access

Access Bank Plc

Un-audited Interim Consolidated and Separate Financial Statements
1st Quarter Ended 31 March, 2015

Condensed Report

Consolidated interim statement of comprehensive income

For the Three months period ended 31 March, 2015

access

In thousands of Naira	Notes	Group 3 Months Ended March 2015	Group 3 Months Ended March 2014	Bank 3 Months Ended March 2015	Bank 3 Months Ended March 2014
Gross Earnings		**76,792,486**	**57,323,076**	**68,425,453**	**51,351,690**
Continuing operations					
Interest Income	**1**	46,414,876	39,628,026	41,158,541	35,902,402
Interest Expense	**2**	(22,822,168)	(15,228,992)	(20,843,162)	(15,011,079)
Net Interest Income		**23,592,708**	**24,399,034**	**20,315,378**	**20,891,323**
Fee and commisison income	**3**	9,619,279	10,367,092	7,822,442	8,825,680
Fee and commisison expense		(11,602)	(3,372)	-	-
Net fee and commission income		**9,607,677**	**10,363,720**	**7,822,442**	**8,825,680**
Net gains on financial instruments classified as held for trading	**4 (a)**	13,129,400	25,795	13,121,829	16,024
Net foreign exchange income/(loss)	**4 (b)**	3,453,327	3,075,311	2,419,320	2,592,241
other operating income	**5**	4,175,602	4,174,174	3,903,321	4,015,343
		20,758,330	**7,275,280**	**19,444,470**	**6,623,608**
Operating income before impairment gain/(loss)		**53,958,716**	**42,038,034**	**47,582,291**	**36,340,611**
Net impairment gain/ (loss) on financial assets	**6**	(3,867,672)	(1,513,706)	(3,687,861)	(1,474,079)
Operating income after impairment gain/(loss)		**50,091,044**	**40,524,328**	**43,894,429**	**34,866,532**
Personnel expenses	**7**	(8,890,557)	(7,450,531)	(7,293,156)	(6,103,534)
Depreciation and amortization		(2,373,247)	(2,085,767)	(2,144,599)	(1,874,625)
Other operating expenses	**8**	(22,309,864)	(17,611,584)	(20,432,513)	(16,001,989)
Total expenses		**(33,573,668)**	**(27,147,882)**	**(29,870,268)**	**(23,980,148)**
Share of profit of equity accounted investee	**9**	-	52,678	-	-
Profit before income tax		**16,517,376**	**13,429,124**	**14,024,162**	**10,886,384**
Income tax expense		(2,849,819)	(1,309,944)	(1,823,141)	(1,229,422)
Profit for the period from continuing operations		**13,667,556**	**12,119,180**	**12,201,021**	**9,656,962**
Discontinued operations					
Profit/(loss) from discontinued operations		-	(493,547)	-	-
Profit for the period		**13,667,556**	**11,625,633**	**12,201,021**	**9,656,962**

Consolidated interim statement of comprehensive income

For the Three months period ended 31 March, 2015

Profit attributable to :				
Equity holders of the parent entity	13,493,381	11,499,086	12,201,021	9,656,962
Non controlling interest	174,175	126,547	-	-
	13,667,556	**11,625,633**	**12,201,021**	**9,656,962**
Other comprehensive income				
Exchange differences on translation of foreign operations	1,575,709	285,761	-	-
Net change in fair value of available for sale financial assets	517,150	(494,137)	517,150	(372,746)
Share of OCI of equity accounted investee	-	(1,751)	-	-
Other comprehensive (loss)/gain for the year, net of tax	**2,092,859**	**(210,127)**	**517,150**	**(372,746)**
Total comprehensive income for the period	**15,760,416**	**11,415,506**	**12,718,171**	**9,284,216**
Basic EPS (kobo)	60	51	53	42
Diluted EPS (kobo)	60	51	53	42

Consolidated Statement Of Financial Position
As at 31 March, 2015

access

In thousands of Naira	Notes	Group March 2015	Group December 2014	Bank March 2015	Bank December 2014
Assets					
Cash and cash equivalents	10	381,627,914	405,014,793	319,682,944	351,174,879
Non pledged trading assets	11	55,452,551	28,411,644	55,307,344	28,411,644
Pledged assets	12	93,022,898	87,072,147	93,022,898	85,183,353
Derivative financial instruments		37,078,505	24,866,681	37,078,505	24,831,145
Loans and Advances to banks		11,869,512	12,435,659	66,576,600	55,776,837
Loans and advances to customers	13	1,141,145,643	1,110,464,442	1,011,879,684	1,019,908,848
Investment in subsidiaries	14	-	-	40,120,571	40,120,571
Investment securities	15	231,620,630	270,211,388	186,574,687	226,137,983
Property and equipment	16	70,854,558	69,659,707	65,646,956	64,160,327
Intangible assets	17	5,420,732	5,592,992	4,245,303	4,436,816
Deferred tax assets		10,793,600	10,881,984	10,128,537	10,128,537
Other assets	18	74,066,614	56,310,620	65,812,670	48,246,307
Assets classified as held for sale	19	23,438,484	23,438,483	23,438,482	23,438,484
Total assets		**2,136,391,640**	**2,104,360,540**	**1,979,515,181**	**1,981,955,731**
Liabilities					
Deposits from financial institutions	20	168,540,967	119,045,423	167,785,632	134,509,662
Deposits from customers	21	1,394,904,496	1,454,419,052	1,246,338,993	1,324,800,611
Derivative financial instruments		754,577	1,989,662	754,577	1,737,791
Debt securities issued	22	144,934,119	138,481,179	79,608,331	73,155,391
Retirement benefit obligations	23	3,568,006	3,269,100	3,517,364	3,267,364
Current tax liabilities	24	8,671,878	8,180,969	7,754,712	7,113,226
Other liabilities	25	40,154,566	21,689,079	35,538,083	16,870,132
Interest-bearing loans and borrowings	26	81,532,174	79,816,309	151,310,141	146,345,766
Deferred tax liabilities		126,324	59,038	-	-
Total liabilities		**1,843,187,106**	**1,826,949,811**	**1,692,607,834**	**1,707,799,944**
Equity					
Share capital and share premium	27	172,477,671	172,477,671	172,477,671	172,477,671
Retained earnings	28	47,632,834	34,139,453	48,700,801	36,499,779
Other components of equity	29	69,389,010	67,262,762	65,728,875	65,178,336
Total equity attributable to owners of the Bank		**289,499,516**	**273,879,885**	**286,907,347**	**274,155,786**
Non controlling interest	30	3,705,018	3,530,843	-	-
Total equity		**293,204,534**	**277,410,728**	**286,907,347**	**274,155,786**
Total liabilities and equity		**2,136,391,640**	**2,104,360,540**	**1,979,515,181**	**1,981,955,731**

Condensed Interim Statement of Changes in Equity
For the period ended 31 March 2015

In thousands of Naira
Bank

	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Share Scheme reserve	Capital Reserve	Fair value reserve	Retained earnings	Total Equity
Balance at 1 January 2015	**11,441,460**	**161,036,212**	**17,001,981**	**34,558,437**	**295,419**	**3,489,081**	**9,833,418**	**36,499,779**	**274,155,786**
Total comprehensive income for the period:									
Profit for the period	-		-	-	-	-	-	12,201,021	12,201,021
Other comprehensive income, net of tax									
Unrealised foreign currency translation difference	-	-	-	-	-	-	-	-	-
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	517,150	-	517,150
Total other comprehensive income/ (loss)	**-**	**-**	**-**	**-**	**-**	**-**	**517,150**	**-**	**517,150**
Total comprehensive income/ (loss)	**-**	**-**	**-**	**-**	**-**	**-**	**517,150**	**12,201,021**	**12,718,171**
Transactions with equity holders, recorded directly in equity:									
Transfers for the year	-	-	-	-	-	-	-	-	-
Dividend paid to equity holders	-	-	-	-	-	-	-	-	-
Scheme shares	-	-	-	-	33,389	-	-	-	33,389
Balance at 31 March 2015	**11,441,460**	**161,036,212**	**17,001,981**	**34,558,437**	**328,808**	**3,489,081**	**10,350,568**	**48,700,800**	**286,907,346**

