b) The amount of N8,064,156,250 (USD 26,375,000) represents the outstanding balance in the on-lending facility granted to the Bank by the Netherlands Development Finance Company effective from 15 December 2012 and disbursed in February 2013 (USD 10m) for a period of 6.5 years. The principal amount is repayable semi-annually from December 2015 while interest is paid semi annually at 3% above 6 months LIBOR. The annual effective interest rate is 5.16%. From this creditor, the bank has nil undrawn balance as at 30 September 2017.

(c) The amount of N1,987,385,000 (USD 6,500,000) represents the outstanding balance in the on-lending facility granted to the Bank by the French Development Finance Company effective from 15 December 2012 and disbursed in 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 3.57% for the fourth tranche. From this creditor, the bank has nil undrawn balance as at 30 September 2017.

(d) The amount of N22,720,249,286 (USD 74,309,891) represents the outstanding balance on five on-lending facilities granted to the Bank by the European Investment Bank (EIB) in May 2013(USD 25m), September 2013 (USD 26.75m) , June 2014 (USD 14.7m) , September 2015 (USD 27.9m) and March 2016 (USD 27.1m) for a period of 6 years each for the first three and period of 8 years each for the last two. The average annual effective interest rates are 3.48%, 2.97% , 3.18%, 2.97% and 2.97% respectively. From this creditor, the bank has nil undrawn balance as at 30 September 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 N21,232,367,659 represents the outstanding balance in the on-lending facility granted to the Bank by Central Bank of Nigeria in collaboration with the Federal Government of Nigeria (FGN) in respect of Commercial Agriculture Credit Scheme (CACS) established by both CBN and the FGN for promoting commercial agricultural enterprises in Nigeria. The facility is for a maximum period of 7 years at a zero percent interest rate to the Bank however, a management fee of 1% deductible at source is paid by the Bank under the on-lending agreement. The Bank did not provide security for this facility.From this creditor, the bank has nil undrawn balance as at 30 September 2017.

(g) The amount of N1,166,628,384 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 15 years. A management fee of 1% deductible at source is paid by the Bank under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. Though the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 30 September 2017.

(h) The amount of N11,387,771,247 represents the outstanding balance on intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria, to be applied to eligible power and airline projects. The total facility has a maximum tenor of 15 years. A management fee of 1% deductible at source is paid by the Bank under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. Though the facility is meant for on-lending to borrowers within the power and aviation sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 30 September 2017.

(i) An onlending facility representing 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 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 notes have long matured and have been fully paid out on 25th July 2017

(j) The amount of N7,282,120,445 represents the outstanding balance on intervention credit granted to the bank by the Bank of Industry (BOI) under the Special refinancing and Restructuring intervention fund, with a 10 year tenor which is due on the 31 August 2024. The bank has a 36 months moratorium on the facility after which principal repayment will be charged quarterly. Though the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 30 September 2017.

(k) The amount of N65,504,201,428 represents the outstanding balance on the state salary bailout facilities granted to the bank by the Central Bank of Nigeria for onward disbursements to state governments for payments of salary of workers of the states. The facility has a tenor of 20 years with a 2% interest payable to the CBN. The Bank is under obligation to on-lend to the states at an all-in interest rate of 9% per annum. From this creditor, the bank has nil undrawn balance as at 30 September 2017.

(l) The amount of N123,418,867,083 represents the outstanding balance on the excess crude account loans granted to the bank by the Central Bank of Nigeria for onward disbursements to state governments. The facility has a tenor of 20 years with a 2% interest payable to the CBN. The Bank is under obligation to on-lend to the states at an all-in interest rate of 9% per annum. From this creditor, the bank has nil undrawn balance as at 30 September 2017.

