access

Access Bank Plc

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

ACCESS BANK PLC
Index to the consolidated and separate financial statements
For the year ended 31 December 2018

Corporate information

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

Directors

Mosun Belo-Olusoga	Chairman/Non-Executive Director
Herbert Onyewumbu Wigwe	Group Managing Director/Executive Director
Roosevelt Michael Ogbonna	Group Deputy Managing Director/Executive Director
Anthonia Olufeyikemi Ogunmefun	Non-Executive Director
Paul Usoro, SAN	Non-Executive Director
Abba Mamman Tor Habib	Non-Executive Director
Ernest Chukwuka Ndukwe	Independent Non-Executive Director
Ajoritsedere Josephine Awosika	Independent Non-Executive Director
Mr. Adeniyi Adekoya	Independent Non-Executive Director
Iboroma Akpana	Independent Non-Executive Director
Victor Okenyenbunor Etuokwu	Executive Director
Titi Osuntoki	Executive Director
Gregory Jobome	Executive Director
Hadiza Ambursa	Executive Director
Mr. Adeolu Bajomo*	Executive Director

* Appointed effective January 4, 2018

Company Secretary
Mr Sunday Ekwochi

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

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

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

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

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

Directors' Report

For the year ended 31 December, 2018

The Directors have pleasure in presenting their report on the affairs of Access Bank Plc (the "Bank") together with its subsidiaries (the "Group"), the Group and the Bank Audited Financial Statements with Auditor's Report for the year ended 31 Dcember 2018.

Legal form and principal activity

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

The Bank's principal activities include the provision of money market products and services, retail banking, granting of loans and advances, equipment leasing, corporate finance and foreign exchange operations.

The Bank has the following international banking subsidiaries: Access Bank (Gambia) Limited, Access Bank (Sierra Leone) Limited, Access Bank (Zambia) Limited, The Access Bank (UK) Limited, Access Bank (Ghana) Plc, Access Bank Rwanda and Access Bank (D.R. Congo). The Bank also has Access Finance B.V, an offshore Special Purpose Vehicle used for the issuance of the U.S.$350,000,000, 7.25 Per Cent Guaranteed Notes which was due in 2017 guaranteed by the Bank. This liability has long been fully redeemed. The liquidation of Access Finance B.V has been concluded subsequent to year end. The Bank also operates a Representative office in China, UAE, Lebanon and India. The Access Bank (UK) Limited operates a branch in United Arab Emirates (UAE).

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

Operating results

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

In thousands of Naira	December 2018	*Restated December 2017	December 2018	*Restated December 2017
Gross earnings	528,744,579	459,075,779	435,743,037	398,161,576
Profit before income tax	103,187,703	78,169,119	75,248,146	65,140,136
Income tax expense	(8,206,617)	(18,081,628)	(1,651,851)	(13,804,676)
Profit for the year	94,981,086	60,087,491	73,596,294	51,335,460
Other comprehensive (loss)/income	(16,547,933)	28,999,932	(5,456,303)	12,352,975
Total comprehensive income for the year	78,433,153	89,087,423	68,139,991	63,688,436
Non-controlling interest	(962,845)	(880,879)	-	-
Profit attributable to equity holders of the bank	77,470,307	88,206,544	68,139,991	63,688,436

In thousands of Naira	Group December 2018	*Restated Group December 2017	Bank December 2018	*Restated Bank December 2017
Earnings per share - Basic (k)	331	211	254	177

In thousands of Naira	Group December 2018	*Restated Group December 2017	Bank December 2018	*Restated Bank December 2017
Total equity	490,511,755	511,195,037	440,799,757	465,238,724
Total impaired loans and advances	55,449,509	101,349,866	44,246,182	82,496,444
Total impaired loans and advances to gross risk assets (%)	2.49%	4.76%	2.38%	4.28%

** See Note 46 - Restatement of prior year financial information*

Interim dividend

The Board of Directors proposed and paid Interim Dividend of 25 Kobo per ordinary share of 50 Kobo each (HY2017: 25K) which was paid to shareholders on the register of shareholding at the closure date. Withholding tax was deducted at the time of payment.

Proposed dividend

The Board of Director has recommended a Final Dividend of 25 Kobo per ordinary share of 50 kobo for the year payable to shareholders on the register of shareholding at the closure date. Withholding Tax will be deducted at the time of payment.

Directors and their interests

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

	Number of Ordinary Shares of 50k each held as at			**Restated
	December 2018		December 2017	
	Direct	Indirect	Direct	Indirect
M. Belo-Olusoga- Chairman	3,604,838	-	3,604,838	-
H. O. Wigwe - GMD/CEO	201,231,713	1,240,291,197	206,231,713	1,240,291,197
R. C. Ogbonna - GDMD	31,325,167	-	28,000,558	-
A. O. Ogunmefun	-	1,489,521	-	1,457,263
V.O. Etuokwu ED	16,851,125	-	13,579,889	-
T. Osuntoki - ED	29,815,811	-	28,728,854	-
P. Usoro	1,209,634	-	1,209,634	-
A. Awosika	-	-	-	-
E. Ndukwe	700,000	-	700,000	-
A. Mamman Tor Habib	-	-	-	-
G. Jobome - ED	7,569,956	-	5,264,346	-
I. T Akpana	314,996	-	314,996	-
A. A. Adekoya	-	-	-	-
H. Ambursa ED	8,709,527	-	-	-
A. Bajomo* ED	-	-	-	-

* Appointed effective January 4, 2018

The indirect holdings relate to the holdings of the under listed companies

		December 2018	**Restated December 2017
H.O. Wigwe	United Alliance Company of Nig. Ltd	537,734,218	537,734,218
	Trust and Capital Limited	702,556,979	702,556,979
A.O. Ogunmefun	L.O.C Nominees, Limited	1,489,521	1,457,263

**The indirect holdings of H.O. Wigwe have been restated for prior year to show his beneficial interests in the entities

Directors' interest in contracts

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

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

Analysis of shareholding:

The shareholding pattern of the Bank as at 31 December 2018 was as stated below:

	December 2018			
Range	Number of Shareholders	% of Shareholders	Number of shares held	% of Shareholders
Domestic Shareholders				
1 - 1,000	408,498	50.60%	65,413,066	0.23%
1,001 - 5,000	247,369	30.64%	546,296,457	1.89%
5001 - 10,000	63,743	7.90%	436,780,841	1.51%
10,001 - 50,000	67,592	8.37%	1,355,844,346	4.69%
50,001- 100,000	10,062	1.25%	729,844,271	2.52%
100,001 - 500,000	7,346	0.91%	1,470,500,131	5.08%
500,001 - 1,000,000	811	0.10%	588,013,814	2.03%
1,000,001 - 5,000,000	685	0.08%	1,349,100,662	4.66%
5,000,001 - 10,000,000	108	0.01%	785,928,136	2.72%
10,000,001 and above	179	0.02%	20,063,120,380	69.36%
	806,393	**99.89%**	**27,390,842,104**	**94.69%**
Foreign Shareholders				
1 - 1,000	238	0.03%	70,388	0.00%
1,001 - 5,000	230	0.03%	599,830	0.00%
5001 - 10,000	110	0.01%	807,956	0.00%
10,001 - 50,000	259	0.03%	5,969,781	0.02%
50,001- 100,000	54	0.01%	3,813,892	0.01%
100,001 - 500,000	22	0.00%	4,170,142	0.01%
500,001 - 1,000,000	4	0.00%	2,314,669	0.01%
1,000,001 - 5,000,000	4	0.00%	9,488,479	0.03%
5,000,001 - 10,000,000	-	0.00%	-	0.00%
10,000,001 and above	7	0.00%	1,509,894,390	5.22%
	928	**0.11%**	**1,537,129,527**	**5.31%**
Total	**807,321**	**100.00%**	**28,927,971,631**	**100.00%**

Shareholding Analysis as at 31 December 2018

Type of Shareholding	Holdings	Holding %
Retail investors	9,281,045,393	32.08%
Domestic institutional investors	18,067,089,866	62.46%
Foreign institutional investors	1,513,164,479	5.23%
Government related entities	66,671,893	0.23%
	28,927,971,631	**100%**

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

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

Substantial interest in shares

According to the register of members at 31 December 2018, the following shareholders held more than 5% of the issued share capital of the Bank as follows:

	December 2018		December 2017	
	Number of shares held	% of shareholding	Number of shares held	% of shareholding
Stanbic Nominees Nigeria Limited*	4,761,014,466	16.46%	5,265,792,806	18.20%

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

Donations and charitable gifts

The Bank identifies with the aspirations of the community and the environment in which it operates. The Bank made contributions to charitable and non-charitable organisations amounting to N376,753,000 (December 2017: N567,027,158) during the year, as listed below:

S/N	Purpose	Amount
1	Contribution towards deepening financial inclusion in Nigeria	100,000,000
2	Contribution towards Lagos State Security Trust Fund	100,000,000
3	Sponsorship of National MSME clinics in Nigeria	40,000,000
4	Donation for 2018 Brains Initiative	14,700,000
5	Sponsorship of Sustainability column in financial Nigeria Magazine	12,500,000
6	Sponsorship of Capacity Building Programme for Association of Senior Staff of Banks Insurance & Financial Institutions	10,000,000
7	Support of Lagos State Security Summit	10,000,000
8	Sponsorship of the 2018 International Press Institute Conference	10,000,000
9	Contribution towards the Hopes Alive Initiative	10,000,000
10	Supporting the 2018 World Mosquito Day	10,000,000
11	Sponsorship of the 11th Annual Banking and Finance Conference	10,000,000
12	Contribution towards commemoration of World Malaria Day 2018	6,037,500
13	Sponsorship of the African Women Business Initiative	5,500,000
14	Sponsorship of the 12th Annual Business Law Conference	5,000,000
15	Contribution to NSE for 2018 NSE Essay Competition	5,000,000
16	Contribution to Hacey Health Initiative towards supporting the 2018 International Day of the Girl Child	5,000,000
17	Sponsorship of GBC Health and Hacey Health Initiative Demographic Dividend Initiative	4,000,000
18	Contrbution towards the training of Civil Society Organisations on Collaboration	4,000,000
19	Contrbution towards Nigerian Humanitarian Fund	4,000,000
20	Contrbution towards Safer Hands Initiatives' World Heart Day Celebration	3,000,000
21	Sponsorship of the Girl's Summit/International Women Day Celebration	2,500,000
22	Contribution towards the Financial Labour Day Celebration 2018	1,500,000
23	Support Centre for Youth Studies in Secondary Schools	1,396,000
24	Sponsorship of Nigerian Healthcare Excellence Awards	1,000,000
25	Sponsorship of 7th Sustainability Conference	1,000,000
26	Contribution towards the Womenpreneur Business Workshop	619,500
		376,753,000

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

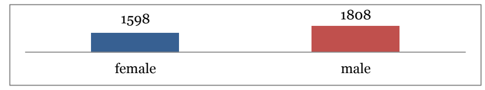
Human resources

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

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

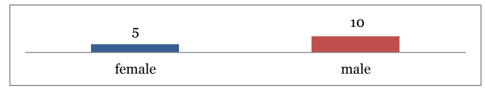
(a) Composition of employees by gender

Total number of female employees	1,598
Total number of male employees	1,808



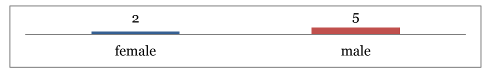
(b) Board Composition By Gender

Total number of female on the Board	5
Total number of men on the Board	10



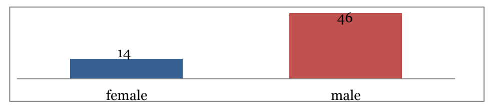
(c) Top Management (Executive Director To CEO) Composition By Gender

Total number of female in Executive Management position	2
Total number of persons in Executive Management position	5



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

Total number of female in Top Management position	14
Total number of men in Top Management position	46



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

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

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

The Bank operates a Group Personal Accident and the Workmen's Compensation Insurance covers for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act 2014 as Amended and other benefit schemes for its employees.

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

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

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

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

Long Term Local Credit Ratings

	Long Term	Date
Standard & Poor's	A	Jul-18
Fitch Ratings	A+	Aug-18
Agusto & Co	AA-	Jul-18
Moody's	A1	Jun-18

Long Term Counterparty Credit Ratings

	Long Term	
Standard & Poor's	B	Jul-18
Fitch Ratings	B	Aug-18
Moody's	B2	Jun-18

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

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

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

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

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

BY ORDER OF THE BOARD

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

Sunday Ekwochi
Company Secretary
FRC/2013/NBA/00000005528

CUSTOMER COMPLAINTS AND FEEDBACK

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

Complaints Channels

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

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

Complaints Handling

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

Resolve or Refer command Centre

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

Complaints Tracking and Reporting

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

ACCESS BANK PLC CUSTOMER'S COMPLAINTS FOR THE ENDED 31 DECEMBER 2018

	NAIRA						
S/N	**DESCRIPTION**	**NUMBER**		**AMOUNT CLAIMED (NAIRA)**		**AMOUNT REFUNDED (NAIRA)**	
		2018	**2017**	**2018**	**2017**	**2018**	**2017**
1	Pending complaints B/F	8,553	8,658	172,509,794	1,233,437,410	-	-
2	Received Complaints	427,797	285,737	16,012,779,723	26,168,583,765	-	-
3	Resolved complaints	427,073	285,842	13,403,084,911	27,229,511,381	963,351,220	106,889,998
4	Unresolved Complaints escalated to CBN for intervention	-	-	-	-	-	-
5	Unresolved complaints pending with the bank C/F	9,277	8,553	2,782,204,606	172,509,794	-	-

	USD						
S/N	**DESCRIPTION**	**NUMBER**		**AMOUNT CLAIMED (USD)**		**AMOUNT REFUNDED (USD)**	
		2018	**2017**	**2018**	**2017**	**2018**	**2017**
1	Pending complaints B/F	50	78	2,424,914	1,694,114	-	-
2	Received Complaints	2260	1,609	53,083,605	91,096,663	-	-
3	Resolved complaints	2271	1,637	44,707,310	90,365,863	1,040,486	-
4	Unresolved Complaints escalated to CBN for intervention	-	-	-	-	-	-
5	Unresolved complaints pending with the bank C/F	39	50	10,801,210	2,424,914	-	-

	GBP						
S/N	**DESCRIPTION**	**NUMBER**		**AMOUNT CLAIMED (GBP)**		**AMOUNT REFUNDED (GBP)**	
		2018	**2017**	**2018**	**2017**	**2018**	**2017**
1	Pending complaints B/F	2	3	11,200	-		-
2	Received Complaints	104	78	572,874	3,851,731	-	-
3	Resolved complaints	104	79	523,766	3,840,531	-	-
4	Unresolved Complaints escalated to CBN for intervention	-	-	-	-	-	-
5	Unresolved complaints pending with the bank C/F	2	2	60,308	11,200	-	-

	EUR						
S/N	**DESCRIPTION**	**NUMBER**		**AMOUNT CLAIMED (EUR)**		**AMOUNT REFUNDED (EUR)**	
		2018	**2017**	**2018**	**2017**	**2018**	**2017**
1	Pending complaints B/F	4	3	5,000	-	-	-
2	Received Complaints	104	60	1,105,196	16,009,241	-	-
3	Resolved complaints	106	59	1,096,087	16,004,241	-	-
4	Unresolved Complaints escalated to CBN for intervention	-	-	-	-	-	-
5	Unresolved complaints pending with the bank C/F	2	4	14,109	5,000.00	-	-

Solicited Customer Feedback

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

- Questionnaires
- Customer interviews
- Customers forum
- Quest for Excellence Sessions (for staff)
- Voice of Customer Surveys

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

CORPORATE GOVERNANCE REPORT FOR FINANCIAL YEAR ENDED DECEMBER 31, 2018

At Access Bank, the Board has recognized that effective governance is a key to superior corporate performance and sustainable prosperity of the firm.