In thousands of Naira Bank	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Share Scheme reserve	Capital Reserve	Fair value reserve	Retained earnings	Total Equity
Balance at 1 January 2014	**11,441,460**	**161,036,212**	**11,177,662**	**28,567,268**	**112,783**	**3,489,081**	**6,262,140**	**23,095,392**	**245,181,998**
Total comprehensive income for the period:									
Profit for the period	-		-	-	-	-	-	9,775,173	9,775,173
Other comprehensive income, net of tax									
Unrealised foreign currency translation difference	-	-	-	-	-	-	-	-	-
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	(372,747)	-	(372,747)
	-	-	-	-	-	-		-	-
Total other comprehensive income/ (loss)	**-**	**-**	**-**	**-**	**-**	**-**	**(372,747)**	**-**	**(372,747)**
Total comprehensive income/ (loss)	**-**	**-**	**-**	**-**	**-**	**-**	**(372,747)**	**9,775,173**	**9,402,426**
Transactions with equity holders, recorded directly in equity:									
Transfers for the year	-	-	-	1,528,355	-	-	-	(1,528,355)	-
Dividend paid to equity holders	-	-	-	-	-	-	-	-	-
Scheme shares	-	-	-	-	28,196	-	-	-	28,196
Balance at 31 March 2014	**11,441,460**	**161,036,212**	**11,177,662**	**30,095,623**	**140,979**	**3,489,081**	**5,889,393**	**31,342,210**	**254,612,622**

Consolidated Condensed Interim Statement of Changes in Equity
For the period ended 31 March 2015

In thousands of Naira
Group

	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Share Scheme reserve	Treasury Shares	Capital Reserve	Fair value reserve	Contingency reserve	Foreign currency translation reserve	Retained earnings	Total	Non Controlling interest	Total Equity
Balance at 1 January 2015	**11,441,460**	**161,036,212**	**21,205,031**	**37,078,604**	**295,419**	**(976,127)**	**3,489,080**	**9,881,402**	**-**	**(3,710,648)**	**34,139,453**	**273,879,885**	**3,530,843**	**277,410,729**
Total comprehensive income for the period:														
Profit for the period	-		-	-	-	-	-	-	-	-	13,493,381	13,493,381	174,175	13,667,556
Other comprehensive income, net of tax														
Unrealised foreign currency translation difference	-	-	-	-	-	-	-	-	-	1,575,709	-	1,575,709	-	1,575,709
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	-	517,150	-		-	517,150	-	517,150
Fair value changes on AFS financial instruments from ass	-	-	-	-	-	-	-	-	-		-	-	-	-
Total other comprehensive income/ (loss)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**517,150**	**-**	**1,575,709**	**-**	**2,092,859**	**-**	**2,092,859**
Total comprehensive income/ (loss)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**517,150**	**-**	**1,575,709**	**13,493,381**	**15,586,241**	**174,175**	**15,760,416**
Transactions with equity holders, recorded directly in equity:														
Scheme shares	-	-	-	-	33,389	-	-	-	-	-	-	33,389	-	33,389
Dividend paid to equity holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2015	**11,441,460**	**161,036,212**	**21,205,031**	**37,078,604**	**328,808**	**(976,127)**	**3,489,080**	**10,398,552**	**-**	**(2,134,939)**	**47,632,834**	**289,499,515**	**3,705,018**	**293,204,534**

Consolidated Condensed Interim Statement of Changes in Equity
For the period ended 31 March 2014

In thousands of Naira
Group

	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Share Scheme reserve	Treasury Shares	Capital Reserve	Fair value reserve	Contingency reserve	currency translation reserve	Retained earnings	Total	Non Controlling interest	Total Equity
Balance at 1 January 2014	**11,441,460**	**161,036,212**	**13,074,748**	**30,365,409**	**112,783**	**(460,580)**	**3,489,080**	**6,237,939**	**-**	**(4,815,485)**	**22,232,375**	**242,713,941**	**1,768,110**	**244,482,051**
Total comprehensive income for the period:														
Profit for the period	-		-	-	-	-	-	-	-	-	11,617,297	11,617,297	126,547	11,743,844
Other comprehensive income, net of tax														
Unrealized foreign currency translation difference	-	-	-	-	-	-	-	-	-	188,574	-	188,574	-	188,574
Realized foreign currency translation difference	-	-	-	-	-	-	-	-	-	97,187	-	97,187	-	97,187
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	-	(249,776)	-		-	(249,776)	-	(249,776)
Fair value changes on AFS financial instruments from ass	-	-	-	-	-	-	-	(1,765)	-		-	(1,765)	-	(1,765)
Total other comprehensive income/ (loss)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(251,541)**	**-**	**285,761**	**-**	**34,219**	**-**	**34,219**
Total comprehensive income/ (loss)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(251,541)**	**-**	**285,761**	**11,617,297**	**11,651,516**	**126,547**	**11,778,063**
Transactions with equity holders, recorded directly in equity:														
Transfers during the period	-	-	(114,925)	100,411	-	-	-	-	-	-	14,514	-	-	-
Scheme shares	-	-	-	-	28,196	-	-	-	-	-	-	28,196	-	28,196
Transfer from disposed subsidiaries													(399,039)	(399,039)
Balance at 31 March 2014	**11,441,460**	**161,036,212**	**12,959,823**	**30,465,820**	**140,979**	**(460,580)**	**3,489,080**	**5,986,397**	**-**	**(4,529,724)**	**33,864,186**	**254,393,653**	**1,495,618**	**255,889,269**

Consolidated interim statement of cash flows
For the Three months period ended 31 March, 2015

in thousands of naira

	Group March 2015	Group March 2014
Cash flow from Operating activities		
Profit before income tax and discontinued operations	16,517,376	12,935,577
Adjustments for:		
Fair value gain on derivatives	12,211,824	-
Depreciation and amortization	2,373,247	2,085,767
Impairment reversal/ charge on financial assets	3,867,672	1,289,918
Gain on disposal of property and equipments	(230,781)	(44,288)
Fair value gain on investment property	-	-
Contributions to defined benefit plans	540,276	249,211
Share of profit of equity accounted investee	-	(52,678)
Operating lease expense	616,380	458,863
Equity share-based payment expense		28,196
(Profit)/loss on sale of investment securities	-	-
Profit/lossLoss on disposal of subsidiaries	-	493,545
Dividends received	(230,909)	(2,070,127)
Loans written off		807,391
Net interest income	(23,592,708)	(22,071,881)
Gain on disposal of investment properties		
Net Cash flow before changes in operating assets	**12,072,376**	**(5,890,506)**
Changes in operating assets		
Change in Non-Pledged Trading Assets	(27,040,907)	(11,213,053)
Change in Pledged assets	(5,950,751)	-
Change in restricted deposit with CBN	(10,726,455)	220,395
Change in derivative financial instruments-assets	(12,211,824)	(816,280)
Change in loans and advances to banks and customers	(30,715,490)	(59,705,560)
Change in other assets	(18,670,258)	(16,466,068)
Interest received on loans and advances	37,572,069	23,241,892
Changes in operating liabilities		
Change in deposits from banks	49,495,544	(1,535,246)
Change in deposits from customers	(59,514,556)	71,822,112
Change in Other laibilities	18,465,486	(5,526,423)
Change in liabilities on investment contracts		
Change in derivative financial instruments-liabilities	(1,235,085)	394,528
Retirement benefit obligations fulfilled	298,906	
Interest paid on deposits and borrowings	(19,864,111)	(13,426,687)
	(68,025,056)	**(18,900,896)**
Income tax paid	(2,358,910)	(1,808,035)
Net cash inflow/(outflow) from operating activities	**(70,383,966)**	**(20,708,931)**
Cash flows from Investing activities:		
Cash payments to acquire investment securities	(64,715,430)	(29,928,000)
Interest received on investment securities	1,223,690	9,371,976
Dividend received	230,909	2,070,127
Acquisition of property and equipment	(3,393,558)	(1,562,434)
Proceeds from the sale of property and equipment	787,836	219,867
Acquisition of intangible assets	(140,438)	(273,605)
Proceeds from disposal of investment properties	-	80,306
Proceeds from matured investment securities	31,921,907	33,940,209
Proceeds from sale of subsidiary and associates	-	776,200
Proceeds from sale of investment securities	69,763,591	77,287,632
Cash lost on loss of control of subsidiaries	-	(956,473)
Net cash inflow/ (outflow) from investing activities	**35,678,506**	**91,025,805**
Cash flows from financing activities:		
Interest paid on interest bearing loans and borrowings	(2,485,234)	(245,787)
Dividend paid during the period	-	-
Repayment of interest bearing borrowings	(2,558,426)	(1,539,852)
Proceeds from borrowings	-	-
Net cash inflow/ (outflow) from financing activities	**(5,043,660)**	**(1,785,639)**
Net increase in cash and cash equivalents	**(39,749,119)**	**68,531,236**
Cash and cash equivalents at beginning of period	152,748,398	266,756,741
Effect of exchange rate fluctuations on cash held	310,247	870,641
Cash and cash equivalents at end of period	113,309,526	336,158,617
Net (decrease)/increase in cash and cash equivalents	**(39,749,119)**	**68,531,236**

General information

Access Bank Plc ("the Bank") is a company domiciled in Nigeria. The address of the Bank's registered office is Plot 999c, Danmole Street, off Adeola Odeku/Idejo Street, Victoria Island, Lagos (formerly Plot 1665, Oyin Jolayemi, Victoria Island, Lagos). The consolidated financial statements of the Bank for the period ended 31 March 2015 comprise the Bank and its subsidiaries (together referred to as "the Group" and separately referred to as "Group entities"). The Group is primarily involved in investment, corporate, commercial and retail banking and is listed on the Nigerian Stock Exchange.