37 Retirement benefit obligation

In thousands of Naira	Group September 2017	Group December 2016	Bank September 2017	Bank December 2016
Recognised liability for defined benefit obligations (see note (a) below)	2,954,174	3,064,597	2,954,174	3,064,597
Liability for defined contribution obligations	17,201	10,856	-	-
	2,971,375	**3,075,453**	**2,954,174**	**3,064,597**

(a) **Defined benefit obligations**

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

In thousands of Naira	Group September 2017	Group December 2016	Bank September 2017	Bank December 2016
Post employment benefit plan (see note (i) below)	2,954,174	3,064,597	2,954,174	3,064,597
Recognised liability	**2,954,174**	**3,064,597**	**2,954,174**	**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 September 2017	Group December 2016	Bank September 2017	Bank December 2016
Deficit on defined benefit obligations at 1 January	3,064,597	5,567,800	3,064,597	5,567,800
Charge for the period:				
-Interest costs	499,199	692,268	499,199	692,268
-Current service cost	128,692	504,727	128,692	504,727
-Past service cost	-	-	-	-
-Benefits paid	(738,314)	-	(738,314)	-
Net actuarial gain/(loss) for the period remeasured in OCI:				
Remeasurements - Actuarial gains and losses arising from changes in demographic assumptions	-	(577,343)	-	(577,343)
Remeasurements - Actuarial gains and losses arising from changes in financial assumption	-	(3,122,855)	-	(3,122,855)
Balance, end of period	**2,954,174**	**3,064,597**	**2,954,174**	**3,064,597**
Expense recognised in income statement:				
Current service cost	128,692	504,727	128,692	504,727
Interest on obligation	499,199	692,268	499,199	692,268
Total expense recognised in profit and loss (see Note 14)	**627,891**	**1,196,995**	**627,891**	**1,196,995**

The weighted average duration of the defined benefit obligation is 10.7years. The information on the maturity profile of the defined benefit plan includes the maturity analysis and the distribution of the timing of payment. The estimated contribution to the plan for the next annual reporting period is: N757Mn

30 September 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 5.5%	3,116,654	(162,480)
Effect of changes in assumption to the salary growth	Decrease in liability by 5.1%	2,803,511	150,663
Effect of changes in assumption to the mortality rate	Decrease in liability by 0.2%	2,948,266	5,908

	Impact on defined benefit obligation		
	Increase in assumption by 1%	**Liability changes to**	**Total comprehensive income**
Effect of changes in the assumption to the discount rate	Increase in liability by 5.0%	3,101,883	(147,709)
Effect of changes in assumption to the salary growth	Increase in the liability by 5.5%	3,116,654	(162,480)
Effect of changes in assumption to the mortality rate	Increase in the liability by 0.3%	2,963,037	(8,863)

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 analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the period) has been applied as when calculating the pension liability recognised within the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Actuarial assumptions:
Principal actuarial assumptions at the reporting date (expressed as weighted averages):
The most recent valuation was performed by Alexander Forbes as at 31 December 2016.

	September 2017	December 2016
Discount rate	16.70%	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 16.70% as at 30 September 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 September 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 September 2017	Bank December 2016
(b) Issued and fully paid-up :		
28,927,971,631 Ordinary shares of 50k each	14,463,986	14,463,986

Ordinary shareholding:
The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Bank. All ordinary shares rank pari-passu with the same rights and benefits at meetings of the Bank.

Preference shareholding:
Preference shares do not carry the right to vote. Preference shareholders have priority over ordinary shareholders with regard to the residual assets of the Bank and participate only to the extent of the face value of the shares plus any accrued dividends. No preference shares were in issue as at the end of the period

The movement on the issued and fully paid-up share capital account during the period was as follows:

In thousands of Naira	Bank September 2017	Bank December 2016
Balance, beginning of period	14,463,986	14,463,986
Additions through issuance of rights	-	-
Balance, end of period	14,463,986	14,463,986

(c) The movement on the number of shares in issue during the period was as follows:

In thousands of units	Group September 2017	Group December 2016
Balance, beginning of period	28,927,972	28,927,972
Additions through issuance of rights	-	-
Balance, end of period	28,927,972	28,927,972

B Share premium
Share premium is the excess paid by shareholders over the nominal value for their shares.

In thousands of Naira	Group September 2017	Group December 2016
Balance, beginning of period	197,974,816	197,974,816
Additions through issuance of rights	-	-
Balance, end of period	197,974,816	197,974,816

C Reserves

(i) Other Reserves
Other regulatory reserves

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

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

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

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

(ii) Share scheme reserve
This represents the total expenses incurred in providing the Bank's shares to its qualifying staff members under the RSPP scheme.