The Group's corporate governance framework is designed to deliver alignment of management's actions with the interest of shareholders while ensuring the appropriate balance with the interest of other stakeholders. Our corporate governance systems ensure on-going compliance with the Bank's governance charter and relevant codes of corporate governance as well as the post listing requirements of the stock exchanges where our securities are listed. Our governance is founded on key pillars of accountability, responsibility, transparency, independence, fairness and discipline. The Bank's governance policies and structure and regularly reviewed to reflect changes in the operating environment, regulation and best practices.

The Bank and its subsidiaries (the Group) are governed under a framework that enables the Board to discharge its oversight functions, provide strategic direction to the Bank, take decisions and ensure regulatory compliance. The subsidiaries comply with the statutory and regulatory requirements of their host countries and align their governance framework with that of the Bank to the extent permissible by their local regulations.

Performance Monitoring and Evaluation

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

The Board usually holds an annual Board retreat, where the strategy for the coming year is rigorously debated and agreed between Management and the Board. The Board held its 10th Annual Retreat at the Marriott Hotel, Kigali, Rwanda on February 1-2, 2018. Management provides the Board with quarterly update on implementation of the strategy affording the Board the opportunity to critique the Management's performance and access significant risk issues as well as mitigating controls implemented.

Management's report on the Group's actual financial performance is presented relative to the planned budget to enable the Board assess performance. Peer comparison is also a crucial component of Management reporting to the Board to benchmark performance against that of our competitors.

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

Board assessment when done effectively provides the board the opportunity to identify and remove obstacles to better performance and to highlight what works well. In this regard the Board has established a system of independent annual evaluation of its performance, that of its committees and individual directors. The evaluation is done by an independent consultant approved by the Board. In this regard, Ernest and Young was engaged to conduct the Board performance evaluation for the Financial Year Ended December 31, 2018. The Board believes that the use of an independent consultant promotes the objectivity and transparency of the evaluation process. Our Board assessment has gone beyond box ticking and involves a rigorous process of on-line self-evaluation and 360° feedback with a heavy focus on qualitative considerations and includes the evaluation of the Board and the Committees as well as the effectiveness of the Independent Directors.

In compliance with the CBN Code, the Annual Board Performance Evaluation Report for the year 2017 was presented to shareholders at the 30th Annual General Meeting of the Bank held on April 25, 2018 by a representative of Accenture Limited while the result of the 2018 Board Performance was presented by Ernest and Young at the Board meeting held on January 28, 2019. The summary of the 2018 report is contained herein at page..... The result confirmed that the individual directors and the Board continue to operate at a very high level of effectiveness and efficiency.

Board Composition- Guiding Principles

The Group's Fit and Proper Person Policy is designed to ensure that the Bank and its subsidiary entities are managed and overseen by competent, capable and trustworthy individuals. The Governance and Nomination Committee is responsible for both Executive and Non-Executive Director succession planning and recommends new appointments to the Board. The Committee takes cognisance of the existing range of skills, experience, background and diversity on the Board in the context of the strategic direction of the Bank before articulating the specifications for the candidate sought. The Committee also considers the need for appropriate demographic and gender balance in recommending candidates for Board appointments. Candidates who meet the criteria set by the Committee are subjected to enhance due diligence enquiries. We are comfortable that the Board is sufficiently diversified to optimise its performance and deliver sustainable value to stakeholders. The Board's composition is aligned with global best practice on the parity of Non-Executive Directors to Executive Directors. In 2017, the Board had more Non-Executive Directors than Executive Directors, with four Non-Executive Directors being Independent as against two required by the CBN Code. Non-Executive Directors are appointed to the Board to bring independent, specialist knowledge and impartiality to strategy development and execution monitoring. The Board is committed to improving gender diversity in its composition with 33% female memberships as at December 31, 2018 above Nigeria's national average of 12%.

Additional information on the composition of the Board in the 2018 financial year is can be found at page .....of this report.

Retirement and Re-election of Directors

In accordance with the Bank's Articles of Association, one third of all Non-Executive Directors (rounded down) are offered for re-election every year (depending on their tenure on the Board) together with directors appointed by the Board since the last Annual General Meeting.

Dr. Ernest Ndukwe and and Mrs. Anthonia O. Ogunmefun retired at the Bank's 29th Annual General Meeting held on April 25, 2018 and being eligible for re-election were duly re-elected by shareholders. The shareholders also approved the appointment of Ms. Hadiza Ambursa and Mr. Adeolu Bajomo as Executive Directors. Both of them were earlier appointed by the Board and approved by the Central Bank of Nigeria.

In keeping with this requirement, Dr. (Mrs.) Ajoritsedere Awosika and Mr. Abba Mamman Tor Habib, will retire during this Annual General Meeting and being eligible for re-election will submit themselves for re-election. The Board is convinced that the directors standing for approval and re-election will continue to add value to the Bank. The Board believes that they are required to maintain the balance of skill, knowledge and experience on the Board. The biographical details of the directors standing for election are set out on page ……. of this report.

Towards Board Effectiveness

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

Training and Induction

We recognise that being a director is becoming increasingly more challenging, thus we ensure that Board members are provided with regular domestic and international trainings to improve their decision-making capacity, thereby contributing to the overall effectiveness of the Board. New directors are exposed to personalised induction programme which includes one-on-one meetings with Executive Directors and Senior Executives responsible for the Bank's key business areas. Such sessions focus on the challenges, opportunities and risks facing the business areas. The induction programme covers an overview of the Strategic Business Units as well as Board processes and policies. A new director is provided with an induction pack containing charters of the various Board Committees, significant reports, important statutes and policies, minutes of previous Board meetings and a calendar of Board activities. Based on the recommendation of the Governance and Nomination Committee, the Board approves the annual training plan and budget for directors while the Company Secretary ensures the implementation of the plan with regular reports to the Board. During the period under review, the Directors attended the training programmes shown below.

DIRECTORS TRAINING REPORT FOR 2018

<table>
<tr><th>Name of Director</th><th>Course Title</th><th>Course Vendor</th><th>Date</th></tr>
<tr><td>Ernest Ndukwe</td><td>IMD-Leading Digital Business Transformation Programme</td><td>IMD-Lausanne Switzerland</td><td>March 12-16, 2018</td></tr>
<tr><td>Mosun Belo-Olusoga</td><td rowspan="12">Digital Risk Master Class</td><td rowspan="12">Deloitte/Andela</td><td rowspan="12">March 28, 2018</td></tr>
<tr><td>Anthonia O. Ogunmefun</td></tr>
<tr><td>Ernest Ndukwe</td></tr>
<tr><td>Abba Habib</td></tr>
<tr><td>Iboroma Akpana</td></tr>
<tr><td>Adeniyi Adekoya</td></tr>
<tr><td>Herbert Wigwe</td></tr>
<tr><td>Roosevelt Ogbonna</td></tr>
<tr><td>Victor Etuokwu</td></tr>
<tr><td>Gregory Jobome</td></tr>
<tr><td>Hadiza Ambursa</td></tr>
<tr><td>Adeolu Bajomo</td></tr>
<tr><td>Adeniyi Adekoya</td><td>IMD-Leading Digital Business Transformation Programme</td><td>IMD-Lausanne Switzerland</td><td>June 11-15, 2018</td></tr>
<tr><td>Abba Habib</td><td rowspan="3">Improving the Performance of the Audit Committee</td><td rowspan="3">DCSL Corporate Services Limited</td><td rowspan="3">June 27-28, 2018</td></tr>
<tr><td>Adeniyi Adekoya</td></tr>
<tr><td>Ernest Ndukwe</td></tr>
<tr><td>Titi Osuntoki</td><td rowspan="2">Exploring Strategies for the Emerging Disruptive Financial Technologies Marketplace</td><td rowspan="2">CBN-FITC</td><td rowspan="2">September 18-19, 2018</td></tr>
<tr><td>Hadiza Ambursa</td></tr>
<tr><td>Anthonia O. Ogunmefun</td><td rowspan="10">Board Digital and KYC/Compliance Master Class</td><td rowspan="10">Ernest & Young</td><td rowspan="10">October 5, 2018</td></tr>
<tr><td>Ajoritsedere Awosika</td></tr>
<tr><td>Ernest Ndukwe</td></tr>
<tr><td>Paul Usoro</td></tr>
<tr><td>Abba Habib</td></tr>
<tr><td>Iboroma Akpana</td></tr>
<tr><td>Adeniyi Adekoya</td></tr>
<tr><td>Herbert Wigwe</td></tr>
<tr><td>Roosevelt Ogbonna</td></tr>
<tr><td>Victor Etuokwu</td></tr>
</table>

Titi Osuntoki			
Gregory Jobome			
Hadiza Ambursa			
Adeolu Bajomo			
Anthonia Ogunmefun	HR Strategy in Transforming Organisations	London Business School	November 11 - 16, 2018
Ajoritsedere Awosika			
Iboroma Akpana	Finance for Non-Finance Executives	London Business School	November 25-30, 2018

Shareholders and Regulatory Engagement

The Board recognizes the importance of ensuring the flow of complete, adequate and timely information to shareholders to enable them make informed decision and is committed to maintaining high standards of corporate disclosure. The implementation of our Investor Communication and Disclosure Policy helps the Board to understand shareholders views about the Bank. The Bank's website www.accessbankplc.com is regularly updated with both financial and non-financial information

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

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

The Board ensures that communication with the investing public about the Bank and its subsidiaries is timely, factual, broadly disseminated and accurate in accordance with all applicable legal and regulatory requirements. The Bank's reports and communication to shareholders and other stakeholders are in plain, readable and understandable format. The Board ensures that shareholders' statutory and general rights are protected at all times, particularly their right to vote at general meetings. The Board also ensures that all shareholders are treated equally regardless of the size of their shareholding and social conditions. Our shareholders are encouraged to share in the responsibility of sustaining the Bank's corporate values by exercising their rights as protected by law.

Access to Information and Resources

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

Board Responsibilities

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

Composition and Role

The Bank's Non-Executive Directors are appointed for an initial term of four years. Subject to the provisions of the Articles of Association on the retirement of Non-Executive Directors by rotation, they can be re-elected for a maximum of two subsequent terms of four years each, subject to satisfactory performance and shareholders' approval. The Independent Non-Executive Directors are subject to a maximum tenure of eight years as stipulated by the Central Bank of Nigeria's Guidelines for the Appointment of Independent Directors. Our Executive Directors are appointed for an initial term of four years and their tenure can be renewed for further terms subject to a satisfactory annual performance evaluation. Executive Directors are prohibited from holding other directorships outside the Access Bank Group or investee companies.

Composition and Role

As at December 31, 2018 the Board was made up of 15 members comprising 8 Non-Executive Directors four of whom are Independent Directors and 7 Executive Directors. Five of the Board Members are female.
Below are the profile of the Board members.

Mosun Belo-Olusoga, FCA
Group Chairman

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

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

She is 61 years old as at the date of this meeting.

Anthonia O. Ogunmefun
Non-Executive Director

Mrs Ogunmefun is the Managing Partner of Kemi Ogunmefun Law Office, a Canadian-based private legal practice specialising in immigration law, family law, real estate and corporate law. She served as the Chairperson of Governance Committee of Kinark Child and Family Services, a major Canadian child care trust, and is a Non-Executive Director of LOC Nominees Limited.

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

She is 67 years old as at the date of this meeting.

Ernest Ndukwe, OFR
Independent Non-Executive Director

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

He is a graduate of the University of Ife and an alumnus of Lagos Business School. He is a fellow of the Nigerian Society of Engineers, Nigerian Institute of Management and Nigerian Academy of Engineering. Dr. Ndukwe sits on the boards of Systemspecs Limited, Open Media Group and MTN Nigeria Limited. He joined the Board of Access Bank in December 2012 and chairs the Board Audit Committee and Board Digital and Information Technology Committee.

Dr. Ndukwe is 70 years old as at the date of this meeting.

Ajoritsedere Awosika, MFR
Independent Non-Executive Director

Dr. Awosika is an accomplished administrator with over three decades' experience in public sector governance. She was at various times, the Permanent Secretary in the Federal Ministries of Internal Affairs, Science & Technology and Power.

She is a fellow of the Pharmaceutical Society of Nigeria and the West African Postgraduate College of Pharmacy. Dr. Awosika holds a doctorate degree in pharmaceutical technology from the University of Bradford, United Kingdom. She was appointed to the Board of Access Bank in April 2013 and serves as the Vice-Chairman of the Board Audit Committee and Chairman of the Board Credit and Finance Committee. Dr. Awosika sits on the boards of Capital Express Assurance Ltd, Chams Plc, Ned-In Pharmaceutical IV Plant and Josephine Consulting Limited.

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

Paul Usoro, SAN
Non-Executive Director

Mr. Usoro is a Senior Advocate of Nigeria, a Fellow of the Chartered Institute of Arbitrators and the founder and Senior Partner of the Law firm of Paul Usoro & Co. He has over 30 years of law practice experience and is acknowledged as a highly experienced litigator and communication law expert.

He is currently a Non-Executive Director of PZ Cussons Nigeria Plc. He was elected President of the Nigerian Bar Association in August 2018 for a two-year term and is the Vice Chairman of Council of Legal Education. He is also a member of the National Judicial Council and Body of Benchers. He represented Access Bank as a Non-Executive Director on the board of the defunct Intercontinental Bank Plc.

He holds a Bachelor of Laws degree from the University of Ife (1981) and was called to the Nigerian Bar in 1982. Mr Usoro joined the Board in January 2014 and currently chairs the Board Governance and Nomination and Board Remuneration Committees.

He is aged 60 at the date of this meeting.

Abba Mamman Tor Habib
Non-Executive Director

Mr. Habib is a thoroughbred banking professional with over 20 years' experience, 15 of which were spent with Guaranty Trust Bank Plc where he voluntarily resigned in 2008 as an Executive Director. His experience in Guaranty Trust Bank spanned Corporate Banking and Risk Management. Mr. Habib is the Managing Director of Gremcoh Services Limited, his family owned agricultural and real estate enterprise.

He holds a First Class Bachelor of Science degree in Agricultural Economics from the University of Maiduguri and a Master of Science in Banking and Finance from Bayero University, Kano. He has attended several Executive Development Programmes in leading institutions including African Development Bank, Harvard, IMD, D.C Gardner London and INSEAD. He joined the Board in January 2016 and currently serves as the Vice-Chairman of the Board Credit and Finance Committee.

Mr Habib is 57 years old as at the date of this meeting.

Adeniyi Adekoya
Independent Non- Executive Director

Mr. Adekoya is a highly experienced maritime and oil and gas industry expert with significant investment banking experience. He is currently an Executive Director of Synerpet Nigeria Limited (formerly Akeprime Limited). Prior to this, he had been a General Manager of Peacegate Holdings Ltd where he was responsible for setting up and developing the company's marine operations. He was also consultant to Maine Nigeria Ltd where he developed the framework for the private placement to raise USD 500 million start-up capital and led the company's participation in bid rounds for oil blocks in the Republic of Equatorial Guinea. He worked with Mobil Oil Producing Nigeria Unlimited as a Budget Officer, Exploration Department, and also obtained financial service industry experience from AIM Fund and Trimark Investment Service, both in Ontario, Canada. Mr. Adekoya holds a Bachelors degree in Business Administration from the University of Lagos. He joined the Board in March 2017 and is the Vice-Chairman of the Board Digital and Information Technology Committee.

He sits on the boards of Synerpet Ltd and Weston Intergrated Services Ltd.

Mr Adekoya is aged 52 years old as at the date of this meeting

Iboroma Akpana
Independent Non- Executive Director

Mr. Akpana is the Managing Partner of Solola & Akpana, one of the leading commercial and oil and gas law firms in Nigeria. He is a consummate corporate and commercial lawyer with a career spanning over two decades. Mr. Akpana has a proven track record of academic excellence. He graduated as a top student in Law from the University of Jos and obtained a Master's Degree from Harvard Law School. He is a Notary of the Federal Republic of Nigeria. Based on his work, he was recognised in the Chambers Global 2006, 2007, 2008 and 2009 editions as a 'Leading Individual' in Nigeria in its Corporate and Commercial section. Similarly, the International Financial Law Review 1000 ranked him as a 'Leading Lawyer' in Nigeria in its 2006, 2007, 2008 and 2009 editions while the Legal 500 Europe, Middle East and Africa profiled him as a 'Recommended Individual'. Mr. Akpana is a member of the International Bar Association, American Bar Association, New York State Bar Association, Nigerian Bar Association and the Law Society of England and Wales. He joined the Board in March 2017. Mr Akpana is the Vice-Chairman of the Board Remuneration Committee.