These financial statements were authorised for issue by the Board of Directors on 16 April 2015

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 periods presented, unless otherwise stated.

1.1 Basis of preparation

The consolidated financial statement comprise the consolidated statement of comprehensive income, the statement of financial position, the consolidated statements of changes in equity, the consolidated cash flow statement and the notes.

The interim financial statements of the Parent and the Group have been prepared in accordance with IAS 34 'Interim financial reporting' as issued with International Accounting Standards Board and with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act

(a) Functional and presentation currency

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

(b) Basis of measurement

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

- Derivative financial instruments are measured at fair value.
- Non-derivative financial instruments at fair value through profit or loss are measured at fair value.
- Available-for-sale financial assets are measured at fair value.
- Investment property is measured at fair value.
- The liability for defined benefit obligations is recognised as the present value of the defined benefit obligation and related current service cost

- Non-current assets held for sale measured at fair value less costs to sell. Investment property classified as non-current asset held for sale are measured at fair value, gain or loss arising
- Share based payment at fair value or an approximation of fair value allowed by the relevant standard.

(c) Use of estimates and judgements

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

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

1.2 Changes in accounting policy and disclosures

(i) New and amended standards adopted by the group

Below are the IFRSs and International Financial Reporting Interpretations Commitee (IFRIC) interpretations that are effective for the first time for the financial year beginning on or after 1 January 2014 that are relevant to the group.

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

(a) Amendments to IAS 32 – Financial Instruments: Presentation (effective 1 January 2014)

The IASB has issued amendments to the application guidance in IAS 32, 'Financial instruments: Presentation', that clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position.
The amendments do not change the current offsetting model in IAS 32, which requires an entity to offset a financial asset and financial liability in the statement of financial position only when the entity currently has a legally enforceable right of set-off and intends either to settle the asset and liability on a net basis or to realize the asset and settle the liability simultaneously. The amendments clarify that the right of set-off must be available today – that is, it is not contingent on a future event. It also must be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The changes requires extensive disclosures focus on quantitative information about recognized financial instruments that are offset in the statement of financial position, as well as those recognized financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset.

Offsetting -Financial assets and liabilities

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 realize the asset and settle the liability simultaneously. Master netting agreements where the legal right of offset is only enforceable on the occurrence of some future event, such as default of the counterparty, does not to meet the offsetting requirements.

(b) Amendments to IAS 36 - Impairment of assets (effective 1 January 2014)

These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal to require disclosure of the recoverable amount of an asset or CGU when an impairment loss has been recognized or reversed; and to require detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognized or reversed. This Group did not reverse or recognize an impairment loss on its non-financial asset.

(c) IFRIC 21 - Levies (effective 1 January 2014)

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation could result in recognition of a liability later than today, particularly in connection with levies that are triggered by circumstances on a specific date. It addresses the accounting for a liability to pay a levy recognized in accordance with IAS 37, 'Provisions', and the liability to pay a levy whose timing and amount is certain. It excludes income taxes within the scope of IAS 12, 'Income taxes'. The interpretation does not address whether the liability to pay a levy gives rise to an asset or an expense. Entities will need to apply other standards to determine the accounting for the expense. The Group is not subjected to levies that are not income taxes within the scope of IAS 12

(d) Amendments to IFRS 7 on offsetting financial assets and financial liabilities (effective 1 January 2014)

Disclosures- Offsetting Financial Assets and Financial Liabilities (amendments to IFRS 7) introduces disclosures about the impact of right of offsets and related arrangements for financial instruments under a master netting or similar arrangements. The amendments are effective for annual periods beginning on or after 1 January 2014 and interim periods within those annual periods. The amendments are applied restrospectively, the Group has offsetting arrangements in place as at March 2015. The application of the amendments had no material impact on the disclosures or the amount recognised in the consolidated financial statements.

Impact of the adoption of IAS 32, 36 and IFRIC 21

The following changes in accounting policies are expected to reflect in the Group's consolidated and separate condensed interim financial statements as at and for the period ending 31 March 2015.

Amendments to IAS 32 – Financial Instruments: Presentation (*effective 1 January 2014*)

The IASB has issued amendments to the application guidance in IAS 32, 'Financial instruments: Presentation', that clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. However, the clarified offsetting requirements for amounts presented in the statement of financial position continue to be different from Generally Accepted Accounting practices in the United States of America)

Amendments to IAS 36 - Impairment of assets (effective 1 January 2014)

These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal, to require disclosure of the recoverable amount of an asset or CGU when an impairment loss has been recognised or reversed; and to require detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognised or reversed.

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

As at 31 March 2015, a number of standards and interpretations, and amendments thereto, had been issued by the IASB which are not yet effective for these consolidated financial statements. Details are set out below.

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

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

The IFRS 9 (2009) requirements represents a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories of financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of *held to maturity, available-for-sale and loans and receivables.* For an investment in equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognized in other comprehensive income would ever be reclassified to profit or loss at a later date. However, dividend on such investments are recognized in the income statement, rather than other comprehensive income unless they clearly represent a partial recovery of the cost of the investments. Investments in equity instruments in respect of which an entity does not elect to present fair value changes in other comprehensive income would be measured at fair value with changes in fair value recognized in the income statement. The group is yet to assess IFRS 9's full impact.

Other IFRS that are relevant to the group include:

IFRS	Effective Date	Subject of amendment
Amendments to IAS 19, 'Employee benefits' on defined benefit plans	Annual periods beginning on or after 1 July 2014	This amendment clarifies the application of IAS 19, 'Employee benefits' (2011) – referred to as 'IAS 19R', to plans that require employees or third parties to contribute towards the cost of benefits. The amendment does not affect the accounting for voluntary contributions.
Amendment to IFRS 2, 'Share based payment'	For share-based payment transactions for which the grant date is on or after 1 July 2014.	The amendment clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and service condition'.
IFRS 3, 'Business combinations'	For business combinations where the acquisition date is on or after 1 July 2014.	The standard is amended to clarify that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself.
IFRS 8, 'Operating segments'	Annual periods beginning on or after 1 July 2014	The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.
IAS 16, 'Property, plant and equipment', and IAS 38, 'Intangible assets'	Annual periods beginning on or after 1 July 2014	The IASB has amended the basis for conclusions of IFRS 13 to clarify that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases.
IAS 24, 'Related party disclosures'	Annual periods beginning on or after 1 July 2014	The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'). The reporting entity is not required to disclose the compensation paid by the management entity to the management entity's employees or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided.
IFRS 13, 'Fair value measurement'	Annual periods beginning on or after 1 July 2014	The IASB has amended the basis for conclusions of IFRS 13 to clarify that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases. The amendment clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9.
IFRS 15, 'Revenue from contracts with customers'	Annual periods beginning on or after 1 January 2017	The Standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers to improve comparability within industries, across industries, and across capital markets. The revenue standard contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognised. The underlying principle is that an entity will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services.

1.3 Basis of consolidation

(i) Subsidiaries

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

a) power over the investee;
b) exposure, or rights, to variable returns from its involvement with the investee; and
c) the ability to use its power over the investee to affect the amount of the investor's returns

The investor shall reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed. The existence and effect of potential voting rights are considered when assessing whether the group controls another entity.