(iii) Treasury shares
This represents the shares held by the new RSPP scheme which have not yet been allocated to staff based on the pre-determined vesting conditions.

(iv) Capital reserve
This balance represents the surplus nominal value of the reconstructed shares of the Bank which was transferred from the share capital account to the capital reserve account after the share capital reconstruction in October 2006. The Shareholders approved the reconstruction of 13,956,321,723 ordinary shares of 50 kobo each of the Bank in issue to 6,978,160,860 ordinary shares of 50 kobo each by the creation of 1 ordinary shares previously held.

(v) Fair value reserve
The fair value reserve comprises the net cumulative change in the fair value of available-for-sale investments until the investment is derecognised or impaired.

(vi) Foreign currency translation reserve
This balance appears only in the Group accounts and represents the foreign currency exchange difference arising from translating the results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency.

(vii) Regulatory risk reserve
The regulatory risk reserves warehouses the difference between the allowance for impairment losses on balance on loans and advances based on Central Bank of Nigeria prudential guidelines and Central Bank of the foreign subsidiaries regulations, compared with the loss incurred model used in calculating the impairment under IFRSs.

(viii) Retained earnings
Retained earnings are the carried forward recognised income net of expenses plus current period profit attributable to shareholders.

D Non-controlling interest
This represents the Non-controlling interest's (NCI) portion of the net assets of the Group

In thousands of Naira	Group September 2017	Group December 2016
Access Bank, Gambia	412,643	1,142,313
Access Bank, Sierra Leone	43,020	57,189
Access Bank Zambia	467,569	276,532
Access Bank, Rwanda	960,410	838,624
Access Bank, Congo	861	1,172,519
Access Bank, Ghana	3,606,372	2,759,852

	5,490,873	**6,247,029**

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

In thousands of Naira	**Group September 2017**	**Group December 2016**
Access Bank, Gambia	20,784	59,235
Access Bank, Sierra Leone	3,786	4,698
Access Bank Zambia	(118,211)	(980)
Access Bank, Rwanda	36,687	(36,204)
Access Bank, Congo	136	113,372
Access Bank, Ghana	367,428	182,200
	310,610	**322,323**

	Group September 2017	**Group December 2016**
Proportional Interest of NCI in subsidiaries	%	%
Access Bank, Gambia	12%	36%
Access Bank, Sierra Leone	3%	3%
Access Bank Zambia	8%	8%
Access Bank, Rwanda	25%	25%
Access Bank Congo	0%	26%
Access Bank, Ghana	9%	9%

E Dividends

In thousands of Naira	Bank September 2017	Bank December 2016
Interim dividend paid (2017: 25k)	7,231,993	7,231,993
Final dividend paid (2017: 40k)	11,571,189	-
	18,803,182	7,231,993
Number of shares	28,927,972	28,927,972

The Directors proposed and paid an interim dividend of 25k for the period ended 30 June 2017. This was paid on 21 September 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 period ended 30 September 2017.

Contingent liability and commitments

In common with other banks, Group conducts business involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise acceptances, endorsements, guarantees and letters of credit.

Nature of instruments

An acceptance is undertaken by a bank to pay a bill of exchange drawn on a customer. The Group expects most acceptances to be presented, but reimbursement by the customer is normally immediate. Endorsements are residual liabilities of the Group in respect of bills of exchange, which have been paid and subsequently rediscounted.

Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Group will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

Other contingent liabilities include transaction related custom and performance bonds and are generally short term commitments to third parties which are not directly dependent on the customer's credit worthiness. Commitments to lend are agreements to lend to a customer in the future, subject to certain conditions. Such commitments are either made for a fixed period, or have no specific maturity dates but are cancellable by the lender subject to notice requirements. Documentary credits commit the Group to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers.