He sits on the Board of Amni International Petroleum Services Ltd.

Mr. Akpana is aged 54 as at the date of this meeting.

Herbert Wigwe, FCA
Group Managing Director /Chief Executive Officer

Mr. Wigwe started his professional career with Coopers & Lybrand Associates, an international firm of Chartered Accountants. He spent over 10 years at Guaranty Trust Bank Plc where he managed several portfolios, including financial institutions, large corporates and multinationals. He left Guaranty Trust Bank as an Executive Director to co-lead the transformation of Access Bank Plc in March 2002 as Deputy Managing Director. He was appointed Group Managing Director/CEO effective January 1, 2014. Mr Wigwe is an alumnus of the Harvard Business School Executive Management Programme. He holds a Master's degree in Banking and International Finance from the University College of North Wales; a Master's degree in Financial Economics from the University of London and a B.Sc. degree in Accounting from the University of Nigeria, Nsukka. He is also a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN).

Mr Wigwe is also the Chairman of The Access Bank (UK) Ltd and a Non-Executive Director of Nigerian Mortgage Refinance Company Plc, FMDQ OTC Securities Exchange, Share Agents Network Expansion Facilities Ltd. He also a member of the Governing Council of the Chartered Institute of Bankers of Nigeria and is a Non-Executive Director of Agri-Business/ Small and Medium Enterprise Investment Scheme.

He is 52 years old as at the date of this meeting.

Roosevelt Ogbonna, FCA
Group Deputy Managing Director

Mr Ogbonna was appointed Executive Director, Commercial Banking Division in October 2013 and became Group Deputy Managing Director on May 1, 2017. He has over 20 years' experience in banking, cutting across Treasury, Commercial and Corporate Banking. He joined Access Bank in 2002 as a manager from Guaranty Trust Bank Plc. He is a Fellow of the Institute of Chartered Accountants of Nigeria and holds a Second Class Upper degree in Banking and Finance from the University of Nigeria, Nsukka. He has attended Executive Management Development Programmes in several leading institutions.

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

He is 44 years old as at the date of this meeting.

Victor Etuokwu, HCIB
Executive Director
Personal Banking

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

Bank in July 2003 from Citibank Nigeria. He holds a Bachelor of Science degree and a Masters in Business Administration from the University of Ibadan and the University of Benin respectively.

Mr Etuokwu is a Honorary Senior Member of the Chartered Institute of Bankers of Nigeria and represents the Bank on the boards of E-Tranzact Plc and Unified Payments Services Limited and ACT Foundation.

Mr. Etuokwu is 51 years old as at the date of the meeting.

Titi Osuntoki, HCIB
Executive Director
Business Banking

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

She holds a Second Class Upper degree in Civil Engineering and a Masters of Business Administration from the University of Lagos. Mrs. Osuntoki is a Honorary Senior Member of the Chartered Institute of Bankers of Nigeria. She has attended Executive Management Development Programmes in several leading business schools. She represents the Bank on the Board of Financial Institutions Training Centre.

Mrs. Osuntoki resigned from the Board effective March 18, 2019 to pursue other interests. The Board extends its best wishes to her and will like to commend her for her exemplary service during her tenure on the Board.

Gregory Ovie Jobome
Executive Director
Chief Risk Officer

Dr. Jobome is a thoroughbred banking professional with an excellent academic pedigree. He obtained a First Class degree in Economics from the University of Maiduguri in 1986 and a Distinction in Master of Business Administration degree from Obafemi Awolowo University in 1990. Dr Jobome also obtained a Master of Science Degree (1994) and a Doctorate degree (2002) both in Economics and Finance from Loughborough University, UK. He has over 25 years of working experience obtained from Guaranty Trust Bank Plc, the University of Liverpool Management School, Manchester Business School and Access Bank Plc. He joined Access Bank Plc in July 2010 as a General Manager and Chief Risk Officer. Prior to joining the Bank, he was a Risk Management Consultant to Guaranty Trust Bank Plc. Dr Jobome has been instrumental to the many giant strides attained by the Bank in the risk management space. Dr. Jobome is a highly sought-after resource person and has held several key industry leadership positions, including; Director, CRC Credit Bureau Ltd; President, Risk Management Association of Nigeria; Member, Working Group on Regulatory Reforms of the Institute of International Finance and Member, Capacity Building Committee, Chartered Institute of Bankers of Nigeria. He was appointed to the Board in January 2017.

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

Dr. Jobome is 53 years old as at the date of this meeting.

Hadiza Ambursa
Executive Director
Commercial Banking

Ms. Ambursa was appointed Executive Director, Commercial Banking- North in November 2017. She has over two decades' banking experience from Guaranty Trust Bank and Access Bank. Her experience covers Transaction Services, Public Sector, Commercial Banking and Corporate Finance. Prior to joining Access Bank in 2003, she was a Relationship Manager Public Sector in Guaranty Trust Bank Plc. She graduated with a Bachelor's of Science degree in Political Science from University of Jos in 1991 and also obtained a Master's degree in Law and Diplomacy in 1996 from the same university. She subsequently attended Massachusetts Institute of Technology ('MIT') where she obtained a Master's in Business Administration in 2009. She has attended several Executive Management Development Programmes in leading institutions, including Harvard Business School and MIT.

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

She is 48 years old as at the date of this meeting.

Adeolu Bajomo
Executive Director
Information Technology & Operations

Mr. Adeolu's appointment as Executive Director, Information Technology and Operations was approved by the Central Bank of Nigeria on January 4, 2018. He is a globally focused financial services executive with achievements cutting across banking, insurance and capital market. He was until recently, the Executive Director, Market Operations and Technology at the Nigerian Stock Exchange. In that role, he delivered market-wide transformation initiatives that firmly established the Exchange as the second largest bourse in Africa by market capitalization with over 7 million investors. Prior to his work at the Nigerian Stock Exchange, Mr. Bajomo had worked as Regional Head of Transformation Programme at Barclays Bank Plc UK (2007-2011); Head of IT Strategy and Systems at Pearl Insurance Group, UK (2006-2007) and IT Director at Fortis Bank UK (1997-2006) amongst other leadership roles. He holds an MBA from CASS Business School; MSc Information Systems Engineering from South Bank University, London and a BSc in Civil Engineering from University of Ife. Mr. Bajomo is a chartered member of British Computer Society and a member of Institute of Directors, UK.

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

Sunday Ekwochi, HCIB
Company Secretary

Mr. Ekwochi was appointed the Company Secretary of the Bank in March 2010. He graduated as a top student in Law from the University of Jos with a Second Class Upper degree in 1996 and from the Nigerian Law School in February 1998 with a Second Class Upper degree. He has over 18 years' banking experience from the then African Express Bank, Fidelity Bank and Access Bank Plc. Mr. Ekwochi qualified as a Chartered Secretary with the Institute of Chartered Secretaries and Administrators, London in 2003. He has attended Management Development Programmes at London Business School, Euromoney, Wharton Business School and IMD. He is an Honorary Senior Member of the Chartered Institute of Bankers of Nigeria.

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

The effectiveness of the Board derives from the diverse range of skills and competences of the Executive and Non-Executive Directors who have exceptional degrees in banking, financial and broader entrepreneurial experiences.

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

The Role of the Board

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

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

- Defining the Bank's business strategy and objectives.
- Formulating risk policies.
- Approval of quarterly, half yearly and full year financial statements.
- Approval of significant changes in accounting policies and practices.
- Appointment or removal of Directors and the Company Secretary.
- Approval of major acquisitions, divestments of operating companies, disposal of capital assets or capital expenditure.
- Approval of charter and membership of Board Committees.
- Setting of annual Board objectives and goals.
- Approval of allotment of shares.

- Appointment and removal of Chief Audit Executive.
- Approval of the framework for determining the policy and specific remuneration of Executive Directors.
- Monitoring delivery of the strategy and performance against plan.
- Reviewing and monitoring the performance of the Group Managing Director and the executive team.
- Ensuring the maintenance of ethical standard and compliance with relevant laws.
- Performance appraisal and compensation of Board members and Senior Executives.
- Ensuring effective communication with shareholders.
- Ensuring the integrity of financial reports by promoting disclosure and transparency.
- Succession planning for key positions.

The Role of Group Chairman

The principal role is to provide leadership and direction to the Board. The Group Chairman is accountable to the Board and shareholders, and liaises directly with the Board and the Management of the Company, through the Group Managing Director/Chief Executive Officer ('GMD/CEO'). The positions of the Group Chairman and the GMD/CEO are held by separate individuals. More specifically, the duties and responsibilities of the Group Chairman are as follows:
• Primarily responsible for the effective operation of the Board and ensures that the Board works towards achieving the Bank's strategic objectives.
• Setting the agenda for board meetings in conjunction with the GMD/CEO and the Company Secretary. • Approval of the Annual Board Activities Calendar.
• Playing a leading role in ensuring that the Board and its committees have the relevant skills, competencies for their job roles.
• Ensuring that Board meetings are properly conducted and that the Board is effective and functions in a cohesive manner.
• Ensuring that the Directors receive accurate and clear information about the affairs of the Bank in a timely manner to enable them to take sound decisions.
• Acting as the main link between the Board and the GMD/CEO as well as advising the GMD/CEO on the effective discharge of his duties.
• Ensuring that all directors focus on their key responsibilities and play constructive roles in the affairs of the Bank.
Ensuring that induction programmes are conducted for new directors and continuing education programmes are in place for all directors.
• Ensuring effective communication with the Bank's institutional shareholders and strategic stakeholders.
• Taking a leading role in the assessment, improvement and development of the Board.
• Presiding over General Meetings of shareholders.

The Role of Group Managing Director/Chief Executive Officer

The (GMD/CEO) has the overall responsibility for leading the development and execution of the Bank's long-term strategy, with a view to creating sustainable shareholder value. He manages the day-to-day operations of the Bank and ensures that operations are consistent with the policies approved by the Board. Specifically, the duties and responsibilities of the GMD/CEO include the following:
• Acts as head of the Management team and is answerable to the Board.

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

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

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

The Role of the Company Secretary

Directors have separate and independent access to the Company Secretary. The Company Secretary is responsible for, among other things, ensuring that Board procedures are observed and that the Company's Memorandum and Articles of Association, plus relevant rules and regulations, are complied with. He also assists the Chairman and the Board in implementing and strengthening corporate governance practices and processes, with a view to enhancing long-term shareholder value. The Company Secretary assists the Chairman in ensuring good information flow within the Board and its committees and between Management and Non-Executive Directors. The Company Secretary also facilitates the orientation of new directors and coordinates their professional development. As primary compliance officer for Group's compliance with the listing rules of the Nigerian Stock Exchange, the Company Secretary is responsible for designing and implementing a framework for the Bank's compliance with the listing rules, including advising Management on prompt disclosure of material information. The Company Secretary attends and prepares the minutes for all Board meetings. As secretary for all Board Committees, the Company Secretary assists in ensuring coordination and liaison between the Board, the Board Committees and Management. The Company Secretary also assists in the development of the agenda for the various Board and Board Committee meetings. The appointment and the removal of the Company Secretary are subject to the approval of the Board.

Delegation of Authority

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

Director to manage the affairs of the Group within the parameters established by the Board from time to time.

Board Meetings

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

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

The Board in demonstration of its commitment to environmental sustainability operates a secure electronic portal-Diligent Boardbook- for the circulation of board documentation to members.

The Board met 10 times during the period under review. The second Group Board Retreat involving directors of the parent company and the subsidiary boards was held on October 12-13, 2018 at Eko Hotel and Suites, Lagos Nigeria to review the extent of implementation of the 2013-2017 strategy and share the strategy for the next 5 years.

The Board devoted considerable time and efforts on the following issues in 2018.

- Review of Board Committee charters/policies.
- Reconstitution of Board Committees.
- Consideration and approval of 2018 budget.
- Approval of appointments to subsidiary boards.
- Monitoring the implementation of 2018-2022 Strategic Plan.
- Approval of credit facilities.
- Review and approval of policies
- Consideration of top management and board appointments.
- Consideration of updates on the implementation of Board Retreat outcomes.
- Approval of interim and full year audited financial statement.
- Consideration and recommendation of merger with Diamond Bank Plc

Board Meeting Attendance in 2018

The membership of the Board and attendance at meeting in 2018 are set out below.

Type of Meeting	**Annual Retreat**	**Annual General Meeting**	**Board Meetings**									
Date	Feb 1-2	April 25	Jan 30	Apr 25	July 19	July 30	Oct 8	Oct 17	Oct 21	Oct 30	Dec 12	Dec 18
Mosun Belo-Olusoga	P	P	P	P	P	P	A	A	A	A	A	A
Anthonia Ogunmefun	P	P	P	P	P	P	P	P	P	P	P	P
Paul Usoro	P	P	P	P	P	P	P	P	P	P	P	A
Ernest Ndukwe	P	P	P	P	P	P	P	P	P	P	P	P
Ajoritsedere Awosika	P	P	P	P	P	P	P	P	P	P	P	P
Abba Mamman Tor Habib	P	P	P	P	P	P	P	P	P	P	A	P
Iboroma Akpana	P	P	P	P	P	P	P	P	P	P	P	P
Adeniyi Adekoya	P	P	P	P	P	P	P	P	P	P	P	P
Herbert Wigwe	P	P	A	P	P	P	P	P	P	P	P	P
Roosevelt Ogbonna	P	P	P	P	P	P	P	P	P	P	A	P
Victor Etuokwu	P	P	P	P	P	P	P	P	P	P	P	A
Titi Osuntoki	P	P	P	P	P	P	P	P	P	P	P	P
Gregory Jobome	P	P	P	P	P	P	A	P	P	P	P	P
Hadiza Ambursa	P	P	P	P	P	P	P	P	A	P	P	P
Ade Bajomo	P	P	P	P	P	P	P	P	P	P	P	P

Board Committees

The Board exercises oversight responsibility through its standing committees, each of which has a charter that clearly defines its purpose, composition, structure, frequency of meetings, duties, tenure and reporting lines to the Board. In line with best practice, the Chairman of the Board is not a member of any committee. The Board has seven standing committees, namely: the Risk Management Committee, the Audit Committee, the Governance and Nomination Committee, the Remuneration Committee, Digital and Information Technology Committee, Credit and Finance Committee and Technical Committee on Retail Expansion.

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

Reports of Board Committees

This section highlights the activities of the Board Committees in 2018.

Board Governance & Nomination Committee

The membership of the Committee and attendance at the meeting in 2018 are as set out below.

Name	Jan 15	Feb 1	Apr 9	July 17	Oct 15
Paul Usoro	P	P	P	P	P
Anthonia Ogunmefun	P	P	P	P	P
Ajoritsedere Awosika	P	P	P	P	P
Ernest Ndukwe	P	P	P	P	P
Iboroma Akpana	P	P	P	P	P
Adeniyi Adekoya	P	P	P	P	P
Herbert Wigwe	P	P	P	P	P

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

The key decisions of the Committee in the reporting period included: recommendation of board appointments; **review and recommendation of human resources policies to the Board for approval, and consideration of quarterly reports on human resources and sustainability. The Committee met 5 times in 2018 financial year**.

Mr. Paul Usoro is the Chairman of the Committee.

Board Credit & Finance Committee

The membership of the Committee and directors attendance at meetings in 2018 are as set out below.