The group assesses existence of control where it does not have more than 50% of the voting power i.e when it holds less than a majority of the voting rights of an investee. An investor considers all relevant facts and circumstances in assessing whether or not it's voting rights are sufficient to give it power, including:

a) a contractual arrangement between the investor and other vote holders
b) rights arising from other contractual arrangements
c) the investor's voting rights (including voting patterns at previous shareholders' meetings)
d) potential voting rights

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

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

(ii) Business combinations

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

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

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

When this total is negative, a bargain purchase gain is recognised immediately in statement of comprehensive income, after a re-assessment to ensure correctness.

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

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

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

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

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

(iii) Acquisitions from entities under common control

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

(iv) 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.

(v) Disposal of subsidaries

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

(vi) 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.

(vii) Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit/loss and other comprehensive income of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to the income statement where appropriate.

The group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates in the income statement

Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.
Investments in associates are measured at cost less impairment in the separate financial statement.

(viii) Transactions eliminated on consolidation

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

1.4 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.

1.5 Foreign currency translation

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

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

(ii) Transactions and balances

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

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

(iii) Group companies

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

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

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

(c) all resulting exchange differences are recognised in other comprehensiveincome.

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

1.6 Operating income

(i) Interest income and expense

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

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

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

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

(ii) Fees and commission

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

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

(iii) Net gains/losses on financial instuments classified Held for Trading

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

(iv) Foreign exchange income

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

(v) Dividends

Dividend income is recognised when the right to receive payment is established. Dividends are reflected as a component of other operating income.

1.7 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.

access

1.8 Income tax expense

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

(i) Current tax

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

(ii) Deferred tax

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

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

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

1.9 Financial assets and liabilities

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

The table below reconciles classification of financial instruments to the respective IAS 34/39 category.

	Category (as defined by IAS 39)	Class (as determined by the Group)	Sub classes
Financial assets	Financial assets at fair value through profit or loss	Non pledged trading assets	Equity securities
			Debt securities
	Loans and receivables	Cash and balances with banks	Cash on hand and balances with banks
			Unrestricted balances with central banks
			Restricted balances with central banks
			Money market placements and other cash equivalents
		Loans and advances to banks	Loans and advances to banks
		Loans and advances to customers	Loans to individuals
			Loans to corporate entities and other organisations
		Other assets	Receivables
	Held to maturity	Investment securities - debt securities	Listed
		Pledged assets	Listed
	Available for sale financial assets	Investment securities - debt securities	Listed
			Unlisted
		Investment securities - equity securities	Listed
			Unlisted
	Category (as defined by IAS 39)	**Class (as determined by the Group)**	**Sub classes**
Financial liabilities	Financial liabilities at fair value through profit or loss	Derivatives	
	Financial liabilities at amortised cost	Deposits from banks	
		Deposits from customers	Demand deposits
			Savings deposits
			Term deposits
		Interest bearing loans and borrowings	
		Retirement benefit obligations	Liability for defined benefit and defined contribution
		Other liabilities	

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

(a) Classification, recognition and measurement

- Financial assets

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

(i) Financial assets at fair value through profit or loss

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

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

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

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

(ii) Loans and receivables

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

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

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

Loans and receivables are initially recognised at fair value – which is the cash consideration to originate or purchase the loan including any transaction costs – and measured subsequently at amortised cost using the effective interest rate method. Loans and receivables are reported in the consolidated statement of financial position as loans and advances to banks or customers or as investment securities. Interest on loans is included in the consolidated income statement and is reported as ‘Interest income’. In the case of an impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognised in the consolidated income statement under "net impairment loss on financial assets"

(iii) Held-to-maturity

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

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

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

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

(iv) Available-for-sale

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

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

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

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

Availabe for sale instruments include investment seccurities.

- Financial liabilities

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

(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, financial liabilities carried at amortised cost include deposit from banks, deposit from customers and interest bearing loans and borrowings.

(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 24 to the financial statements.
Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.
Derivative assets and liabilities are only offset if the transactions are with the same counterparty, a legal right of offset exists and the parties intend to settle on a net basis.

(b) De-recognition

- Financial assets

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

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

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

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

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

(c) Renegotiated loans

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

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

Classification of Financial Assets and Liabilities
(d) Offsetting

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

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

(e) Sale and repurchase agreements

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

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

(f) Measurement

(i) Amortised cost measurement

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

(ii) Fair value measurement

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

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

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

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases, the fair value of a financial instrument on initial recognition may be different to its transaction price. If such fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in the income statement on initial recognition of the instrument. In other cases the difference is not recognised in the income statement immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.
Assets and long positions are measured at a bid price; liabilities and short positions are measured at an asking price. Where the Group has positions with offsetting risks, mid-market prices are used to measure the offsetting risk positions and a bid or asking price adjustment is applied only to the net open position as appropriate. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and the counterparty where appropriate. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Group believes a third-party market participant would take them into account in pricing a transaction.

(g) Identification and measurement of impairment

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

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

(i) Loans and receiveables

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

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

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

(ii) Available for sale securities

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

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

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

(g) Cash and balances with banks

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

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

(h) Repossessed collateral

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

(i) Derivative financial instruments

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

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

(j) Reclassification of financial assets

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

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

k) Pledged assets

access

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.

1.10 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.

1.11 Property and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

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

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

(iv) De-recognition

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

1.12 Intangible assets

(i) Goodwill

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

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

Goodwill 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.

(ii) Software

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

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

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

1.13 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

(i) Operating lease

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

(ii) Finance lease

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

access

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.

1.14 Impairment of non-financial assets

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

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

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

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

1.15 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.

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.

1.16 Provisions

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

(i) Restructuring

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

1.17 Financial guarantees

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in

accordance with the terms of a debt instrument. Financial guarantee liabilities are initially recognised at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable). Financial guarantees are included within other liabilities.

1.18 Employee benefits

(i) Defined contribution plans

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

The Bank operates a funded, defined contribution pension scheme for employees. Employees and the Bank contribute 7.5% of each of the qualifying staff salary in line with the provisions of the Pension Reforms Act 2004.

(ii) Termination benefits

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

(iii) Long-term Incentive Plan

The Bank has a non-contributory, un-funded lump sum defined benefit plan for top executive management of the Bank from General Manager and above based on the number of years spent in these positions.
Depending on their grade, executive staff of the Bank upon retirement are entitled to certain benefits based on their length of stay on that grade. The Bank's net obligation in respect of the long term incentive scheme is calculated by estimating the amount of future benefits that eligible employees have earned in return for service in the current and prior periods. That benefit is discounted to determine its present value. The rate used to discount the post employment benefit obligation is determined by reference to the yield on Nigerian Government Bonds, that have maturity dates approximating the terms of the Bank's obligations.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in the income statement on a straight line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in the income statement. The Bank recognized all actuarial gains or losses and all expenses arising from defined benefit plan immediately in the income statement. However during the year, IAS 19 became effective and all actuarial gains or losses are recognised in other comprehensive income during the period under review.

(iv) 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.

(v) Share-based payment remuneration scheme

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

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is re-measured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as personnel expense in the income statement. Liability under this scheme was settled in 2012.

During the period, the cash settled share based payment scheme was replaced by a new plan called Restricted Share Performance Plan (RSPP). Under the RSPP, shares of the Bank are awarded to employees based on their performance at no cost to them and the shares will have a vesting period of 3 years from date of award.

This new plan will be accounted for as an equity-settled transaction, where the Bank will recognize a cost and a corresponding increase in equity. The cost is recognized as an expense unless it qualifies for recognition as an asset. Initial estimates of the number of equity settled instruments that are expected to vest are adjusted to current estimates and ultimately to the actual number of equity settled instruments that vest unless differences are due to market conditions.

1.19 Share capital and reserves

(i) Share issue costs

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

(ii) Dividend on the Bank’s ordinary shares

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

(iii) Treasury shares

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

(iv) Earnings per share

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

2.0 Use of estimates and judgements

These disclosures supplement the commentary on financial risk management. 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

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

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

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

A collective component of the total allowance is established for:

- Groups of homogeneous loans that are not considered individually significant and
- Groups of assets that are individually significant but were not found to be individually impaired

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

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

Had there been no expected cashflows from all the significant impaired loans, there would have been an additional impairment of N11.862billion in the financial statements relating to this. In addition, if the PDs and LGDs were increased by 2%, there would have been an additional impairment charge of N233Mn and if the PDs and LGDs decreased by 2%, there would have been a write back of impairment of N228Mn.