The table below summarises the fair value amount of contingent liabilities and commitments off-financial position risk:
Acceptances, bonds, guarantees and other obligations for the account of customers:

a. These comprise:

In thousands of Naira	Group September 2017	Group December 2016	Bank September 2017	Bank December 2016
Contingent liabilities:				
Transaction related bonds and guarantees	224,261,486	186,251,718	165,135,095	136,163,848
Financial guarantees	119,428,902	99,582,709	112,189,441	85,513,821
Commitments:				
Clean line facilities for letters of credit, unconfirmed letters of credit and other commitments	288,952,220	261,208,242	193,435,934	158,994,793
Future, swap and forward contracts	614,996,812	933,073,893	614,996,812	900,436,358
	1,247,639,419	**1,480,116,562**	**1,085,757,281**	**1,281,108,819**

The Bank granted clean line facilities for letters of credit during the period to guarantee the performance of customers to third parties.
Contractual capital commitments undertaken by the Bank during the period amounted to N432.1Mn (31 Dec 2016: N365.4Mn)

40 Cash and cash equivalent

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

In thousands of Naira	Group September 2017	Group December 2016	Bank September 2017	Bank December 2016
Cash on hand and balances with banks	177,548,666	68,423,783	165,007,096	59,637,792
Unrestricted balances with central banks	140,933,989	139,954,922	28,734,269	33,160,736
Money market placements	18,701,419	119,826,012	18,701,419	41,798,197
Investment under management	16,883,248	14,871,247	16,883,248	14,871,247
	354,067,323	**343,075,965**	**229,326,032**	**149,467,972**

Cash and cash equivalent for the purpose of the preparation of the statement of cash flows excludes cash collaterals held for letters of credit and the mandatory cash deposit held with the Central Bank of Nigeria.

41 Restatement of prior period financial information

During the period, the Bank reassessed its obligation to the Asset Management Corporation of Nigeria (AMCON), as contained in the Resolution Cost Trust Fund Deed, as a levy and should be treated in line with IFRIC 21, Levies. This implies that the levy should be charged to the income statement as an expense immediately the obligation falls due. This was, hitherto, accounted for as a prepayment and amortized for the financial year.

The Bank has fully expensed the sum of N15.74bn as AMCON levy in this period ended 30 September 2017. Also, the financial information for the period ended 30 September 2016 has been restated to show the retrospective impact of an additional charge of N3.01bn to bring the total charge to N12.06bn as levy for 2016.

Below is the analysis of the restatements and resultant impact on the Statement of Comprehensive Income for the period ended 30 September 2016.

In thousands of Naira

	Reported Group September 2016	Restatements	Restated Group September 2016	Reported Bank September 2016	Restatements	Restated Bank September 2016
Other operating expenses (see Note 46 (i))	(68,827,066)	(3,014,930)	(71,841,996)	(63,024,001)	(3,014,930)	(66,038,931)
Profit before tax	72,003,989		68,989,060	62,702,647		59,687,716
Profit for the period	**57,095,441**	**(3,014,930)**	**54,080,513**	**49,679,311**	**(3,014,930)**	**46,664,382**
Other comprehensive income (OCI) net of income tax :						
Items that may be subsequently reclassified to the income statement:						
Foreign currency translation differences for foreign subsidiaries						
- Realised gains during the period						
- Unrealised gains /(losses) during the period	23,495,192	-	23,495,192	-	-	-
Net changes in fair value of AFS financial instruments						
-Fair value changes during the period	11,129,382	-	11,129,382	11,501,694	-	11,501,694
Fair value changes on AFS financial instruments from associates						
Other comprehensive gain, net of related tax effects	34,624,574	-	34,624,574	11,501,694	-	11,501,694
Total comprehensive income for the period	**91,720,015**	**(3,014,928)**	**88,705,086**	**61,181,005**	**(3,014,929)**	**58,166,076**
Profit attributable to:						
Owners of the bank	56,559,953		53,545,024	49,679,311		46,664,382
Non-controlling interest	535,488		535,488	-		-
Profit for the period	**57,095,441**	**(3,014,928)**	**54,080,513**	**49,679,311**	**(3,014,929)**	**46,664,382**
Total comprehensive income attributable to:						
Owners of the bank	89,435,864		86,420,934	61,181,005		58,166,076
Non-controlling interest	2,284,151		2,284,151	-		-
Total comprehensive income for the period	**91,720,015**	**(3,014,928)**	**88,705,086**	**61,181,005**	**(3,014,929)**	**58,166,076**
Earnings per share attributable to ordinary shareholders						
Basic (kobo)	198	(11)	188	172	(10)	161
Diluted (kobo)	196	(10)	185	172	(10)	161