Name	**Jan 15**	**Feb 14**	**Mar 19**	**Apr 9**	**May 16**	**Jun 13**	**Jun 26**	**Jul 17**	**Aug 15**	**Sep 12**	**Oct 15**	**Nov 15**	**Dec 18**
Ajoritsedere Awosika	P	P	P	P	P	P	P	P	P	P	P	P	P
Abba M.T Habib	P	P	P	P	P	P	P	P	P	P	P	P	P
Anthonia Ogunmefun	P	P	P	P	P	P	P	P	P	P	P	P	P
Ernest Ndukwe	P	P	P	P	P	P	P	P	P	P	P	P	P
Paul Usoro	P	P	P	P	P	P	P	P	A	P	P	P	A
Iboroma Akpana	P	P	P	P	P	P	P	P	P	P	P	P	P
Adeniyi Adekoya	P	P	P	P	P	P	P	P	P	P	P	P	P
Herbert Wigwe	P	P	P	P	A	P	P	P	P	P	P	P	P
Roosevelt Ogbonna	P	P	P	P	P	A	A	P	P	P	P	P	P
Victor Etuokwu	A	P	P	P	P	P	P	P	P	P	P	P	P
Titi Osuntoki	P	P	P	P	A	P	P	P	P	P	P	P	P
Gregory Jobome	P	P	P	P	P	P	P	P	P	P	P	P	P
Hadiza Ambursa	P	P	A	P	P	P	P	P	P	P	P	P	P

The Committee considers and approves loan applications above certain limits (as defined by the Board from time to time) which have been recommended by the Management Credit Committee. It also acts as a catalyst for credit policy change and oversees the administration and effectiveness of the Bank's credit policies. The Committee met 13 times in the 2018 financial year.

The Committee's key activities during the period included review and approval of credit facilities; review of the Credit Portfolio and Collateral Adequacy Assessment reports and monitoring the implementation of credit risk management policies; audit report on the credit risk management function, approval of credit portfolio plan.

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

Board Risk Management Committee

The membership of the Committee and attendance at meetings in 2018 are as set out below.

Name	Jan 16	Apr 10	July 18	Oct 16
Anthonia Ogunmefun	P	P	P	P
Ernest Ndukwe	P	P	P	P
Paul Usoro	P	P	P	P
Abba M.T Habib	P	P	P	P
Adeniyi Adekoya	P	P	P	P
Iboroma Akpana	P	P	P	P
Herbert Wigwe	P	P	P	P
Roosevelt Ogbonna	P	P	P	P
Gregory Jobome	P	P	P	P
Adeolu Bajomo	P	P	P	P

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

During the period under review, the Committee considered and recommended some policies to the Board for approval and received risk reports from all the risk areas except credit.

The Committee met 4 times in the 2018 financial year.

Mrs. Anthonia Ogunmefun is the Chairman of the Committee.

Board Audit Committee

The membership of the Committee and attendance at meetings in 2018 are as set out below.

Name	Jan 17	Jan29	Apr 11	Jul 20	Jul 27	Oct 17
Ernest Ndukwe	P	P	P	P	P	P
Ajoritsedere Awosika	P	P	A	P	P	P
Abba M.T Habib	P	P	P	P	P	P
Paul Usoro	P	P	P	P	P	P
Adeniyi Adekoya	P	P	P	P	P	P

The Committee supports the Board in performing its oversight responsibility relating to the integrity of the Bank's Financial Statements and the financial reporting process, as well as the independence and performance of the Bank's Internal and External Auditors. It oversees the Bank's system of internal control and the mechanism for receiving complaints regarding the Bank's accounting and operating procedures. The Bank's Chief Audit Executive and Chief Compliance Officer have access to the Committee and make quarterly presentations to the Committee. The key issues considered by the Committee during the period included the review and recommendation of the 2017 Full Year Audited Financial Statements and 2018 Interim Audited Financial Statements and reports of the Group Internal Auditor and Internal Audit Consultants.

The Committee approved the Group Internal Audit Work Plan for 2018 and also reviewed the whistleblowing reports. The Committee met six times during the reporting period.

Board Remuneration Committee

The membership of the Committee are as set out below.

Name	Role
Paul Usoro	Chairman
Iboroma Akpana	Vice-Chairman
Ernest Ndukwe	Member
Ajoritsedere Awosika	Member
Anthonia Ogunmefun	Member

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

The Committee did not meet in 2018.

Mr. Paul Usoro chairs the Committee.

Board Digital & Information Technology Committee

The membership of the Committee and attendance at meetings in 2018 are as set out below.

Name	Jan 18	Apr 18	Jul 19	Oct 18
Ernest Ndukwe	P	P	P	P
Adeniyi Adekoya	P	P	P	P
Anthonia Ogunmefun	P	P	P	P
Abba M.T. Habib	P	P	P	P
Ajoritsedere Awosika	P	P	P	P
Iboroma Akpana	P	P	P	P
Herbert Wigwe	P	P	P	A
Roosevelt Ogbonna	P	A	P	P
Gregory Jobome	P	P	P	P
Adeolu Bajomo	P	P	P	P

The Committee was established to oversee the end-to-end digital delivery of the Bank's products and services. The Committee receives regular reports on the Bank's digital ecosystem and customer experience. It also provides oversight over the execution of the Bank's IT strategy and monitors the Bank's investment in IT infrastructure and support systems that underpin the safe and effective delivery of the products and services.

The key issues considered by the Committee during the period included the report on cyber security and digital risk as well digital customer complaints feedback and recommendation of the Bank's Fintech strategy to the Board for approval.

The Chairman of the Committee is Dr. Ernest Ndukwe.

Board Technical Committee on Retail Expansion

The membership of the Committee and attendance at meetings in 2018 are as set out below.

Name	Nov 14	Dec 3	Dec 11	Dec 28
Paul Usoro	P	P	P	P
Adeniyi Adekoya	P	P	P	P
Abba M.T Habib	P	P	A	P
Iboroma Akpana	P	P	P	P
Herbert Wigwe	P	A	A	P
Roosevelt Ogbonna	P	P	P	P
Gregory Jobome	P	P	P	P

The Committee was set up by the Board on July 30, 2018 and held its inaugural meeting on October 16, 2018. The Committee provides assistance to the Management of the Bank in developing and implementing strategic plans for the continuing creation of value to the Bank's shareholders through acquisition, strategic relationships, investment and growth activities in the retail space. The Committee is saddled with the responsibility of reviewing, evaluating and approving acquisitions, mergers, strategic relationships and green and brown fields investments involving the Bank. It also oversees the post-acquisition integration and business development opportunities.

The key issues considered by the Committee during the period included the review of domestic and international retail growth expansion strategies. The Committee considered and recommended the Bank's proposed business combination with Diamond Bank Plc in pursuance of the Bank's retails expansion strategy.

The Committee met 4 times during the reporting period.

The Committee is chaired by Mr. Paul Usoro.

Attendance at Board and Board Committees meetings

The table below shows the attendance of Directors at meetings during the reporting period.

Executive Committee

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

Management Committees

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

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

Statutory Audit Committee

In compliance with Section 359 of the Companies and Allied Matters Act 1990, the Bank constituted a Standing Shareholders Audit Committee made up of three Non-Executive Directors and three shareholders.
The Committee is constituted to ensure its independence, which is fundamental to upholding stakeholders' confidence in the reliability of the Committee's report and the Group's Financial Statements. There is no Executive Director sitting on the Committee. The Chairman of the Committee is an ordinary shareholder, while the shareholders' representatives are independent and answerable to the shareholders. There are two Independent Directors on the Committee and the last Director is independent of the management of the Bank.

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

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

Henry Omatsola Aragho, FCA
Chairman, Statutory Audit Committee

Mr. Aragho obtained his Higher National Diploma (Accounting) from Federal Polytechnic Auchi in 1981 and a Master's Degree in Business Administration from Ogun State University (1999). He qualified as a Chartered Accountant with the Institute of Chartered Accountants of Nigeria (ICAN) in 1985. He was admitted as an Associate Member of Institute of Chartered Accountants of Nigeria in March 1986 and subsequently qualified as a fellow of the Institute. He joined the Nigerian Ports Authority in 1982 and retired as General Manager Audit in 2005. He is presently the Managing Consultant of Henrose Consulting Limited and Managing Director Henrose Global Resources Limited.

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

Emmanuel Olutoyin Eleoramo
Member, Statutory Audit Committee

Mr. Eleoramo holds a First Class degree in Insurance and a Master's degree in Business Administration (MBA), both from the University of Lagos. He is an Associate of the Chartered Insurance Institute of London and a Fellow of the Chartered Insurance Institute of Nigeria. He has over 36 years of varied experience in general insurance marketing, underwriting and employee benefits consultancy. He is a key player in the Nigerian insurance industry and a past President of the Chartered Insurance Institute of Nigeria. He was the Managing Director/Chief Executive Officer of Nigerian French Insurance Company Ltd and later Whispering Hope Insurance Company Ltd (now Sterling Assurance Nigeria Ltd) before his appointment as the Managing Director/Chief Executive Officer of Nigerian Life and Pensions Consultants Limited (now Nigerian Life and Provident Company Limited) from where he retired in 2018.

Idaere Gogo-Ogan
Member, Statutory Audit Committee

Mr. Ogan is a 1987 graduate of Economics from the University of Port Harcourt and holds a Master's Degree in International Finance from Middlesex University, London. He joined the Corporate Banking Department of Guaranty Trust Bank Plc in 1996. He left Guaranty Trust Bank to found D' Group, incorporating Becca Petroleum Limited and Valuestream and Cordero Engineering Ltd.

He is a Non-Executive Director of Coronation Merchant Bank Limited and Chairman of United Securities Limited.

Record of Attendance at Statutory Audit Committee Meeting

Name	January 29, 2018	July 27, 2018
Henry Omatsola Aragho	✓	✓
Idaere Gogo Ogan	✓	✓
Emmanuel O. Eleoramo	✓	✓
Ernest Ndukwe	✓	✓
Mr. Abba M.T Habib	✓	✓
Ajoritsedere Awosika	✓	✓

Tenure of the Statutory Audit Committee

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

Role and Focus of the Statutory Audit Committee

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

- Ascertain whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices.
- Review the scope and planning of audit requirements.
- Review the findings on management matters in conjunction with the external auditor and management's responses thereon.
- Keep under review the effectiveness of the Company's system of accounting and internal control.
- Make recommendations to the Board with regard to the appointment, removal and remuneration of the external auditors of the Company, ensuring the independence and objectivity of the external auditors and that there is no conflict of interest which could impair their independent judgement.
- Authorise the internal auditor to carry out investigations into any activity of the Company which may be of interest or concern to the Committee.
- Assist in the oversight of the integrity of the company's financial statements and establish and develop the internal audit function.

2018 Audit Fees

The audit fees paid by Bank PricewaterhouseCoopers, external auditors for the 2018 statutory audit was ₦420 million while fees for non-audit services rendered to the Bank during the year amounted to ₦61.5 million

Going Concern

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

External Auditors

Messrs PricewaterhouseCoopers (PwC) acted as our external auditors for the 2018 financial year. The Board confirms that the Bank has complied with the regulatory requirement as enshrined in the CBN and SEC Codes of Corporate Governance on the rotation of audit firm and audit partners. PwC was appointed the Bank's sole external auditors from the 2013 financial year and has held office for six years.

Succession planning

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

Code of Ethics

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

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

Dealing in Company Securities

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

Remuneration Policy

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

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

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

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

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

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

Whistle-Blowing Procedure

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

Telephone
Internal: +234-1-2712065

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

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

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

9MOBILE:
0809-993-6366

GLO:
0705-889-0140

E-Mail

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

The Bank's website also provides an avenue for lodging whistle-blower's reports. Individuals interested in whistle-blowing may click on the Customer Service link on the Bank's website, scroll down to the whistle-blower column, and then register, anonymously or otherwise, any allegations they want the Bank to investigate.
The Bank's Chief Audit Executive is responsible for monitoring and reporting on whistle-blowing. Quarterly reports are rendered to the Board Audit Committee.
In addition to the foregoing, stakeholders may also report unethical practices to the Central Bank of Nigeria via anticorruptionunit@cbn.gov.ng.

The Company Secretary

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

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

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

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

Customer Complaints and Resolution

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

Statement of Compliance

We hereby confirm to the best of our knowledge the Bank has complied with the following Codes of Corporate Governance and Listing Standards

1. The Code of Corporate Governance for Public Companies in Nigeria as Issued by the Securities and Exchange Commission
2. The Code of Corporate Governance for Bank and Discount Houses in Nigeria and the Guidelines for Whistle Blowing in the Nigerian Banking Industry
3. The Nigerian Stock Exchange Rules for Listing on the Premium Board
4. The Post Listing Rules of the Nigerian Stock Exchange

Save that in the event of any conflict regarding the provisions of the respective Codes and Rules the Bank will defer to the provisions of the CBN Code as its primary regulator.

Statement of Directors' Responsibilities in relation to the Consolidated and separate Financial Statements for the year ended 31 December 2018

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

- **I.** Keep proper accounting records that disclose, with reasonable accuracy, the financial position of the bank and Group and comply with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act;
- **II.** Establish adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- **III.** Prepare financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied.

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

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

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

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Herbert Wigwe	Roosevelt Ogbonna
Group Managing Director	Group Deputy Managing Director
FRC/2013/ICAN/00000001998	FRC/2017/ICAN/00000016638

Report of the statutory audit committee

To the members of Access Bank Plc:

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act of Nigeria, the members of the Audit Committee of Access Bank Plc hereby report on the financial statements for the year ended 31 December 2018 as follows:

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

We are of the opinion that the accounting and reporting policies of the Bank and Group are in agreement with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December 2018 were satisfactory and reinforce the Group's internal control systems.

We are satisfied that the Bank has complied with the provisions of Central Bank of Nigeria Circular BSD/1/2004 dated 18 February 2004 on "Disclosure of insider related credits in the financial statements of banks". We hereby confirm that an aggregate amount of N2,010,567,540 (December 2017: N1,650,860,935) was outstanding as at 31 December 2018 which was performing as at 31 December 2018 (see note 44)

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

FRC/2017/ICAN/0000001627
Mr. Henry Omatsola Aragho
Chairman, Audit Committee
26 January 2019

Members of the Audit Committee are:

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

In attendance:
Sunday Ekwochi – Company Secretary

2018 was a challenging year especially in emerging and commodity-exporting economies. Global trade slowed down amidst tensions between the US and its major trading partners. Monetary normalization, with rising interest rates, continued in the U.S. and other major central banks, with attendant impact on interest and exchange rates globally.

Although domestic economic growth increased in the third quarter of 2018 compared to the previous quarter, household and business confidence remained weak. The price of crude oil, a mainstay of the Nigerian economy, fell to levels not seen since mid-2017.

These events coupled with ongoing scrutiny, regulatory change, tight credit growth, technological change and higher funding costs all added pressure to earnings growth in the Nigerian banking sector.

Despite the various challenging circumstances, Access Bank continued to demonstrate the resilience and prudent management that shareholders count on. Guided by our long-term strategic goal to become the gateway to a sustainable Africa, over the course of the financial year, the Risk Management division oversaw the implementation and enhancement of a number of initiatives:

Industry Scenario Analysis tool – to model macro
In the financial year, the Risk Management Division continued conducting and refining its stress testing and scenario analyses, assessing the Bank's financial resilience to macro-economic or market-driven scenarios.

Internal Liquidity Adequacy Assessment Process (ILAAP)
We sustained the internal processes of monitoring and managing the liquidity risks of the Bank. These processes are included in the Internal Liquidity Adequacy Assessment Process (ILAAP) manual.

The objective of ILAAP is to assess liquidity risks and maintain the current and future liquidity adequacy of the bank on a continuous basis. The ILAAP framework also lays out the Bank's general funding strategy, which is determined in line with risk appetite.

ALM automation tool –for automated balance sheet modelling
The adoption of an automated modelling of the balance sheet, provides a more precise understanding of fundamental short and long term balance sheet baseline performance. In addition, it serves as a better-quantified measure of interest rate risk positions, as well as liquidity and capital risks.

Enterprise Risk Management-Dash Board
The division developed the Enterprise Risk Management (ERM) Dashboard to concisely communicate risk information identified by the ERM process to the Bank's board of directors.

This dashboard distils the underlying risk information down to the most relevant for disclosure to the board of directors for ease of understanding.

Enhanced Information Security Systems – integrated into Operational Risk
Both cyber and business continuity are regarded as material business risks that are actively managed and monitored across the Group. To mitigate increasing cyber threats, a significant level of management focus has been placed to further enhance the Operational Risk Management Framework. Specifically, the Information Security Systems was integrated into Operational Risk. Furthermore, the Security Operation Center was created to bolster the Bank's management of risks.