Statement of prudential adjustments

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

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

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

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

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

b) The non-distributable reserve should be classified under Tier 1 as part of the core capital.
The Bank has complied with the requirements of the guidelines as follows:

Statement of prudential adjustments *In thousands of Naira*		**March 2015**	**December 2014**
Bank	Note		
Loans & advances:			
Specific impairment allowances on loans to customers	13	7,505,987	6,340,159
Collective impairment allowances on loans to customers	13	12,240,217	10,672,319
Total impairment allowances on loans per IFRS		**19,746,204**	**17,012,478**
Total regulatory impairment based on prudential gudielines		**36,748,185**	**34,014,459**
Balance, beginning of the year		17,001,981	11,177,662
Additional transfers to regulatory risk reserve		-	5,824,319
Balance, end of the year		**17,001,981**	**17,001,981**

3.0 Financial instrument measured at fair value

(a) Financial instruments in level 1

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

(b) Financial instruments in level 2

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

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

(c) Financial instruments in level 3

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

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

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

(ii) Determination of fair value of financial instruments.

Valuation techniques used to derive Level 2 fair values

Level 2 fair values of investments have been generally derived using the adjusted fair value comparison approach. Quoted price per earning or price per book value, enterprise value to EBITDAratios of comparable entities in a similar industry were obtained and adjusted for key factors to reflect estimated ratios of the investment being valued. Adjusting factors used are the Illiquidity Discount which assumes a reduced earning on a private entity in comparison to a publicly quoted entity and the Haircut adjustment which assumes a reduced earning for an entity located in Nigeria contributed by lower transaction levels in comparison to an entity in a developed or emerging market. Below is a table showing sensitivity analysis of material unquoted investments categorised as Level 2 fair values.\

Description	Fair value at 31 Mar 2015	Valuation Technique	Unobservable Inputs	Fair value if inputs increased by 5%	Fair value if inputs decreased by 5%	Relationship of unobservable inputs to fair value
Investment in African Finance Corpooration	26,891,794	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	28,236,384	25,547,204	The higher the P/B ratio of similar trading companies, the higher the fair value
Investment in Unified Payment System	2,384,009	Adjusted fair value comparison approach	Median of Enterprise value to EBITDA ratio (EV/EBITDA) of similar comparable companies	2,463,059	2,304,958	The higher the EV/EBITDA ratio of similar trading companies, the higher the fair value
Investment in CSCS	1,847,493	Adjusted fair value comparison approach	Median of Enterprise value to EBITDA ratio (EV/EBITDA) of similar comparable companies	1,936,668	1,758,318	The higher the EV/EBITDA ratio of similar trading companies, the higher the fair value
Investment in Stanbic IBTC Pension managers	1,452,636	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	1,525,268	1,380,004	The higher the P/B ratio of similar trading companies, the higher the fair value
Investment in NIBSS	1,026,992	Adjusted fair value comparison approach	Weighted Price to earnings (P/E) ratio of similar comparable companies	1,078,342	975,643	The higher the P/E ratio of similar trading companies, the higher the fair value

(iii) ***Determination of fair value of investment property classified as asset held for sale***

Management employed the services of estate surveyors and valuers expert to value its investment properties. The estimated open market value is deemed to be the fair value based on the assumptions that there will be willing buyers and sellers. Recent market prices of neighborhood properties were also considered in deriving the open market values. A variation of -/+5% will result in N37.5Mn fair value loss/gain respectively.

(iv) ***Determination of impairment of property and equipment, and intangible assets excluding goodwill***

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The Group applies the impairment assessment to its separate cash generating units. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

(v) ***Assessment of impairment of goodwill on acquired subsidiaries***

Goodwill on acquired subsidiaries was tested for impairment using discounted cash flow valuation method. Projected cash flows were discounted to present value using a discount rate of 15.18% and a cash flow growth rate of 10.32% over a period of five years. The Group determined the appropriate discount rate at the end of the reporting period.

(vi) ***Defined benefit plan***

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

In thousands of Naira	Group 3 Months Ended March 2015	Group 3 Months Ended March 2014	Bank 3 Months Ended March 2015	Bank 3 Months Ended March 2014
1 Interest income				
Cash and cash equivalents	814,395	846,693	636,696	662,052
Loans and advances to banks and customers	37,572,069	28,800,480	33,587,524	26,406,339
Investment securities	8,028,412	9,980,853	6,934,321	8,834,011
	46,414,876	**39,628,026**	**41,158,541**	**35,902,402**

2 Interest expense	Group 3 Months Ended March 2015	Group 3 Months Ended March 2014	Bank 3 Months Ended March 2015	Bank 3 Months Ended March 2014
Deposit from banks	1,681,680	347,754	1,545,565	272,902
Deposit from customers	18,273,217	13,407,568	16,241,599	13,458,970
Securities dealing	5,130	4,014	1,081	1,538
Interest bearing loans and borrowings	1,590,894	1,257,600	1,855,980	1,277,669
Debt Securities Issued	1,271,247	212,056	1,198,937	-
	22,822,168	**15,228,992**	**20,843,162**	**15,011,079**

3 Fee and commission income	Group 3 Months Ended March 2015	Group 3 Months Ended March 2014	Bank 3 Months Ended March 2015	Bank 3 Months Ended March 2014
Credit related fees and commissions	3,487,244	2,994,660	2,989,480	2,656,321
Commission on turnover and handling commission	817,486	1,357,607	817,486	1,248,941
Other fees and commissions	5,314,549	6,014,825	4,015,476	4,920,418
	9,619,279	**10,367,092**	**7,822,442**	**8,825,680**

4 Net gains on investment securities	Group 3 Months Ended March 2015	Group 3 Months Ended March 2014	Bank 3 Months Ended March 2015	Bank 3 Months Ended March 2014
(a) Fixed income securities	1,398,830	25,795	1,391,259	16,024
Derivative financial Instruments	11,730,570	-	11,730,570	-
Net trading income	**13,129,400**	**25,795**	**13,121,829**	**16,024**

Net gains on financial instruments classified as held for trading includes the gains and losses arising both on the purchase and sale of trading instruments and

	Group 3 Months Ended March 2015	Group 3 Months Ended March 2014	Bank 3 Months Ended March 2015	Bank 3 Months Ended March 2014
(b) Net foreign exchange income/(loss)				
Foreign exchange net trading income	11,861,080	2,320,810	11,594,409	2,261,998
Unrealised foreign exchange (loss)/gains on revaluation	(8,407,753)	754,501	(9,175,089)	330,243
	3,453,327	**3,075,311**	**2,419,320**	**2,592,241**

access

5 Other operating income

	Group	Group	Bank	Bank
	3 Months Ended March 2015	3 Months Ended March 2014	3 Months Ended March 2015	3 Months Ended March 2014
Dividends on available for sale equity securities	2,932,162	2,070,127	2,932,162	2,070,127
Gain on disposal of property and equipment	230,781	44,288	85,188	34,215
Gain on disposal of equity investment	-	-	-	-
Rental income	61,691	48,490	51,842	48,490
Bad debt recovered	166,245	216,139	97,800	176,920
Other income	784,723	1,795,130	736,328	1,685,592
Fair Value Gain/Loss on Invest property		-	-	-
	4,175,602	**4,174,174**	**3,903,321**	**4,015,344**

6 Net impairment loss on financial assets

	Group	Group	Bank	Bank
	3 Months Ended March 2015	3 Months Ended March 2014	3 Months Ended March 2015	3 Months Ended March 2014
Collective impairment charges on loans	(1,563,104)	578,649	(1,574,239)	204,184
impairment charge on available for sale	-	(130,001)	-	(130,001)
Specific impairment charges on loans and advances	(1,390,309)	(771,982)	(1,199,363)	(31,441)
Specific impairment on other assets	(914,259)	(1,190,372)	(914,259)	(1,516,821)
	(3,867,672)	**(1,513,706)**	**(3,687,861)**	**(1,474,079)**

7 Personnel expenses

	Group	Group	Bank	Bank
	3 Months Ended March 2015	3 Months Ended March 2014	3 Months Ended March 2015	3 Months Ended March 2014
Wages and salaries	8,350,281	7,270,058	6,859,614	5,976,052
Contributions to defined contribution plans	540,276	180,473	433,541	127,482
	8,890,557	**7,450,531**	**7,293,156**	**6,103,534**

8 Other operating expenses

	Group	Group	Bank	Bank
	3 Months Ended March 2015	3 Months Ended March 2014	3 Months Ended March 2015	3 Months Ended March 2014
AMCON surcharge (see note (a) below)	3,271,180	2,125,000	3,271,180	2,125,000
Deposit insurance premium	1,270,100	1,500,000	1,270,100	1,500,000
General administrative expenses	13,638,408	9,648,290	12,463,663	8,632,179
Insurance	190,174	174,905	153,228	142,441
Business travel expenses	937,463	707,558	866,724	666,427
Other premises and equipment costs	1,728,309	1,957,422	1,532,941	1,794,503
Professional fees	657,849	1,039,546	455,665	731,758
Operating lease expenses	616,380	458,863	419,011	409,681
	22,309,864	**17,611,584**	**20,432,513**	**16,001,989**

(a) This represents the Group’s accruals to AMCON’s sinking fund for the period ended 31 March 2015. Effective 1 January 2013, the Bank was required to contribute 0.5% of its total assets as at the preceding year end to AMCON's sinking fund in line with the guideline.