Effect on statement of cash flows

Effect on changes in operating assets

Net increase in other assets (see Note 46 (i))	(32,489,842)	3,014,930	(29,474,912)	(21,623,971)	3,014,930	(18,609,041)

(i) Effect of N6.029bn unamortized AMCON levy charged to statement of comprehensive income
(ii) Tax effect of N6.029bn unamortized AMCON levy charged to statement of comprehensive income.

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Five-year Financial Summary

	September 2017	December 2016	December 2015	December 2014	December 2013
Group					
	9 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	761,518,689	713,889,105	478,409,336	405,014,793	439,459,541
Investment under management	16,883,248	14,871,247	10,403,608	-	-
Non pledged trading assets	16,978,017	44,629,579	52,298,422	28,411,644	3,877,969
Pledged assets	392,090,152	314,947,502	203,715,397	87,072,147	63,409,851
Derivative financial instruments	92,731,156	156,042,984	77,905,020	24,866,681	102,123
Loans and advances to banks	72,139,533	45,203,002	42,733,910	12,435,659	24,579,875
Loans and advances to customers	1,777,075,731	1,809,459,172	1,365,830,831	1,110,464,442	786,169,703
Trading properties	-	-	-	-	-
Investment securities	198,912,202	229,113,772	186,223,126	270,211,388	353,811,348
Insurance receivables	-	-	-	-	-
Other assets	105,473,344	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	97,508,485	84,109,052	73,329,927	69,659,707	67,243,305
Intangible assets	7,840,841	6,939,555	6,440,616	5,592,991	3,659,072
Deferred tax assets	1,632,295	1,264,813	10,845,612	10,881,984	10,687,635
Assets classified as held for sale	110,727	140,727	179,843	23,438,484	2,847,740
Total assets	3,540,894,418	3,483,865,564	2,591,330,151	2,104,360,540	1,835,466,000
Liabilities					
Deposits from financial institutions	323,536,341	167,356,583	72,914,421	119,045,423	72,147,956
Deposits from customers	1,924,086,635	2,089,197,286	1,683,244,320	1,454,419,052	1,331,418,659
Derivative financial instruments	6,184,796	30,444,501	3,077,927	1,989,662	32,955
Claims payable	-	-	-	-	-
Current tax liabilities	9,246,424	5,938,662	7,780,824	8,180,969	6,899,558
Other liabilities	177,282,656	113,571,240	69,355,947	21,689,079	56,847,216
Deferred tax liabilities	10,608,976	3,699,050	266,644	59,038	37,861
Liabilities on investment contracts	-	-	-	-	-
Liabilities on insurance contracts	-	-	-	-	-
Debt securities issued	288,900,604	316,544,502	149,853,640	138,481,179	55,828,248
Interest-bearing borrowings	292,833,965	299,543,707	231,467,161	79,816,309	64,338,982
Retirement benefit obligations	2,971,375	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	3,035,651,772	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	113,929,173	93,614,030	51,730,369	34,139,453	22,232,374
Other components of equity	174,048,020	142,194,720	99,732,330	67,262,761	48,003,894
Non controlling interest	4,826,650	6,247,028	3,899,966	3,530,844	1,768,110
Total equity	505,242,646	454,494,580	367,801,467	277,410,729	244,482,049
Total liabiities and Equity	3,540,894,418	3,483,865,564	2,591,330,151	2,104,360,540	1,835,466,000
Gross earnings	365,054,963	381,320,783	337,404,230	245,383,536	206,891,219
Profit before income tax	72,910,142	90,339,456	75,038,117	52,022,290	44,996,410
Profit from continuing operations	56,395,869	71,439,347	65,868,773	43,063,479	36,101,830
Discontinued operations	-	-	-	(87,267)	265,760
Profit for the year	56,395,869	71,439,347	65,868,773	42,976,212	36,367,590
Non controlling interest	310,610	322,322	536,233	560,883	195,762
Profit attributable to equity holders	56,085,259	71,117,024	65,332,540	42,415,329	36,171,828
Dividend paid	18,803,182	15,910,384	15,241,014	13,729,777	13,729,777
Earning per share -Basic	197k	249k	265k	189k	158k
- Adjusted	193k	245k	262k	189k	158k
Number of ordinary shares of 50k	28,927,971,631	28,927,971,631	28,927,971,631	22,882,918,908	22,882,918,908