Governance, Risk & Compliance (GRC) Automation
The Division introduced an automated approach towards integrated risks, regulatory compliance and reporting. The integration of enterprise risk, governance and control processes as well as technology will help the Bank, among others:

- Reduce gaps in risk and compliance processes;
- Reduce redundant or duplicative activities;
- Present information better to board and senior management;

Portal for Risk Information Sharing and Management (PRISM)
The portal, designed to exchange and manage risk-related issues by staff, has continued to gain traction within the organisation. In view of the widespread uptake of the portal, additional risk categories, namely Lessons Learnt (Legal, Risk and Compliance) were created.

Recovery & Resolution Plan (RRP)
Our regular review of the Recovery Plan prepares us to restore our financial strength and viability during an extreme stress situation. The Recovery Plan also outlines how we can respond to a financial stress situation that would significantly impact our capital or liquidity position. Therefore it lays out a set of defined actions aimed to protect us, our customers and the markets and prevent a potentially more costly resolution event. In line with regulatory guidance, we have identified a wide range of recovery measures that will mitigate different types of stress scenarios.

ISO Re-certification
Access Bank achieved the ISO 22301, ISO 27001 and PCIDSS Re-Certification in the year under review. The accreditations are formal certifications proving that Access Bank fulfils the highest levels of security and has implemented an Information Security Management System (ISMS) on par with global standards. The standard specifies the requirements for implementing, monitoring, reviewing, maintaining and improving a documented ISMS within the context of the organisation's overall business risks.

Enhancement of Economic Intelligence
The critical role of Economic Intelligence was enhanced. During the year under review, their work was tailored to meet with the information/intelligence needs of our many stakeholders – internal and external. The team continued to use the sets of concepts, methods and tools which unify all

the coordinated actions of research, acquisition, treatment, storage and diffusion of information relevant to the organisation.

ENTERPRISE-WIDE RISK MANAGEMENT

WE REMAIN COMMITTED TO SUSTAINABLE ENTERPRISE-WIDE RISK MANAGEMENT PRACTICES

With our promise of speed, service and security, the Enterprise Risk Management's (ERM) framework of the Bank is hinged on the establishment of a group wide risk oversight, monitoring and reporting that fosters risk integration. This ensures that the Bank strives for sustainable financial success while strengthening its relationship with a diverse group of stakeholders.

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

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

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

Access Bank views and treats risk as an intrinsic part of business and maintains a disciplined approach to its management of risks. Its Group Risk functions remain dynamic and responsive to the needs of stakeholders as it improves its focus on the inter-relationships between risk types.

The Bank uses periodic reviews of risk exposure limits and risk control to position itself against adverse scenarios. This is an invaluable tool with which the Bank predicted and successfully managed both the local and global recession which continued to impact the macro economy. Market volatilities and economic uncertainties are typically contained because the Group regularly subjects its exposures to a range of stress tests across a wide variety of products, currencies, portfolios and customer segments.

The Bank's risk management architecture, as designed, continued to balance corporate oversight with well-defined risk management functions which fall into one of three categories where risk must be managed: lines of business, governance and control, and corporate audit. The Board of

Directors and Management of the Bank are committed to constantly establishing, implementing and sustaining tested practices in risk management to match those of leading international banks. We are convinced that the long-term sustainability of our Group depends critically on proper governance and effective management of our business. As such, risk management occupies a significant position of relevance and importance in the Bank.

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

The role of the Group Chief Risk Officer in Access Bank remains pivotal as he has the primary responsibility for ensuring the effective implementation of the ERM Frame- work of both the Bank and its subsidiaries. The Bank's ERM Framework and amendments thereto require Board approval. The Risk Management Division on the other hand is responsible for the enforcement of the Bank's risk policy by constantly monitoring risk, with the aim of identifying and quantifying significant risk exposures and acting upon such exposures as necessary.

Risk management in Access Bank is part of our culture, as everyone, from the most junior officer to Executive Management, is cognisant of the risk culture. Our officers approach every banking transaction with care, while taking into consideration the Bank's acceptable risk appetite and its stated risk behaviour and culture.

To some institutions, risk is viewed as a threat or uncertainty, but to Access Bank, it goes beyond that. Risk to us, presents potential opportunities to grow and develop our business within the context of our clearly articulated and Board-driven risk appetite.
Hence, our approach to risk management is not limited to considering downside impacts or risk avoidance. It also encompasses taking risks knowingly for competitive advantage backed by strong markets, macro analytics and scenario planning.

Access Bank approaches risk, capital and value management robustly and we believe that our initiatives to date have positioned the Group at the leading edge of risk management.

RISK MANAGEMENT FRAMEWORK

All activities and processes of Access Bank involve the identification, measurement, evaluation, acceptance and management of risk or combinations of risks. The Board, advised by the various Board and Management Risk Committees, requires and encourages a strong risk governance culture which shapes the Group's attitude to risk. We believe that risk management encompasses the insights delivered by information which facilitate appropriate actions.

Access Bank has a robust Group risk management framework, which gives full Group-wide coverage of a variety of risks. Our annual risk cycle is designed to give management relevant, up-to-date information from which trends can be observed and assessed. The governance structure supporting our risk cycle is designed to deliver the right information, at the right time, to the right people.

Our strategic approach involves the use of risk appetite and limits, ideal risk culture, risk-based incentives and performance, risk analytics and innovation, risk processes and frameworks and much more. We also leverage Technology and the Governance Risk and Compliance (GRC) to support Enterprise Risk Management. Lastly, through embedding a culture of joint risk ownership in our people, team work and training, we deliver on our risk management goals.

Here in Access Bank, we have a holistic view of all major risks facing the Bank. We remain vigilant towards both known and emerging risks, and ensure we are strong enough to withstand any exogenous shock.

Our Board-level Risk Committees play a critical role in providing oversight of risk management and ensuring that our risk management approaches are consistent with and support our strategic vision of being the World's Most Respected African Bank.

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

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

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

BALANCING RISK AND RETURN

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

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

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

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

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

RISK QUALITY ASSURANCE

During the year we created Risk Quality Assurance as one of the units charged with responsibility of ensuring continuous improvement in our risk management services and processes. The Risk Quality Assurance team is expected to identify issues, and through concerted root cause analysis ensure resolution of the same within all risk management areas.

Adherence to internal and external policies remain paramount. Zero tolerance for regulatory infractions, Monitoring adherence to the Service Level Agreement agreed with internal and external customers and ensuring recruitment of staff for effective coverage of the division amongst others, remain the priorities of the Group.

We believe that all these activities will contribute to the sustenance of effective Risk Management.

SECURITY OPERATIONS CENTER

In line with the Bank's commitment to speed, service and security, the Bank has set up a Security Operations Center (SOC) also referred to as the Cyber Intelligence Center (CIC) to respond to the increase in global cyber security threats to businesses and also comply with regulatory requirements. There is a dedicated team in the Security Operations Center responsible for the ongoing, operational component of enterprise information security. The SOC is staffed with security analysts, engineers as well as managers who oversee security operations. Their goal is to detect, analyse, respond to, report on, and prevent cyber security incidents using a combination of technology solutions and a strong set of processes. They also conduct advanced forensic analysis, cryptanalysis, and malware reverse engineering to analyse incidents.

To establish this, the Bank clearly defined a strategy that incorporates business-specific goals from various groups as well as input and support from Executives. Once the strategy was developed, the infrastructure required to support that strategy was implemented.

The SOC also monitors networks servers, databases, applications, websites endpoints and other systems for vulnerabilities in order to protect sensitive data and comply with industry or government regulations. SOC staff work close with organizational incident response teams to ensure security issues are addressed quickly upon discovery.

The gap between attackers' time to compromise and enterprises' time to detection is well documented in Verizon's Annual Data Breach Investigations Report. Having a security operations center helps organizations close that gap and stay on top of the threats facing their environments.

Benefits:

- **Enhanced security incidents and events monitoring**: The SOC/CIC will help prevent, detect, assess and respond to cybersecurity threats and incidents. There will be an improvement of security incident detection through continuous monitoring and analysis of data activity. This 24/7 monitoring gives the Bank an advantage to defend against incidents and intrusions, regardless of source, time of day or attack type.
- **Regulatory Compliance**: The CIC will help meet regulatory requirements
- **The SOC/CIC will cover the Subsidiaries**: The Security Operation Centre monitoring will cover all subsidiaries of the Bank (Except U.K)

ENTERPRISE-WIDE SCENARIO AND STRESS TESTING

Access Bank uses robust and appropriate scenario stress testing to assess the potential impact on the Group's capital adequacy and strategic plans. Our stress testing and scenario analysis programme is central to the monitoring of strategic and potential risks. It highlights the vulnerabilities of our business and capital plans to the adverse effect of extreme but plausible events.

As a part of our core risk management practices, the Bank conducts enterprise-wide stress tests on a periodic basis to better understand earnings, capital and liquidity sensitivities to certain economic scenarios, including economic conditions that are more severe than anticipated. We leveraged the Bank's ICAAP for 2017 in the selection of our scenarios and improved on them to ensure they are representative of the recent developments.

The contagion effect and transmission mechanisms on the Bank's liquidity are mapped out in our Internal Liquidity Adequacy Assessment Process (ILAAP) document and were also modelled in our stress tests. The outcome of the testing and analysis is also used to assess the potential impact of the relevant scenarios on the demand for regulatory capital compared with its supply. These enterprise-wide stress tests provide an understanding of the potential impacts on our risk profile, capital and liquidity. It generates and considers pertinent and plausible scenarios that have the potential to adversely affect our business.

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

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

RECOVERY AND RESOLUTION PLANNING

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

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

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

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

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

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

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

- Central Bank of Nigeria (CBN) Minimum Contents for Recovery Plans and Requirements for Resolution Planning (November 2016)
- European Banking Authority (EBA):
    - Regulatory Technical Standards (EBA/RTS/2014/11)
    - Guidelines (GL/2015/02)
    - Prudential Regulations Authority (PRA) Policy and Supervisory Statements (PS1/15 and SS18/13)
    - Financial Stability Board (FSB) Guidance on Recovery Triggers and Stress Scenarios dated 16 July 2013

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

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

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

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

RESOLUTION PLANNING

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

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

RISK ANALYTICS AND REPORTING

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

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

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

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

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

DATA MANAGEMENT AND INTEGRATION

This unit is responsible for the development and maintenance of the enterprise risk data architecture with a roadmap geared to promoting data integrity, data quality and ensuring integration with risk analytics and reporting.
The Group has a data governance structure which enforces risk data governance and discipline across the Bank. It is also equipped with data quality measurement metrics to reduce the Bank's risk exposure due to data quality issues.

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

INTEGRATED RISK ANALYTICS

The Group guides the analytical input into the implementation of various risk software and their ongoing implementation in credit risk, market risk, operational risk and other risk areas. It drives the development as well as implementation of the internal and regulatory risk measurement methodologies and models for the core risk elements. Examples of the model are; Rating models, Scoring models, Probability of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD), etc.

The Risk Management group designs stress test models and implements the same on the Bank's portfolios and risk profile. It also provides comprehensive risk analyses to give an insight into all current Strategic Business Units (SBU). The Group also drives the full implementation of Basel II/III and manages the Internal Capital Adequacy Assessment Process (ICAAP).

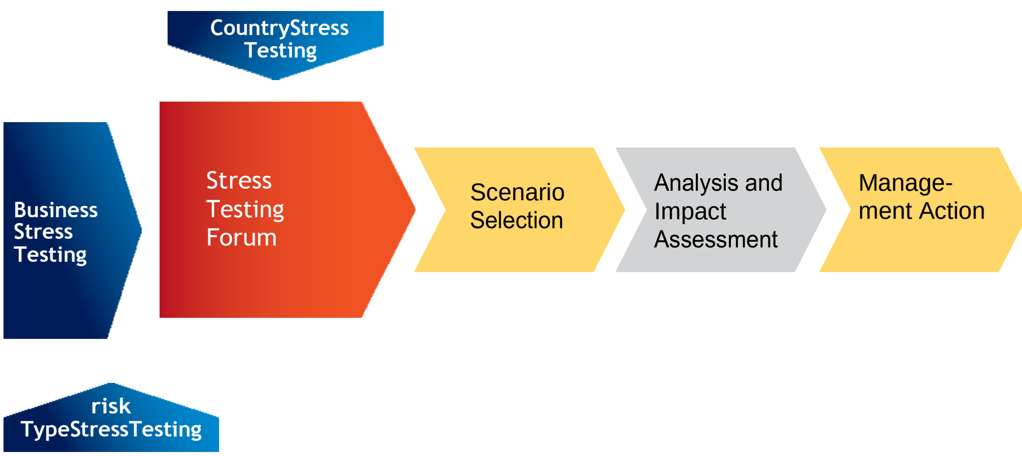
The Group deepened the Risk Embedded Performance Management Framework as part of the process of maintaining and aligning behaviours with the Bank's moderate risk appetite. Business performance will subsequently be monitored with a focus on financial performance and risk exposures being aligned with the Bank's risk appetite. The 2017 Budget was built with risk appetite as an integral part of the financial target determination. Varieties of triggers were employed and an automated process was created to efficiently track compliance and apply a risk charge to the various SBUs where there are deviations.

INTEGRATED RISK REPORTING

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

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

Stress testing Framework



Our stress testing framework is designed to:

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

RISK MANAGEMENT PHILOSOPHY, CULTURE, APPETITE AND OBJECTIVES

Our Risk Culture Statement:

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

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

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

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

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

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

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

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

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

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

b) Risk officers partner with other stakeholders within and outside the Bank and are guided in the exercise of their powers by a deep sense of responsibility, professionalism and respect for other parties.
c) The Bank partners with its customers to improve their attitude to risk management and encourage them to build corporate governance culture into their business management
d) Risk management is governed by well-defined policies, which are clearly communicated across the Bank.
e) Equal attention is paid to both quantifiable and non-quantifiable risks.

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

GROUP RISK OVERSIGHT APPROACH

Managing risk is a fundamental part of banking. Access Bank manages risk as part of a long-term strategy of resilience. The risk management function is embedded in all levels of Access Bank's organization and is part of the daily business activities and strategic planning to have a sustainable competitive advantage.

To achieve its risk management objectives, the bank relies on a risk management framework that comprises risk policies and procedures formulated for the assessment, measurement, monitoring and reporting of risks including limits set to manage the exposure to quantifiable risks. The Bank recognizes that effective risk management is based on a sound risk culture, which is characterized, amongst others, by a high level of awareness concerning risk and risk management in the organisation.

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

We actively promote a strong risk culture where employees are encouraged to take accountability for identifying and escalating risks.
Expectations on risk culture are regularly communicated by senior management, reinforced through policies and training, and considered in the performance assessment and compensation processes.

The Executive Director for Risk Management coordinates the process of monitoring and reporting risks across the Bank.

Internal Audit has the responsibility of auditing the risk management and control function to ensure that all units charged with risk management perform their roles effectively on a continuous basis. Audit also tests the adequacy of internal control and makes appropriate recommendations where necessary.

STRATEGY AND BUSINESS PLANNING

Our risk management function is aligned with our strategy of building the gateway to a sustainable Africa. Consistent with the objective of delivering long-term sustainable value for our stakeholders, we continue to pursue a prudent risk policy, bringing balance and focus to our activities.

Underpinning that ambition is the delivery of excellent customer service through all of our business segments. Our business model and strategy are built on capturing the opportunities inherent in our business by developing deep relationships with clients in the markets and communities we serve. Each business function proactively identifies and assesses its operational risks and the controls put in place to manage those risks.

The Bank has multiple initiatives underway to improve infrastructure for risk management, data quality, stress testing and reporting.

Our integrated Governance, Risk and Compliance (GRC) system (Processmaker) was launched during the year as a tool for the Credit Risk, Compliance, Operational Risk and Audit functions to sharpen risk management oversight of the Bank's businesses across the markets in which we operate. The integration of key activities and synchronization of information enhances our decision-making process across these functions. This in turn improves our business agility and competitive advantage which allows us to offer differentiated products to our customers across all touchpoints.