In thousands of Naira

10 Cash and cash equivalents

	Group March 2015	Group December 2014	Bank March 2015	Bank December 2014
Cash and balances with Other banks	74,459,737	49,549,044	47,527,259	36,343,757
Money market placements	16,780,745	65,813,241	-	36,965,179
Unrestricted balances with central banks	22,069,045	32,060,575	5,418,661	22,262,582
Restricted deposits with central banks	268,318,388	257,591,933	266,737,024	255,603,361
	381,627,914	**405,014,793**	**319,682,944**	**351,174,879**

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.

11 Non pledged trading assets

	Group March 2015	Group December 2014	Bank March 2015	Bank December 2014
Equity securities	79,440	79,440	79,440	79,440
Treasury bills	24,402,776	24,546,032	30,858,565	24,546,032
Government bonds	30,970,335	3,786,172	24,369,338	3,786,172
	55,452,551	**28,411,644**	**55,307,344**	**28,411,644**

12 Pledged assets

	Group March 2015	Group December 2014	Bank March 2015	Bank December 2014
Treasury bills	20,066,357	15,125,322	20,066,357	13,236,528
Government bonds	72,956,541	71,946,825	72,956,541	71,946,825
	93,022,898	**87,072,147**	**93,022,898**	**85,183,353**

(i) All pledged assets are government bonds and Treasury bills.

(ii) The assets pledged by the Group are strictly for the purpose of providing collateral to the counterparty for various transactions. These transactions include assets pledged in connection with clearing/settlement activities of the Group.

As at 31 March 2015, the Bank held no collateral, which it was permitted to sell or repledge in the absence of default by the owner of the collateral (December 2014: nil).

13 Loans and advances to customers

In thousands of Naira	Group March 2015	Group December 2014	Bank March 2015	Bank December 2014
Loans and Advances to customers	1,162,291,009	1,129,446,268	1,031,625,888	1,036,914,985
Specific Impairment	(8,567,966)	(7,967,529)	(7,505,987)	(6,340,159)
Collective impairment	(12,577,400)	(11,014,296)	(12,240,217)	(10,665,978)
	1,141,145,643	**1,110,464,442**	**1,011,879,684**	**1,019,908,848**

Impairment on loans and advances to customers

In thousands of Naira

Specific impairment

	Group March 2015	Group December 2014	Bank March 2015	Bank December 2014
Balance beginning of year	7,967,529	7,944,110	6,340,159	6,812,512
Impairment loss for the year:				
- Charge for the year/(allowance no longer required)	1,390,309	6,467,595	1,199,363	5,649,913
Effect of foreign currency movements	-	-		
Write-offs	(789,872)	(6,444,176)	(33,535)	(6,122,266)
Balance end of year	**8,567,966**	**7,967,529**	**7,505,987**	**6,340,159**

Collective impairment

	Group March 2015	Group December 2014	Bank March 2015	Bank December 2014
Balance beginning of year	11,014,295	6,550,608	10,665,978	6,427,580
Impairment loss for the year:				
- Charge for the year/(allowance no longer required)	1,563,104	4,474,651	1,574,239	4,249,362
Write-offs	-	(10,964)	-	(10,964)
Balance end of year	**12,577,399**	**11,014,295**	**12,240,217**	**10,665,978**

In thousands of Naira

14 (a)

Investment in subsidiary

In thousands of Naira	**Bank March 2015**	**Bank December 2014**
Subsidiaries with continuing operations		
Access Bank, UK	13,928,819	13,928,819
Access Bank, Ghana	13,704,428	13,704,428
Access Bank Rwanda	1,578,825	1,578,825
Access Bank, Congo	2,779,650	2,779,650
Access Bank, Zambia	4,274,925	4,274,925
Access Bank, Gambia	1,853,756	1,853,756
Access Bank, Sierra Leone	1,019,951	1,019,952
Investment in RSPP scheme	976,125	976,125
Access Bank Finance B.V.	4,092	4,092
Subsidiaries undergoing liquidation		
Flexmore Technologies Limited	100,000	100,000
	40,220,571	40,220,571
Specific allowances for impairment on investment in subsidiaries	(100,000)	(100,000)
Balance, end of year	**40,120,571**	**40,120,571**

Subsidiaries (with continuing operations)
Group entities

Set out below are the group's subsidiaries as at 31 March 2015. Unless otherwise stated, the subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the group and the proportion of ownership interests held equals to the voting rights held by the group. The country of incorporation is also their principal place of business.

There are no significant restrictions on the Group's ability to access or use the assets and settle the liabilities of any member of the Group to the extent that regulation does not inhibit the group from having access, and in liquidation scenario, this restriction is limited to its level of investment in the entity .

			Ownership interest	
	Nature of business	**Country of incorporation**	**March 2015**	**December 2014**
Access Bank Gambia Limited	Banking	Gambia	64%	64%
Access Bank Sierra Leone Limited	Banking	Sierra Leone	97%	97%
Access Bank Rwanda Limited	Banking	Rwanda	75%	75%
Access Bank Zambia	Banking	Zambia	92%	92%
The Access Bank UK	Banking	United Kingdom	100%	100%
Access Bank R.D. Congo	Banking	Congo	74%	74%
Access Bank Ghana	Banking	Ghana	92%	92%
Access Finance B.V. (see note (a) below)	Banking	Netherlands	100%	100%

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

(ii) Subsidiaries undergoing liquidation

			Ownership interest	
	Nature of business	**Country of incorporation**	**March 2015**	**December 2014**
Flexmore Technologies Limited	IT Services	Nigeria	0%	100%

This subsidiary is currently undergoing a winding-down process through the appointment of a court ordered receiver manager to manage their affairs. As a result of this event, the Bank has lost control without a change in absolute or relative ownership level. The loss of control in these subsidiaries, have been accounted for in the financail statements.

(iii) Structured entities:

			Ownership interest	
	Nature of business	**Country of incorporation**	**March 2015**	**December 2014**
Restricted Share Performance Plan (RSPP)	Financial services	Nigeria	100%	100%

In thousands of Naira

15 Investment Securities

	Group March 2015	Group December 2014	Bank March 2015	Bank December 2014
Available for sale investment	150,706,880	188,028,529	113,394,649	155,398,807
Held to maturity investment	84,059,448	85,328,556	76,325,736	73,884,873
Specific impairment for unquoted equity securities	(3,145,697)	(3,145,697)	(3,145,697)	(3,145,697)
	231,620,630	**270,211,388**	**186,574,687**	**226,137,983**

16 Property and equipment

Group

	Group March 2015	Group December 2014	Bank March 2015	Bank December 2014
Property and equipment- cost	113,684,594	111,340,403	104,622,555	101,867,551
Accumulated depreciation	(42,830,036)	(41,680,698)	(38,975,599)	(37,707,224)
	70,854,558	**69,659,707**	**65,646,956**	**64,160,327**

17 Intangible assets

Group

		Group March 2015	Group December 2014	Bank March 2015	Bank December 2014
a	Goodwill	681,007	681,007	-	-

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

In thousands of Naira	March 2015	December 2014	March 2015	December 2014
Access Bank Rwanda	681,007	681,007	-	-
	681,007	681,007	-	-

		Group March 2015	Group December 2014	Bank March 2015	Bank December 2014
b	Cost- Purchased software	9,438,393	9,946,474	8,255,600	8,255,600
	WIP	858,750	740,711	848,095	740,711
	Accum. Amortization	(5,557,416)	(5,775,201)	(4,858,392)	(4,559,497)
	Total	**5,420,732**	**5,592,992**	**4,245,303**	**4,436,816**

Work in progress (WIP) represents the costs being incurred and captalised for the ugrade and subsequent deployment of the the Bank's core banking software.