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Bank	**September 2017**	**December 2016**	**December 2015**	**December 2014**	**December 2013**
	9 months	**12 months**	**12 months**	**12 months**	**12 months**
In thousands of Naira	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Assets					
Cash and balances with banks	585,528,889	517,997,249	405,998,636	351,174,879	395,808,747
Investment under management	16,883,248	14,871,247	10,403,608	-	-
Non pledged trading assets	14,846,605	44,629,579	52,298,422	28,411,644	3,877,969
Pledged assets	392,090,152	314,947,502	200,464,624	85,183,353	63,347,823
Derivative financial instruments	92,587,318	155,772,662	77,852,349	24,831,145	72,675
Loans and advances to banks	92,439,769	104,006,574	60,414,721	55,776,837	13,048,651
Loans and advances to customers	1,540,505,164	1,594,562,345	1,243,215,309	1,019,908,848	735,300,741
Trading properties	-	-	-	-	-
Investment securities	95,907,842	161,200,642	155,994,798	226,137,983	309,071,802
Insurance receivables	-	-	-	-	-
Other assets	89,359,418	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	77,181,811	59,239,252	45,439,246	40,120,572	38,029,992
Property and equipment	83,439,612	71,824,472	65,900,384	64,160,327	63,203,245
Intangible assets	6,061,666	5,173,784	4,977,908	4,436,814	2,661,553
Deferred tax assets	-	-	10,180,832	10,128,537	9,847,853
Assets classified as held for sale	110,727	140,727	179,843	23,438,484	-
Total assets	3,086,942,221	3,094,960,515	2,411,944,061	1,981,955,730	1,704,094,012
Liabilities					
Deposits from banks	194,067,380	95,122,188	63,343,785	134,509,662	61,295,352
Deposits from customers	1,667,745,679	1,813,042,872	1,528,213,883	1,324,800,611	1,217,176,793
Derivative financial instruments	6,184,796	30,275,181	2,416,378	1,737,791	-
Debt securities issued	288,900,604	243,952,418	78,516,655	73,155,391	-
Claims payable			-	-	-
Current tax liabilities	8,344,074	5,004,160	6,442,311	7,113,226	6,075,590
Other liabilities	160,376,222	107,538,941	64,094,358	16,870,132	52,092,559
Retirement benefit obligations	2,954,174	3,064,597	5,567,800	3,267,364	-
Liabilities on investment contracts			-	-	-
Liabilities on insurance contracts	-	-	-	-	-
Interest-bearing borrowings	290,366,782	372,179,785	302,919,987	146,345,767	120,342,026
Contingent settlement provisions	-	-	-	-	1,929,695
Deferred tax liabilities	9,885,164	3,101,753	-	-	-
Liabilities classified as held for sale	-	-	-	-	-
Total liabilities	2,628,824,876	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	116,960,643	93,329,188	49,459,102	36,499,779	23,095,392
Other components of equity	128,717,898	115,910,630	98,531,000	65,178,336	49,608,934
Total equity	458,117,345	421,678,620	360,428,904	274,155,786	245,181,997
Total liabilities and Equity	3,086,942,220	3,094,960,515	2,411,944,061	1,981,955,730	1,704,094,012
Gross earnings	319,715,241	331,000,972	302,061,975	221,610,769	182,888,906
Profit before income tax	62,806,518	80,579,576	65,177,914	46,142,422	31,365,396
Profit for the year	56,395,869	71,439,347	65,868,773	39,941,126	26,211,844
Dividend paid	18,803,182	15,910,384	13,729,777	13,729,777	12,588,538
Earning per share -Basic	164k	237k	174k	114k	157k
-Adjusted	164k	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