We continue to focus on early identification of emerging risks so that we can manage any areas of weakness on a proactive basis.

RISK APPETITE

Taking all relevant risks and stakeholders into consideration. Access Bank's risk appetite, which is approved by the Board of Directors, expresses the aggregate level of risk that we are willing to assume in the context of achieving our strategic objectives.
Risk appetite is derived using both quantitative and qualitative criteria. Risk appetite in relation to the major risks to which the Bank is exposed is regulated by limits and thresholds. These metrics aid in reaching our financial targets and guiding the Bank's profitability profile.
In accordance with the bank's risk appetite, we are strongly committed to maintaining a moderate risk profile. The risk profile is managed based on an integrated risk management framework. In this framework, all types of risks are identified to provide one integrated view on the risk profile for the Bank as a whole.

RISK MANAGEMENT OBJECTIVES

The broad risk management objectives of the Bank are:

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

SCOPE OF RISKS

Within its risk management framework, Access Bank identifies the following key risk categories:

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

These risks and the framework for their management are detailed in the enterprise-wide risk management frame- work.

RESPONSIBILITIES AND FUNCTIONS

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

RISK MANAGEMENT DIVISION

A. Champion the implementation of the ERM Framework across the Bank and its subsidiaries.

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

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

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

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

F. Embed risk culture in the Bank to ensure that everyone takes into consideration the Bank's risk appetite in whatever they do.

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

H. Monitor compliance with bank-wide risk policies and limits.

I. Empower business unit risk champions to identify, monitor and report on the effectiveness of risk mitigation plans in reducing risk incidence as related to day to day activities in the unit.

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

K. Champion the implementation of Basel II and III.

L. Promote risk awareness and provide education on risk.

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

FINANCIAL CONTROL AND STRATEGY

A. Prepare and monitor the implementation of the Bank’s strategic plan.

B. Conduct strategic and operational review of the Bank’s activities.

C. Regularly scan the Bank’s operating environment.

D. Coordinate and monitor the Bank’s rating exercises by external rating agencies.

E. Prepare business intelligence reports for the Bank’s management.

F. Prepare periodic management reports on subsidiaries and associates.

G. Perform competitive analysis on industry peers.

H. Conduct strategic and operational review of branches.

RISK MANAGEMENT GOVERNANCE FRAMEWORK

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

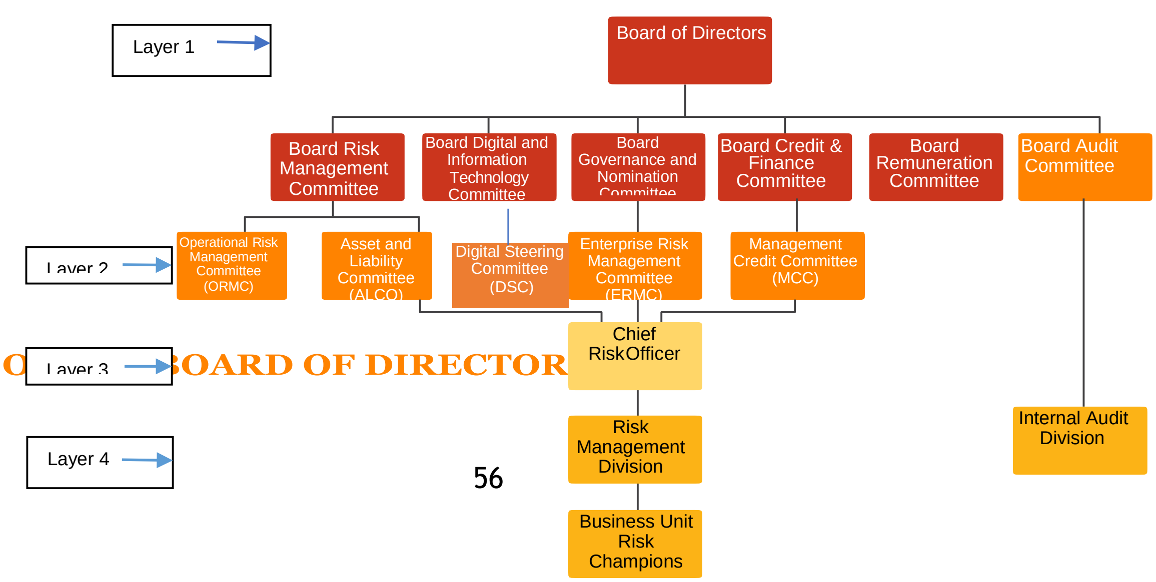
A. Prepare and monitor the implementation of the Bank’s strategic plan.

B. Conduct strategic and operational review of the Bank’s activities.

C. Regularly scan the Bank’s operating environment.

RISK MANAGEMENT GOVERNANCE STRUCTURE

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



ROLES O BOARD OF DIRECTOR

The Board of Directors' specific roles as it relates to risk management, credit, market, compliance, operational, reputational and strategic risks are defined below:

GENERAL

a. Develop a formal enterprise-wide risk management framework;

b. Review and approve the establishment of a risk management function that would independently identify, measure, monitor and control risks inherent in all risk-taking units of the Bank;

c. Ratify the appointment of qualified officers to manage the risk management function;

d. Approve and periodically review the Bank's risk strategy and policies;

e. Approve the Bank's risk appetite and monitor the Bank's risk profile against this appetite;

f. Ensure that the management of the Bank has an effective ongoing process to identify risk, measure its potential impact and proactively manage these risks;

g. Ensure that the Bank maintains a sound system of risk management and internal control with respect to:

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

h. Ensure that a systematic, documented assessment of the processes and outcomes surrounding key risks is undertaken at least annually;

i. Ensure that management maintains an appropriate system of internal control and review its effectiveness;

j. Ensure risk strategy reflects the Bank's tolerance for risk;

k. Review and approve changes/amendments to the risk management framework;

l. Review and approve risk management procedures and control for new products and activities; and

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

CREDIT RISK

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

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

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

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

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

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

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

h. Employ the use of technology to ensure the various processes are automated to allow for prompt identification and mitigation of various risks.

MARKET RISK

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

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

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

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

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

f. Approve the Bank's liquidity risk management framework;

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

COMPLIANCE RISK

a. Approve the Bank’s code of conduct and ethics;

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

c. Ensure new and changed legal and regulatory requirements are identified, monitored and reflected in the Bank’s processes;

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

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

OPERATIONAL RISK

a. Oversee the overall governance of the Bank’s operational risk management process;

b. Set the Bank’s operational risk strategy and direction in line with the Bank’s corporate strategy;

c. Approve the Bank’s operational risk management framework;

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

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

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

REPUTATIONAL RISK

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

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

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

d. Review all exception reports by external parties such as regulators and auditors; ensure that appropriate sanctions are applied to erring officers;

e. Demand from management appropriate explanations for all exceptional items; ensure that management puts in place effective and remedial actions and provides progress to the Board on an on-going basis;

f. Ensure that Board members do not compromise their fit and proper status with regulators.

g. They shall ensure that only Board members who do not tarnish the Bank's image and reputation remain as members; and

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

STRATEGIC RISK

a. Oversee the strategic risk management process.

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

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

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

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

f. Review high-level reports periodically submitted to the Board on the overall strategic risk profile, and ensure that any material risks and strategic implications identified from those reports are properly addressed; and

g. Ensure that senior management is competent in implementing strategic decisions approved by the Board, and supervising such performances on a continuing basis

THE BOARD AND MANAGEMENT COMMITTEES

The Board has ultimate responsibility for the Bank's risk organisation and for ensuring satisfactory internal control. It carries out its oversight function through its standing committees. Each has a charter that clearly defines its purpose, composition, structure, frequency of meetings, duties, tenure, and reporting lines to the Board.

In line with best practice, the Chairman of the Board does not sit on any of the Committees. The Board has six standing committees: The Board Risk Management Committee, the Board Audit Committee, the Board Remuneration Committee, the Board Governance and Nomination Committee, the Board Credit and Finance Committee and the Board Digital and IT Committee.

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

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

COMPLIANCE RISK MANAGEMENT

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

The compliance function transformation which commenced in 2015 and had continued through to 2018 is almost at conclusion stage with the Assessment of our Compliance Maturity and benchmark against 2013 COSO principles. The integrated compliance function working closely with Internal Audit and Operational Risk to achieve risk convergence provided backbone for integrated assurance and higher visibility of risk management and control consciousness across the Group.

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

MEASUREMENT, MONITORING AND MANAGEMENT OF COMPLIANCE RISK

In Access Bank, compliance risk is continually:

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

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

- Managed by establishing and communicating appropriate policies and procedures, training employees on them, and monitoring activity to assure their observance.

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

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

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

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

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

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

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

OUR COMPLIANCE RISK APPETITE

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

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

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

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

OUR ANTI-MONEY LAUNDERING PROGRAMME

Access Bank Plc has a Board approved AML/CFT programme. This is contained in the Bank's Compliance Manual which is reviewed and updated on an annual basis. Our Compliance Manual contains the policies approved by the Board. Some of these are the Politically Exposed Persons (PEP) Policy; Compliance Risk Management Policy, Compliance Charter etc. We also introduced the Committee of Chief Compliance officers of the Group to further harmonize compliance practices and share ideas on resolution of compliance related issues.

Board members and all levels of staff are trained at least once every financial year on Anti-Money Laundering Combating Financing of Terrorism Know your Customer and Anti-Bribery and Corruption ('AML/CFT/KYC') and Ethics as stated in the Bank's policy. New employees inclusive of experience hires also undergo the same training as induction course. The Bank organizes and ensures that staff attend webinars, conferences, workshops and trainings as part of its bank wide awareness program. Tests are conducted during such trainings to ensure employees understand the content and scope of the trainings.

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

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

ANTI-BRIBERY AND CORRUPTION IMPLEMENTATION

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

While the Bank and all its subsidiaries have a Board approved policy which sets out the general rules and principles we adhere to, we continue to communicate to all employees, directors, business associates as well as relevant partners, suppliers, vendors and other stakeholders the need to maintain high ethical and professional conduct while doing the Bank's business. The bank also carries out ABC Risk Assessment of all the Groups and Divisions in the bank using an automated tool developed by Messrs. EY

CONDUCT RISK IMPLEMENTATION

Conduct Risk is the detriment caused to our customers, clients, counterparties, or the Bank and its employees through in- appropriate judgment in execution of business activities. We continue to review and improve how conduct risk is assessed and reported throughout our business. The Bank is committed to putting customers at the heart of the decisions, treating customers fairly and resolving customer complaints within the shortest possible time.

STRATEGIC ALLIANCE & PARTNERSHIPS

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

While the bank continues to train its staff through the Compliance Institute of Nigeria (CIN) and other Compliance related professional bodies, it plays active role in International Organizations inclusive of Inter-Governmental Action Group against Money Laundering in West Africa (GIABA). The Bank's Chief Conduct and Compliance Officer, Mr. Pattison Boleigha was recently appointed as the pioneer president of the Executives of Compliance Officers Forum of GIABA.

OPERATIONAL RISK MANAGEMENT

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

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

This framework includes:

- Recognized ownership of the risk by the businesses;
- Oversight by independent risk management; and
- Independent review by Corporate Audit.

We seek to minimise exposure to operational risk, subject to cost trade-offs. Operational risk exposures are managed through a consistent set of management processes that drive risk identification, assessment, control and monitoring. The goal is to keep operational risk at appropriate levels relative to the characteristics of our businesses and the markets in which we operate, our capital and liquidity, and the competitive, economic and regulatory environment. Notwithstanding these controls, Access Bank incurs operational losses.

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

- Reduce the likelihood of occurrence of expected events and related cost by managing the risk factors and implementing loss prevention or reduction techniques to reduce variation to earnings;

- Minimise the impact of unexpected and catastrophic events and related costs through risk financing strategies that would support the Bank's long term growth, cash flow management and balance sheet protection;

- Eliminate bureaucracy, improve productivity, reduce capital requirements and improve overall performance through the institution of well designed and implemented internal controls.

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

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

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

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

The GROUP'S OPERATIONAL RISK MANAGEMENT FRAMEWORK

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

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

MANAGEMENT AND CONTROL RESPONSIBILITIES

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

MEASURING AND MANAGING OPERATIONAL RISK

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

RISK EVENT DATA COLLECTION AND REPORTING

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

RISK AND CONTROL SELF ASSESSMENTS (RCSA)

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

KEY RISK INDICATORS (KRIS)

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

REPORTING

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

ALLOCATING CAPITAL TO BUSINESS UNITS

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

INSURANCE MITIGATION

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

- Comprehensive crime and electronic crime;
- Directors' and officers' liability; and
- Professional indemnity.

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

INFORMATION SECURITY, DIGITAL BANKING AND CONTINUITY OF BUSINESS

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

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

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

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

The Board and Management are committed to the Business Continuity Management objectives of the Bank. The Board has the ultimate responsibility and oversight over the Business Continuity Management activities and is responsible for the approval and implementation of the bank's Business Continuity Policy. The Management provides the required resources and designates a Business Continuity Management ('BCM') Team which co-ordinates the Business Continuity activities of the Bank and provides regular updates to the Management Committees.

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

FRAUD AND FORGERIES REPORT

During the year under review, the Bank recorded 5,159 fraud cases. Out of which 5,119 fraud cases (99%) relate to Cards/E-Channels/USSD frauds. These led to a total fraud loss of N78.0million. Also, there were 3 cases of successful robbery incidents which led to a loss of N43.39milion.

STRATEGIC RISK MANAGEMENT

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

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

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

The following principles govern the Bank's strategic risk management:

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

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

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

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

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

- Strategic plans are approved and monitored by the Board.
- Regular environmental scan, business strategy session and workshops are set up to discuss business decisions.
- Close monitoring to ensure that strategic plans are properly aligned with the business model,
- Regular performance review by Executive Management and business plans are approved by the Board.

The Bank also maintains a well-defined succession plan, proper monitoring and well-defined structures to align its activities to international best practices.

REPUTATIONAL RISK MANAGEMENT

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

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

- A highly regulated financial services industry with high visibility and vulnerability to regulatory actions that may adversely impact its reputation. (e.g. corporate governance crises);

- Keen competition and largely homogeneous products and services have led customers not to perceive significant differences between financial service providers; and

- Given the financing nature of products and services they provide, banks are not only exposed to their own reputation, but also to the reputation of their clients.

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

- Loss of current or future customers;
- Loss of public confidence;
- Loss of employees leading to an increase in hiring costs, or staff downtime;
- Reduction in current or future business partners;

- Increased costs of capitalization via credit or equity markets;
- Regulatory sanctions;
- Increased costs due to government regulations, fines, or other penalties; and
- Loss of banking license.

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

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

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

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

COMPILATION OF TRIGGER EVENTS

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

Risk Drivers	Trigger Events
Corporate governance and leadership	• Corporate frauds and scandals; • Association with dishonest and disreputable characters as directors, management • Association with politically exposed persons • Incidence of shareholders conflict and Board Instability.
Regulatory Compliance	• Non - Compliance with laws and regulation; • Non submission of Regulatory returns
Delivering customer promise	• Security Failure • Shortfall in quality of service/fair

	treatment; • Bad behavior by employees
Workplace talent and culture	• Unfair employment practices • Not addressing employee grievances • Uncompetitive remuneration
Corporate social responsibility	• Lack of community development initiatives
Corporate Culture	• Lack of appropriate culture to support the achievement of business objective. • Ineffective risk management practices. • Unethical behaviors on the part of staff and management. • Lack of appropriate structure for employees to voice their concerns
Risk Management and Control Environment	• Inadequate Risk Management and Control environment • Continuous violations of existing policies and procedures
Financial Soundness and Business viability	• Consistent poor financial performance • Substantial losses from unsuccessful Investment
Crisis Management	• Inadequate response to a crisis or even a minor incident

EVENTS DATA ANALYSIS

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

- Evaluating types of marketing efforts and implications for Reputational Risk;
- Analysis of number of accounts opened

Vs. closed;

- Calling effort analysis;
- Complaint log analysis; and
- Error resolution review.