There were no capitalised borrowing costs related to the internal development of software during the year ended 31 March 2015 (31 December 2014: nil). The recoverable amount of Goodwill as at 31 March 2015 is greater than its carrying amount and is thus not impaired.

(ii) Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. No impairment losses on goodwill were recognized during the period under review 31 March 2015 (December 2014: Nil)

The recoverable amount of Goodwill as at 31 March 2015 is greater than its carrying amount and is thus not impaired.
The recoverable amount was determined using a value-in-use computation as N1.649Bn.

Goodwill is monitored by the Group on an entity by entity basis
The key assumption used in computing the value-in-use for goodwil in 2014 are as follows:

	Access Bank Rwanda
Compound annual volume growth (i)	10%
Long term growth rate (ii)	10%
Discount rate (ii)	15%

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

Cash Flow Forecast

Cash flows were projected based on past experience, actual operating results and the 5-year business plan. These cashflows are based on the expected revenue growth for the entity over this 5-year period.

In thousands of Naira

Growth Rates

Pre-tax discount rate of 15.18% was applied in determining the recoverable amounts for the only entity with goodwil (Access Bank Rwanda). This discount rate was estimated based on past experience, inflation rate, risk-free rate and the weighted average cost of capital allocated by the Group to these units.

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

18 Other Assets

	Group March 2015	Group December 2014	Bank March 2015	Bank December 2014
Financial assets				
Accounts receivable	74,582,093	52,828,011	66,573,039	46,508,768
Receivable from AMCON(a)	5,498,909	5,498,909	5,498,909	5,498,909
Subscription for investment	549,972	25,001	1,351,624	826,653
	80,630,974	**58,351,921**	**73,423,572**	**52,834,330**
Non-financial assets				
Prepayments	16,584,449	19,518,711	15,622,446	17,026,257
Inventory	86,626	761,159	2,087	706,891
	16,671,076	**20,279,870**	**15,624,533**	**17,733,148**
Gross other assets	**97,302,049**	**78,631,791**	**89,048,106**	**70,567,478**
Allowance for impairment on financial assets	**(23,235,436)**	**(22,321,171)**	**(23,235,436)**	**(22,321,171)**
	74,066,614	**56,310,620**	**65,812,670**	**48,246,307**

(a) This balance represents a receivable from Asset Management Corporation of Nigeria (AMCON) in connection with the acquisition of Intercontinental Bank in line with the Transaction Implementation Agreement (TIA) executed on 6 July 2011 and entered with the Bank. The receivable is expected to be settled via consideration such as cash or bonds issued by AMCON.

19 Non-current assets held for sale

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

	Group March 2015	Group December 2014	Bank March 2015	Bank December 2014
Opening	23,438,484	23,438,484	23,438,484	23,438,484
Fair value gain on assets held for sale	-	-	-	-
Addition	-	-	-	-
Disposal	-	-	-	-
Closing	**23,438,484**	**23,438,484**	**23,438,484**	**23,438,484**

These investment properties have been valued by reputable estate surveyors and valuers using the comparable transactions method of valuation to arrive at the open market value. The portion of the investment property representing land is N23.7bn. The valuers used bythe bank are Azuka Iheabunike & Partners and Diya Fatimilehin & Co. There were no rental income from investment property during the year and no restrcitions on the reaslisability of the property.

Investment properties have been reclassified to assets held for sale, as management has initiated a plan to dispose of these properties within a twelve months period.

	Group March 2015	Group December 2014	Bank March 2015	Bank December 2014
20 Deposits from financial institutions				
Money market deposits	39,839,075	89,965,383	103,371,187	72,171,314
Trade related obligations to foreign banks	128,701,892	29,080,040	64,414,445	62,338,348
Total	**168,540,967**	**119,045,423**	**167,785,632**	**134,509,662**

21 Deposit from customers

	Group March 2015	Group December 2014	Bank March 2015	Bank December 2014
Term deposits	554,993,898	629,193,734	494,623,787	586,973,213
Demand deposits	708,770,185	695,850,419	632,187,935	616,476,341
Saving deposits	131,140,413	129,374,899	119,527,271	121,351,057
Total	**1,394,904,496**	**1,454,419,052**	**1,246,338,993**	**1,324,800,611**

In thousands of Naira

22 **Debt securities issued**

	Group March 2015	Group December 2014	Bank March 2015	Bank December 2014
Debt securities at amortized cost:				
Eurobond debt from Access Bank B.V (see (i) below)	65,325,787	65,325,788	-	-
Eurobond debt security (see (ii) below)	79,608,331	73,155,391	79,608,331	73,155,391
	144,934,119	**138,481,179**	**79,608,331**	**73,155,391**

(a)

(i) This refers to US$350,000,000 guaranteed notes with amortized cost equivalent as at 31 March 2015 of N65,325,788,000 issued on 25 July 2012 by Access Finance B.V., Netherlands with a maturity date of 25 July 2017;

(ii) This refers to US$400,000,000 subordinate notes with amortized cost of N79,608,331,000 of 9.25% resettable interest issued on 24 June 2014 by Access Bank Nigeria with a maturity date of 24 June 2021.

The principal amount on both notes are payable at maturity, whilst interest is payable on a semi-annual basis at their respective interest rates.

23 **Retirement benefits obligations**

	Group March 2015	Group December 2014	Bank March 2015	Bank December 2014
Recognised liability for defined benefit obligations (see note (a) below)	3,568,006	3,267,364	3,517,364	3,267,364
Liability for defined contribution obligations	-	1,736	-	-
	3,568,006	**3,269,100**	**3,517,364**	**3,267,364**

(a) **Defined benefit obligations**

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

	Group March 2015	Group December 2014	Bank March 2015	Bank December 2014
Long term incentive plan (see note (i) below)	3,568,006	3,267,364	3,517,364	3,267,364
Recognised liability for defined benefit obligations	**3,568,006**	**3,267,364**	**3,517,364**	**3,267,364**

(i) **Long term incentive plan**

The Bank operates a non-contributory, unfunded lump sum defined benefit long term incentive plan for top executive management of the Bank from General Manager and above based on the number of years spent in these positions. The scheme is also aimed at rewarding executive directors and other senior executives for the contributions to achieving the Bank's long-term growth objectives.

There is no funding arrangement with a trustee for the long term incentive plan as the Bank pays for all obligations from its current year profit as such obligations fall due. Depending on their grade, executive staff of the Bank upon retirement are entitled to certain benefits based on their length of stay on that grade.

The amount recognised in the statement of financial position is as follows:

In thousands of Naira	Group March 2015	Group December 2014	Bank March 2015	Bank December 2014
Deficit on defined benefit obligations at 1 January	3,267,364	1,929,695	3,267,364	1,929,695
Charge for the period:				
-Interest costs	-	241,705	-	241,705
-Current service cost	300,642	179,570	250,000	179,570
-Past service cost				
-Benefits paid	-	(500,000)	-	(500,000)
Net actuarial loss for the year remeasured in OCI				
Remeasurements - Actuarial gains and losses arising from changes in demographic assumptions	-	216,864	-	216,864
Remeasurements - Actuarial gains and losses arising from changes in financial assumption	-	1,199,530	-	1,199,530
Balance, end of year	**3,568,006**	**3,267,364**	**3,517,364**	**3,267,364**

In thousands of Naira

Expense recognised in income statement:

Current service cost	300,642	264,726	250,000	264,726
Interest on obligation	-	145,865	-	145,865
Past service cost		390,578		390,578
Total expense recognised in profit and loss	**300,642**	**801,169**	**250,000**	**801,169**

The weighted average duration of the defined benefit obligation is 11years. The information on the maturity profile of the defined benefit plan includes the maturity analysis and the distribution of the timing of payment. The estimated contribution to the plan for the next annual reporting period is: N0.996Bn

Actuarial assumptions:

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

The most recent valuation was performed by Alexander Forbes as at 31 December 2014.

	March 2015	**December 2014**
Future salary increases	5%	5%
Retirement age for both male and female	60 years	60 years
Retirement rate: 50 – 59 (average rate)	3%	3%
Withdrawal rate: 16 – 29	5%	5%
Withdrawal rate: 30 – 44	6%	6%
Withdrawal rate: 45 – 50	5%	5%
Withdrawal rate: 51 – 55 (average rate)	4%	4%

Assumptions regarding future mortality before retirement are based on A49/52 ultimate table published by the Institute of Actuaries of United Kingdom. The rate used to discount post employment benefit obligations has been determined by reference to the yield on Nigerian Government bonds of medium duration. This converts into an effective yield of 13% as at 31 December 2014. For members in active service as at the valuation date, the projected unit credit method of valuation as required under the IFRS has been adopted.