APPROACH TO MANAGING REPUTATION RISK EVENTS

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

POST REPUTATION EVENT REVIEWS

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

CAPITAL RISK MANAGEMENT

Capital risk is the risk of an erosion of the Bank's capital base as a result of poor capital management.

Capital management objectives:

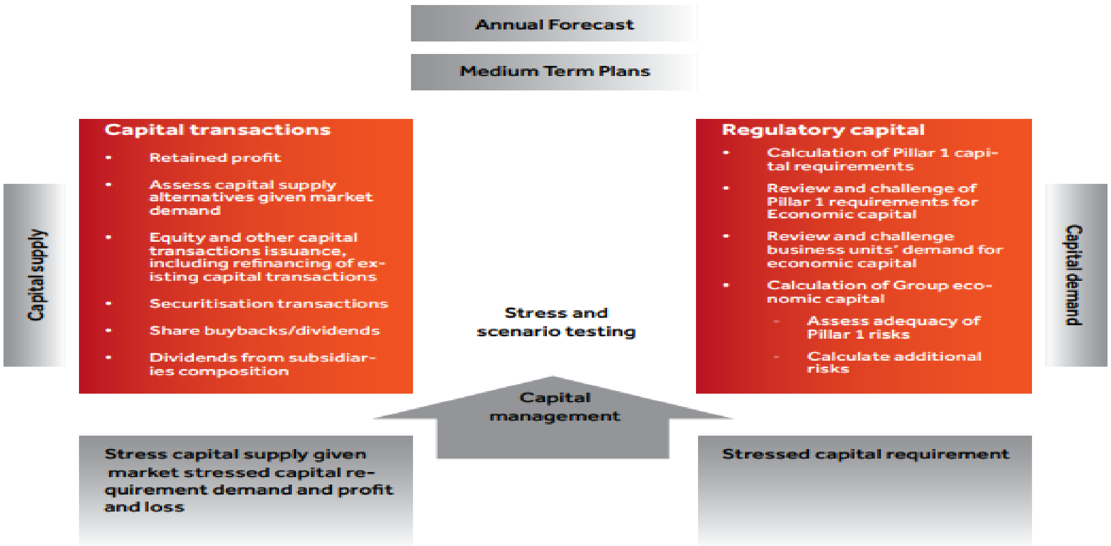
The Group has a number of capital management objectives:

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

CAPITAL MANAGEMENT STRATEGY:

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

Capital Management Process



IMPORTANCE OF CAPITAL MANAGEMENT

Capital management is critical to the Bank's survival. Hence, capital is managed as a Board level priority in the Group. The Board is responsible for assessing and approving the Group's capital management policy, capital target levels and capital strategy. A capital management framework provides effective capital planning, capital issuance, alignment to Basel accord, EC utilisation and economic profit (EP) performance measurement criteria. The diagram above illustrates the process the Group follows to ensure end-to-end integration of the Group's strategy, risk management and financial processes into the capital management process. The purpose is to ensure that capital consumption in the business divisions has an impact on performance measurement, which in turn translates into management performance assessment, product pricing requirements and achievement of the overall strategy within the Group's risk appetite.

ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT

At Access Bank, we have put in place governance measures that were carefully designed to manage the inherent environmental and social (E&S) issues in our direct business operations (i.e. use of: energy, waste, travel, etc.) and indirectly the E&S issues in our obligors' business operations/activities. The underpinning import of our E&S risk management strategy is to reduce potential impacts of our direct and indirect environmental and social risks. We are also putting structures in place to set-off any residual E&S risks that remain after the application of our environmental and social risk management policies, processes and procedures.

E&S risks are the potential negative costs to a business that result from its impacts (or perceived impacts) on the natural environment (i.e. air, water, soil) or communities of people (e.g. employees, customers, local residents). The attendant E&S risks can result into dire consequences to the lending banks and also its customers. This resultant effect include but not limited to production postponements, reputational damages, threats to operating licences, unforeseen expenditures, weak cash flow, business liquidation and huge non-performing loans.

As a result, Access Bank has incorporated E&S risk considerations into our strategic decision-making processes. We have developed a state-of-the-art Environmental and Social Risk Management (ESRM) Policy, duly approved by the Board.

The ESRM policy is the overarching blueprint based on the preservation and protection of the people, planet and profitability approach. This structured approach is based on effective operational and lending decisions that impact the Bank's sustainability goals and meet the objectives of multiple stakeholders.

ESRM POLICY

Consistent with the Bank's mission statement to setting standards for sustainable business practices, E&S risks are considered in all lending decisions with the aim to ensure that the Bank's position is protected against unseen negative E&S risks and losses. The ESRM Policy outlines the Bank's approach for responsible client engagement and provision of responsible financing, ensuring our risk management process remains in alignment with international best practices.

The objectives of the ESRM Policy are to:

- Integrate ESRM considerations into the Bank's Credit risk architecture and Investment process;
- Provide clear guidance on the Bank's position on ESRM in our business activities;
- Implement and comply with the IFC Performance Standards, Equator Principles for all Project Finance related facilities and the Nigerian Sustainable Banking Principles;
- Apply the E&S requirements of Development Finance Institutions where facilities include DFI financing;
- Establish an effective reporting framework to track and report (on a periodic and ad-hoc basis) E&S issues in relevant products and services offered by the Bank.

ENVIRONMENTAL AND SOCIAL RISK STRATEGY

Central to an effective ESRM is developing and understanding of our clients' approach to E&S risk management relevant to their business activities. While the Bank accepts limitations in our ability to influence client behaviour, we nonetheless usually engage with our clients on these issues and endeavour to work with clients whose business practices are in alignment with our E&S standards and policies.

Clients that demonstrate best practice, and those who are willing to align with our E&S requirements, are our business partners of choice with whom we seek to continue and expand our relationships.

For all financing activities where material risks are identified through our ESRM approach, Access Bank will seek to identify mitigation measures and recommendations for the client to address these risks. Where appropriate, these mitigation measures and/or recommendations are usually included in loan covenants or other lending documentation and monitored periodically.

ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT PROCEDURE

The Access Bank ESRM procedure enables a seamless implementation of the ESRM policy and supplementary sector-specific policies through their integration into Access Bank's existing decision-making processes. The ESRM Procedures provide a clear step-by-step guidance for the application of the ESRM Policy and identify the relevant functions and individuals involved in the implementation and governance of the Policy.

In addition to compliance with applicable laws and regulations, Access Bank favours good industry practice and minimising, where practicable, the impact on the environment and communities. Performance commitments are formalised in loan covenants where deemed necessary and ongoing monitoring evaluates client progress over the tenor of the loan. The system also provides a mechanism to consider exiting relationships with clients who continually fail to improve or have egregious E&S issues.

Access Bank's ESRM Procedures are made up of five distinct phases for the management of E&S risks that emerge in our Credit/Investment cycle. Each phase represents a critical step of Access Bank's integrated ESRM approach in the products and services we offer.

These phases are:

1. E&S Screening:
The first step of the Screening process begins as soon as Access Bank identifies a potential new client or transaction opportunity. At the preliminary or initial prospecting stage, the applicable Account Officer or Relationship Manager, will conduct an initial screening to identify initial risk alerts and ensure that the client or transaction does not fall within the Access Bank's Exclusion List.

2. E&S Risk Assessment:
Upon completion of the initial screening, if the client or transaction remains eligible for financing but requires further evaluation, an E&S risk assessment is conducted to evaluate the level of risk associated with the client or transaction. Where necessary, Access Bank conducts further E&S due diligence commensurate with the type of transaction and risks associated with the transaction under assessment.

3. Decision and Documentation:
Following the appropriate level and type of E&S due diligence, the Bank forms a decision on proceeding with the client or transaction, and where relevant, identifies potential mitigation measures to include in loan documentation.
Where mitigation measures or performance improvement commitments are required in order to meet the Bank's E&S standards, these will be communicated to the client and may be formalized in the corresponding loan documentation.

The Bank may also choose to decline a relationship or transaction where the E&S issues are egregious or where the client repeatedly fails to improve its E&S performance and meet the Bank's ESRM standards.

4. E&S Monitoring:
Access Bank's approach to ESRM contains procedures to monitor and measure client compliance with, and progress in, meeting the Bank's E&S standards. The main objective of this section is to clearly identify procedures for managing post-loan disbursement compliance with agreed E&S conditions

5. E&S Reporting:
The Bank reports on ESRM activities in accordance with both the CBNs Nigerian Sustainable Banking Principles, Equator Principles obligations, GRI sustainability reporting guidelines and the requirements of DFIs and other investors. We seek to incorporate such reporting into our external annual publications. In addition to formal reporting to our regulators and partners, Access Bank's senior management receive periodic assessments of the effectiveness of the ESRM policies based on systematic data collection and analysis.

ACCESS BANK's E&S RISK MANAGEMENT PROGRESS

In a bid to ensure that the Access Bank's ESRM structure attains best in class standards, the Bank ensures that its E&S risk management architecture is assessed by global leaders in the E&S risk management space.
Over the course of 2018, the IFC conducted assessments of the Bank's ESRM to include the following elements;

- Review of Access Bank's Environmental and Social Management System (ESMS) and the associated implementation tools;
- Jointly undertaken site visits to Access Bank's clients, as a means of observing the due diligence and/or monitoring undertaken;
- Review of the ESMS implementation process from credit proposal to monitoring for the clients selected for site visits, through a review of the associated loan files; and
- Assessment of the capacity of officers within the bank involved in the implementation of the ESMS.

The table below shows a summary of the IFC audit on Access Bank's ESRM Structure.

Table 1: Benchmarking of Access Bank's E&S Risk Managing Framework with Best Practice (IFC Assessment of Access Bank E&S Practice)

Assessment Area	Formative	Emerging	Developed	State-of-the-Art
E&S Policy and Environmental and				•

Social Management System (ESMS)				
ESMS Implementation			↔	
Staff Capacity and Training			↔	
Reporting and Monitoring			•	
Management Commitment			•	

Beyond the management of E&S risks and impacts associated with its lending activities, and as part of the Bank's commitment to implementing the Nigerian Sustainable Banking Principles (NSBPs), Access Bank has taken adequate measures to monitor and minimize its footprint and put in place policies to support the implementation of all the NSBPs. The Bank's efforts in this regard have been recognized by the Regulator, evidenced by the Bank retaining CBN 5 awards categories for the two year running.

Central Bank of Nigeria's NSBP Awards won by Access Bank in December 2018 are as follows:

- Most Sustainable Transaction of the Year (Power Sector) – Winner
- Most Sustainable Transaction of the Year (Oil and Gas Sector) – Winner
- Sustainable Bank of the Year – Winner
- Excellence in Women Economic Empowerment – Winner
- Most Sustainable Transaction of the Year (Agriculture) – 1st runner up

These awards are in recognition of the bank's consistent Environmental & Social Risk/Sustainability practices that have continued to drive our brand value and opportunities, while also promoting innovation and competition.

Independent auditor's report

To the Members of Access Bank Plc

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Access Bank Plc ("the bank") and its subsidiaries (together "the group") as at 31 December 2018, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act.

What we have audited

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

- the consolidated and separate statements of comprehensive income for the year ended 31 December 2018;
- the consolidated and separate statements of financial position as at 31 December 2018;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

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

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Impairment allowance on loans and advances to customers – N88 billion (refer to notes 3.9, 4.0 and 23) We focused on this area because management exercises significant judgement, using subjective assumptions when determining both the timing and the amounts to recognise as impairment on financial assets. The International Accounting Standards Board (IASB) issued IFRS 9 – Financial instruments replaces IAS 39 – Financial instruments in three phases as follows: Phase 1 – Classification and measurement of financial instruments; Phase 2 – Impairment methodology; and Phase 3 – Hedge accounting. We focused on the "Phase 2 – Impairment methodology" of the IFRS 9 'Financial Instruments' standard as it introduced a new, forward looking, expected credit loss (ECL) model which required significant judgement in measuring ECL. Areas where significant judgement was exercised includes: • the definition of default adopted by the bank; • determining the criteria for assessing significant increase in credit risk (SICR); • methodologies adopted by the bank in modelling the probability of default (PD) and the loss given default (LGD); • approach adopted by the bank in determining potential exposure at default (EAD) on off-balance sheet exposures such as loan commitments and financial guarantees;	We adopted a substantive approach in assessing the allowance for impairment made by management. We performed the following procedures: • checked that the bank applied a default definition that is consistent with IFRS 9 qualitative default criteria and days past due backstop indicator; • evaluated the reasonableness of the Group's determination of significant increase in credit risk by checking that a lifetime ECL is recognised when credit risk has increased significantly (Stage 2), a lifetime ECL is recognised on impaired facilities (Stage 3) and a 12 month ECL (Stage 1) is recognised if otherwise; • applied a risk based target testing approach in selecting a sample of credit facilities for detailed reviews of related customer files and account statements. This was for the purpose of identifying quantitative and qualitative factors resulting in SICR or default per management's definition; • reviewed the reasonableness of the methodology used in modelling PD to be sure it is in line with acceptable modelling techniques and also testing the historical data inputs into the model for accuracy and completeness; • evaluated the reasonableness of the Loss Given Default (LGD) by reviewing cash recoveries, collateral values along with assumptions on haircut and recovery rates; • checked that the EAD modelling for off-balance exposures considered expected future draw down over the expected life of the asset based on the credit conversion factors (CCF) and assessed the appropriateness of CCF used in estimating future draw downs; and • evaluated that the bank factored business cycle dependencies into ECL estimates by incorporating

- incorporating forward looking information and the determination of multiple economic scenarios used in the ECL model.

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

forward-looking information into the ECL parameters and checked the reasonableness of forward looking information and multiple economic scenarios considered.

Valuation of equity securities at fair value through profit or loss - N109.4 billion (refer to notes 3.9, 4.1 and 25)

We focused on this area because of the significant judgements involved and the higher risk of material misstatement in estimating the fair value of these instruments. The most judgemental aspect of equity securities at fair value through profit or loss relate to the valuation of level 3 financial instruments (*N 97.7 billion - refer to note 4.1.1*), which we consider to be a key audit matter.

The following risks could lead to inaccurate fair values of level 3 equity securities at fair value through profit or loss:

- The Group uses a number of model types to value its level 3 financial instruments. Model deficiencies or inaccurate model parameters could lead to material misstatements of the financial statements; and
- Whilst some of the model inputs used for determining fair values are observable, there are unobservable inputs (such as illiquidity discount rate and hair cut) which could lead to valuation variances.

Management employs the services of external consultants for these valuations.

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

We assessed the competence, independence and objectivity of management's external consultants; and

We checked that the valuation techniques used to determine the fair values of level 3 equity securities were consistent with the market approach prescribed by the applicable standard.

With the assistance of our internal valuation experts, we:

- evaluated the principal assumptions and checked the inputs by comparing them to independent sources for reasonableness; and
- evaluated the appropriateness of the classification and measurement basis of these investments; and

We reviewed the disclosures for compliance with the relevant standards.