	Group March 2015	**Group December 2014**	**Bank March 2015**	**Bank December 2014**
24 **Current tax liabilities**				
Current Tax Liabilities	8,671,878	8,180,969	7,754,712	7,113,226
	8,671,878	**8,180,969**	**7,754,712**	**7,113,226**

25 **Other Liabilities**	**Group March 2015**	**Group December 2014**	**Bank March 2015**	**Bank December 2014**
Financial liabilities				
Certified and bank cheques	3,414,290	3,166,277	1,833,429	1,978,995
E-banking payables	4,078,491	2,769,805	4,075,510	1,830,591
Collections account balances	3,118,049	2,355,222	3,118,049	1,695,416
Due to subsidiaries	-	-	390,327	389,662
Accruals	736,625	104,309	404,905	32,438
Creditors	765,105	1,316,758	243,883	469,209
Customer deposits for foreign exchange	20,678,408	8,700,913	20,585,449	8,594,218
Agency services	303,209	289,769	271,835	253,264
Other financial liabilities	2,280,760	1,498,749	2,166,477	434,396
	35,374,937	**20,201,802**	**33,089,864**	**15,678,189**
Non-financial liabilites				
Litigation claims provision	359,812	311,120	359,812	311,120
Other current liabilties	4,419,817	1,176,157	2,088,407	880,823
	4,779,629	**1,487,277**	**2,448,219**	**1,191,943**
Total other liabilities	**40,154,566**	**21,689,079**	**35,538,083**	**16,870,132**

26 **Interest bearing loans and borrowings**	**Group March 2015**	**Group December 2014**	**Bank March 2015**	**Bank December 2014**
On-lending	81,532,174	79,816,309	81,447,118	79,816,309
Loan from Access Finance BV	-	-	69,863,023	66,529,458
	81,532,174	**79,816,309**	**151,310,141**	**146,345,767**

27 Equity

A Share capital

In thousands of Naira	Bank March 2015	Bank December 2014
(a) Authorised:		
Ordinary shares:		
38,000,000,000 Ordinary shares of 50k each (2013: 24,000,000,000 ordinary share of 50k each)	19,000,000	12,000,000
Preference shares:		
2,000,000,000 Preference shares of 50k each	1,000,000	1,000,000
	20,000,000	**13,000,000**

In thousands of Naira	Bank March 2015	Bank December 2014
(b) Issued and fully paid-up :		
22,882,918,908 Ordinary shares of 50k each	11,441,460	11,441,460

Ordinary shareholding:

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

Preference shareholding:

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

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

In thousands of Naira	Bank March 2015	Bank December 2014
Balance, beginning of year	11,441,460	11,441,460
Issue of scheme shares to shareholders	-	-
Transfer from bonus issue reserve	-	-
Closing	**11,441,460**	**11,441,460**

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

In thousands of units	Bank March 2015	Bank December 2014
Balance, beginning of year	22,882,919	22,882,919
Balance, end of year	**22,882,919**	**22,882,919**

B Share premium

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

In thousands of Naira	Bank March 2015	Bank December 2014
Share premium	161,036,211	161,036,211

access

In thousands of Naira

C **Reserves**

(i) **Other Reserves**

a **Statutory reserves**

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

b **Small and Medium Scale Industries Reserve (SMEEIS)**

The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 years but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this is no longer mandatory. The small and medium scale industries equity investment scheme reserves are non-distributable.

(ii) **Share scheme reserve**

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

(iii) **Treasury shares**

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

(iv) **Capital reserve**

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

(v) **Fair value reserve**

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

(vi) **Foreign currency translation reserve**

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

In thousands of Naira	Group March 2015	Group December 2014
Opening Foreign Currency Translation Reserve [01 January]	(3,710,648)	(4,815,485)
Additional foreign translation gain/(loss) recognised in reserves	1,575,709	1,007,650
Foreign translation gains recognised into profit/loss arising from disposal of subsidiary	-	97,187
Closing	**(2,134,939)**	**(3,710,648)**

(vii) **Regulatory risk reserve**

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

(viii) **Retained earnings**

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

(ix) **Contingency reserves**

The contingency reserve in 31 December 2013 represents the reserve that was set aside from retained earnings for the contingencies to guard against the risk that would arise from the merger and acqusition of Intercontinental bank.

	Group March 2015	Group December 2014	Bank March 2015	Bank December 2014
Share Capital	11,441,460	11,441,460	11,441,460	11,441,460
Share Premium	161,036,211	161,036,211	161,036,211	161,036,211
	172,477,671	**172,477,671**	**172,477,671**	**172,477,671**

In thousands of Naira

28 **Retained earnings**

	Group March 2015	Group December 2014	Bank March 2015	Bank December 2014
Opening	34,139,453	22,232,374	36,499,779	23,095,393
Addition	13,493,381	11,907,078	12,201,021	13,404,386
Closing	**47,632,834**	**34,139,453**	**48,700,801**	**36,499,779**

29 **Other components of equity**

	Group March 2015	Group December 2014	Bank March 2015	Bank December 2014
Capital Reserve	3,489,081	3,489,080	3,489,081	3,489,081
Fair Value Reserves	10,398,552	9,881,402	10,350,568	9,833,418
Other Regulatory Reserves	37,078,604	37,078,604	34,558,437	34,558,437
Other Reserves	20,557,712	20,524,323	17,330,789	17,297,400
Translation reserve	(2,134,939)	(3,710,648)	-	-
	69,389,010	**67,262,761**	**65,728,875**	**65,178,336**

30 **Contingencies**

Claims and litigation

The Group is a party to numerous legal actions arising out of its normal business operations. The Directors believe that, based on currently available information and advice of counsel, none of the outcomes that result from such proceedings will have a material adverse effect on the financial position of the Group, either individually or in the aggregate. A provision of N311Mn has been made for the year ended 31 December 2014. In the normal course of business, the group is a party to financial instruments with off-balance sheet risks. These instruments are issued to meet the credit and other financial requirements of customers.

Contingent liability and commitments

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

Nature of instruments

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

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

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

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

a. These comprise:

In thousands of Naira	Group March 2015	Group December 2014	Bank March 2015	Bank December 2014
Contingent liabilities:				
Transaction related bonds and guarantees	186,733,354	165,466,393	174,398,606	145,831,160
Financial guarantees	85,232,860	91,373,327	85,054,855	72,221,845
	271,966,213	**256,839,720**	**259,453,461**	**218,053,005**
Commitments:				
Clean line facilities for letters of credit, unconfirmed letters of credit and other commitments	571,695,652	377,152,396	462,089,516	372,652,653
	843,661,866	**633,992,116**	**721,542,978**	**590,705,658**

The Bank granted clean line facilities for letters of credit during the year to guarantee the performance of customers to third parties.
Contractual capital commitments undertaken by the Bank amounted to N1.69Bn (31 Dec 2014: N1.99Bn)

access

In thousands of Naira

31 **Related party transactions**

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes subsidiaries, associates, joint ventures and the Group's pension schemes, as well as key management personnel.

The Group's key management personnel, and persons connected with them, are also considered to be related parties. The definition of key management includes the close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the Group. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Access Bank Plc and its subsidiaries.

32 **Director-related exposures**

Access Bank has some exposures that are related to its Directors. The Bank however follows a strict process before granting such credits to its Directors. The requirements for creating and managing this category of risk assets include the following amongst others:

a. Complete adherence to the requirements for granting insider-related exposure as stated in the Bank's Credit Policy Guidelines, the Insider-related Policy as well as the Bank's duly approved Standard Operating

b. Full compliance with the relevant CBN policies on insider-related lending.

c. All affected Directors are precluded from taking part in the approval process of credit request wherein they have interest.

d. The related Director is required to execute a document authorizing the Bank to use their accruable dividends to defray any related-obligor's delinquent exposures.

e. The Directors are required to execute documents for the transfer of their shares to the Bank's nominated broker to ensure effective control as required by the CBN policy to enhance the bank's Corporate
f. Section 89 of the Bank's Article of Association also reiterated that "a related Director shall vacate office or cease to be a Director, if the Director directly or indirectly enjoys a facility from the Bank

The Bank's gross exposure to insiders as at March 31, 2015 is N2.37bn. All transactions are done at market rate and are at arm's length.

Parent
The parent company, which is also the ultimate parent company, is Access Bank Plc.