Other information

The directors are responsible for the other information. The other information comprises Corporate information, Directors' report, Customer complaints, Corporate Governance report, Statement of Directors' responsibilities, Report of the Statutory Audit Committee, Risk management framework, Value added statement and Five-year financial summary (but does not include the consolidated and separate financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the Access Bank Plc 2018 Annual Report, which are expected to be made available to us after that date.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other sections of the Access Bank Plc 2018 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

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

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

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

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

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

v) as disclosed in Note 41 to the consolidated and separate financial statements, the bank paid penalties in respect of contraventions of certain sections of the Banks and Other Financial Institutions Act and relevant circulars issued by the Central Bank of Nigeria during the year ended 31 December 2018.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
3G/ICAN
0921383

Tola Ogundipe

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

14 March 2019

Engagement Partner: Tola Ogundipe
FRC/2013/ICAN/00000000639

Consolidated and separate statement of comprehensive income

In thousands of Naira	Notes	Group December 2018	*Restated Group December 2017	Bank December 2018	*Restated Bank December 2017
Interest income on financial assets not at FVTPL/ not held for trading	8	360,307,616	294,361,115	293,590,764	249,177,354
Interest income on financial assets at FVTPL/held for trading	8	20,607,306	25,493,287	19,483,392	25,493,287
Interest expense	8	(207,336,761)	(156,402,857)	(184,857,410)	(143,133,607)
Net interest income		173,578,161	163,451,545	128,216,746	131,537,034
Net impairment charge	9	(14,656,723)	(34,466,868)	(10,702,144)	(29,149,849)
Net interest income after impairment charges		158,921,438	128,984,677	117,514,602	102,387,185
Fee and commission income	10 (a)	62,095,546	56,674,334	47,584,441	45,785,986
Fee and commission expense	10 (b)	(9,600,893)	(7,254,455)	(9,094,470)	(7,177,439)
Net fee and commission income		52,494,653	49,419,879	38,489,971	38,608,547
Net gains/(loss) on investment securities	11a,b	96,324,350	(33,403,225)	95,286,231	(32,832,665)
Net foreign exchange (loss)/income	12	(23,768,927)	107,932,097	(31,213,857)	103,621,339
Other operating income	13	13,178,688	8,018,171	11,012,065	6,916,275
Personnel expenses	14	(57,144,039)	(54,806,795)	(40,425,816)	(41,773,512)
Rent expenses		(4,334,491)	(2,484,695)	(1,983,096)	(1,622,069)
Depreciation	28	(13,535,345)	(11,237,951)	(11,383,886)	(9,499,180)
Amortization	29	(2,799,133)	(2,407,886)	(2,327,510)	(1,946,601)
Other operating expenses	15	(116,149,491)	(111,845,153)	(99,720,558)	(98,719,182)
Profit before tax		103,187,703	78,169,119	75,248,146	65,140,136
Income tax	16	(8,206,617)	(18,081,628)	(1,651,851)	(13,804,676)
Profit for the year		**94,981,086**	**60,087,491**	**73,596,295**	**51,335,460**
Other comprehensive income (OCI) net of income tax :					
Remeasurements of post-employment benefit obligations		338,661	439,597	338,661	439,597
Items that may be subsequently reclassified to the income statement:					
- Unrealised (Losses)/gains during the year		(11,226,803)	15,768,641	-	-
Net changes in fair value of financial instruments:					
-Fair value changes of FVOCI instruments during the year		(5,632,973)		(5,768,146)	
-Fair value changes of AFS instruments during the year			12,791,695		11,913,378
-Net changes in allowance on FVOCI financial instruments		(26,818)	-	(26,818)	-
Other comprehensive (loss)/gain, net of related tax effects		(16,547,933)	28,999,933	(5,456,303)	12,352,975
Total comprehensive income for the year		**78,433,153**	**89,087,424**	**68,139,992**	**63,688,435**
Profit attributable to:					
Owners of the bank		94,018,241	60,074,401	73,596,295	51,335,460
Non-controlling interest	38	962,845	13,090	-	-
Profit for the year		**94,981,086**	**60,087,491**	**73,596,295**	**51,335,460**
Total comprehensive income attributable to:					
Owners of the bank		77,470,308	88,206,545	68,139,992	63,688,435
Non-controlling interest		962,845	880,879	-	-
Total comprehensive income for the year		**78,433,153**	**89,087,424**	**68,139,992**	**63,688,435**
Earnings per share attributable to ordinary shareholders					
Basic (kobo)	17	331	211	254	177
Diluted (kobo)	17	325	214	254	184

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

** See Note 46 - Restatement of prior year financial information*

Consolidated and separate statement of financial position
As at 31 December 2018

In thousands of Naira	*Notes*	Group December 2018	*Restated Group December 2017	*Restated Group 1 Janaury 2017	Bank December 2018	*Restated Bank December 2017	*Restated Bank 1 Janaury 2017
Assets							
Cash and balances with banks	18	740,926,362	547,134,325	413,421,081	338,289,912	252,521,543	219,813,090
Investment under management	19	23,839,394	20,257,131	14,871,247	23,839,394	20,257,131	14,871,247
Non pledged trading assets	20	38,817,147	46,854,061	44,629,579	36,581,058	43,016,990	44,629,579
Derivative financial assets	21	128,440,342	93,419,293	156,042,984	128,133,789	92,390,219	155,772,662
Loans and advances to banks	22	142,489,543	68,114,076	45,203,002	100,993,116	101,429,001	104,006,574
Loans and advances to customers	23	1,993,606,233	1,995,987,627	1,809,459,172	1,681,761,862	1,771,282,739	1,594,562,345
Pledged assets	24	554,052,956	447,114,404	314,947,502	554,052,956	440,503,327	314,947,502
Investment securities	25	501,072,480	278,167,758	229,113,772	258,580,286	121,537,302	161,200,642
Other assets	26	704,326,780	489,563,282	363,723,078	625,813,176	469,812,502	348,778,639
Investment in subsidiaries	27b	-	-	-	111,203,496	87,794,631	59,239,252
Property and equipment	28	103,668,719	97,114,642	84,109,052	88,392,543	83,676,723	71,824,472
Intangible assets	29	9,752,498	8,295,855	6,939,555	8,231,197	5,981,905	5,173,784
Deferred tax assets	30	922,660	740,402	1,264,813	-	-	-
		4,941,915,114	4,092,762,856	3,483,724,839	3,955,872,785	3,490,204,013	3,094,819,788
Asset classified as held for sale	31	12,241,824	9,479,967	140,727	12,241,824	9,479,967	140,727
Total assets		**4,954,156,938**	**4,102,242,823**	**3,483,865,566**	**3,968,114,609**	**3,499,683,980**	**3,094,960,515**
Liabilities							
Deposits from financial institutions	32	994,572,845	450,196,970	167,356,583	616,644,611	276,140,835	95,122,188
Deposits from customers	33	2,564,908,384	2,244,879,075	2,089,197,286	2,058,738,930	1,910,773,713	1,813,042,872
Derivative financial liabilities	21	5,206,001	5,332,177	30,444,501	5,185,870	5,306,450	30,275,181
Current tax liabilities	16	4,057,862	7,489,586	5,938,662	2,939,801	4,547,920	5,004,160
Other liabilities	34	246,438,951	258,166,549	115,920,249	222,046,143	242,948,060	109,887,952
Deferred tax liabilities	30	6,456,840	8,764,262	3,699,050	4,505,966	7,848,515	3,101,753
Debt securities issued	35	251,251,383	302,106,706	316,544,502	251,251,383	302,106,706	243,952,418
Interest-bearing borrowings	36	388,416,734	311,617,187	299,543,707	363,682,441	282,291,141	372,179,785
Retirement benefit obligation	37	2,336,183	2,495,274	3,075,453	2,319,707	2,481,916	3,064,597
Total liabilities		**4,463,645,183**	**3,591,047,786**	**3,031,719,992**	**3,527,314,852**	**3,034,445,256**	**2,675,630,906**
Equity							
Share capital and share premium	38	212,438,802	212,438,802	212,438,802	212,438,802	212,438,802	212,438,802
Retained earnings		155,592,892	113,449,307	91,265,019	148,238,575	115,966,230	90,980,177
Other components of equity	38	114,609,701	178,399,413	142,194,725	80,122,380	136,833,692	115,910,630
Total equity attributable to owners of the Bank		**482,641,395**	**504,287,522**	**445,898,546**	**440,799,757**	**465,238,724**	**419,329,609**
Non controlling interest	38	7,870,360	6,907,515	6,247,028	-	-	-
Total equity		**490,511,755**	**511,195,037**	**452,145,574**	**440,799,757**	**465,238,724**	**419,329,609**
Total liabilities and equity		**4,954,156,938**	**4,102,242,823**	**3,483,865,566**	**3,968,114,609**	**3,499,683,980**	**3,094,960,515**

Signed on behalf of the Board of Directors on 28 January, 2019 by:

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

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

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

** See Note 46 - Restatement of prior year financial information*

Consolidated and separate statement of changes in equity

In thousands of Naira

Group	Attributable to owners of the Bank												
	Share capital	**Share premium**	**Regulatory risk reserve**	**Other regulatory reserves**	**Share scheme reserve**	**Treasury Shares**	**Capital reserve**	**Fair value reserve**	**Foreign currency translation reserve**	**Retained earnings**	**Total**	**Non Controlling interest**	**Total Equity**
Balance at 1 January 2018	**14,463,986**	**197,974,816**	**43,420,287**	**70,562,156**	**2,031,978**	**(4,028,910)**	**3,489,080**	**36,111,322**	**26,813,500**	**113,449,307**	**504,287,522**	**6,907,515**	**511,195,037**
Changes on initial application of IFRS 9 (see note 3.9c)	-	-	-	-	-	-	-		-	(80,634,271)	**(80,634,271)**	-	**(80,634,271)**
Transfers (see note 3.9c)	-	-	(35,058,266)	-	-	-	-	(36,073,933)	-	71,132,199	**-**	-	**-**
Restated balance at 1 January 2018	**14,463,986**	**197,974,816**	**8,362,021**	**70,562,156**	**2,031,978**	**(4,028,910)**	**3,489,080**	**37,389**	**26,813,500**	**103,947,235**	**423,653,251**	**6,907,515**	**430,560,766**
Total comprehensive income for the year:													
Profit for the year	-	-	-	-	-	-	-	-	-	94,018,241	94,018,241	962,845	94,981,086
Other comprehensive income, net of tax													
Unrealised foreign currency translation difference	-	-	-	-	-	-	-		(11,226,803)	-	(11,226,803)		(11,226,803)
Actuarial gain on remeasurement of retirement benefit (net of tax)	-	-	-	-	-	-	-	-	-	338,661	338,661	-	338,661
Net changes in fair value of FVOCI financial instruments	-	-	-	-	-	-	-	(5,632,973)	-	-	(5,632,973)	-	(5,632,973)
Net changes in allowance on FVOCI financial instruments	-	-	-	-	-	-	-	(26,818)	-	-	(26,818)	-	(26,818)
Total other comprehensive income	**-**	**-**	**-**	**-**		**-**	**-**	**(5,659,791)**	**(11,226,803)**	**338,661**	**(16,547,933)**	**-**	**(16,547,933)**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(5,659,791)**	**(11,226,803)**	**94,356,902**	**77,470,308**	**962,845**	**78,433,153**
Transactions with equity holders, recorded directly in equity:													
Transfers during the year	-	-	11,580,275	12,327,790	-	-	-	-		(23,908,065)	-	-	-
Scheme shares	-	-		-	836,160	(515,144)	-	-		-	321,016	-	321,016
Vested shares	-	-	-	-	(1,142,752)	1,142,752	-	-	-	-	-	-	-
Dividend paid to equity holders	-	-	-	-	-	-	-	-	-	(18,803,180)	(18,803,180)	-	(18,803,180)
Total contributions by and distributions to equity holders	**-**	**-**	**11,580,275**	**12,327,790**	**(306,592)**	**627,608**	**-**	**-**	**-**	**(42,711,245)**	**(18,482,164)**	**-**	**(18,482,164)**
Balance at 31 December 2018	**14,463,986**	**197,974,816**	**19,942,296**	**82,889,946**	**1,725,386**	**(3,401,302)**	**3,489,080**	**(5,622,402)**	**15,586,697**	**155,592,892**	**482,641,395**	**7,870,360**	**490,511,755**

Consolidated statement of changes in equity

In thousands of Naira

Group	Attributable to owners of the Bank												
	Share capital	**Share premium**	**Regulatory risk reserve**	**Other regulatory reserves**	**Share Scheme reserve**	**Treasury Shares**	**Capital reserve**	**Fair value reserve**	**Foreign currency translation reserve**	**Retained earnings**	**Total**	**Non Controlling interest**	**Total Equity**
Balance at 1 January 2017	**14,463,986**	**197,974,816**	**42,932,550**	**62,615,212**	**1,211,978**	**(3,286,375)**	**3,489,080**	**23,240,250**	**11,992,025**	**93,614,030**	**448,247,552**	**6,247,028**	**454,494,580**
Restatement of AMCON contribution for 2016 (see note 46)	-	-	-	-	-	-	-	-	-	(2,349,011)	(2,349,011)	-	(2,349,011)
Restated balance at 1 January 2017	**14,463,986**	**197,974,816**	**42,932,550**	**62,615,212**	**1,211,978**	**(3,286,375)**	**3,489,080**	**23,240,250**	**11,992,025**	**91,265,019**	**445,898,541**	**6,247,028**	**452,145,569**
Total comprehensive income for the year:													
Profit for the year	-	-	-	-	-	-	-	-	-	60,074,401	60,074,401	13,090	60,087,491
Other comprehensive income, net of tax													
Unrealised foreign currency translation difference	-	-	-	-	-	-	-	-	14,821,475	-	14,821,475	947,166	15,768,641
Actuarial gain on remeasurement of retirement benefit (net of tax)	-	-	-	-	-	-	-	-	-	439,597	439,597	-	439,597
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	-	12,871,072	-	-	12,871,072	(79,377)	12,791,695
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**12,871,072**	**14,821,475**	**439,597**	**28,132,144**	**867,789**	**28,999,933**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**12,871,072**	**14,821,475**	**60,513,998**	**88,206,545**	**880,879**	**89,087,424**
Transfers during the year	-	-	487,737	7,946,944	-	-	-	-	-	(8,434,681)	-	-	-
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	(11,091,849)	(11,091,849)	(220,392)	(11,312,241)
Scheme shares	-	-	-	-	1,170,693	(742,535)	-	-	-	-	428,158	-	428,158
Vested shares	-	-	-	-	(350,693)	-	-	-	-	-	(350,693)	-	(350,693)
Deemed disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease in non-controlling interest	-	-		-	-	-	-	-	-	-	-	-	-
Transfer from disposed subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-
Deemed disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid to equity holders	-	-	-	-	-	-	-	-	-	(18,803,180)	(18,803,180)	-	(18,803,180)
Total contributions by and distributions to equity holders	**-**	**-**	**487,737**	**7,946,944**	**820,000**	**(742,535)**	**-**	**-**	**-**	**(38,329,710)**	**(29,817,564)**	**(220,392)**	**(30,037,956)**
Balance at 31 December 2017	**14,463,986**	**197,974,816**	**43,420,287**	**70,562,156**	**2,031,978**	**(4,028,910)**	**3,489,080**	**36,111,322**	**26,813,500**	**113,449,307**	**504,287,522**	**6,907,515**	**511,195,037**

Statement of changes in equity
In thousands of Naira

Bank	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserve	Share Scheme reserve	Capital Reserve	Fair value reserve	Retained earnings	Total Equity
Balance at 1 January, 2018	**14,463,986**	**197,974,816**	**35,058,266**	**60,986,896**	**2,031,978**	**3,489,081**	**35,267,471**	**115,966,230**	**465,238,724**
Changes on initial application of IFRS 9 (see note 3.9c)	-	-	-	-	-	-		(73,469,186)	**(73,469,186)**
Transfers (see note 3.9c)	-	-	(35,058,266)	-	-	-	(36,073,933)	71,132,199	-
Restated balance at 1 January 2018	**14,463,986**	**197,974,816**	-	**60,986,896**	**2,031,978**	**3,489,081**	**(806,462)**	**113,629,243**	**391,769,538**
Total comprehensive income for the year:									
Profit for the year	-	-	-	-	-	-	-	73,596,295	**73,596,295**
Other comprehensive income, net of tax									
Actuarial gain on remeasurement of retirement benefit	-	-	-	-	-	-	-	338,661	**338,661**
Net changes in fair value of FVOCI financial instruments	-	-	-	-	-	-	(5,768,146)	-	**(5,768,146)**
Net changes in allowance on FVOCI financial instruments							(26,818)		**(26,818)**
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**(5,794,964)**	**338,661**	**(5,456,303)**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**(5,794,964)**	**73,934,956**	**68,139,992**
Transactions with equity holders, recorded directly in equity:									
Transfers for the year	-	-	9,483,000	11,039,444		-	-	(20,522,444)	-
Dividend paid to equity holders	-	-	-	-	-	-	-	(18,803,180)	**(18,803,180)**
Scheme shares	-	-	-	-	836,160	-	-	-	**836,160**
Vested shares	-	-	-	-	(1,142,753)	-	-	-	**(1,142,753)**
Total contributions by and distributions to equity holders	**-**	**-**	**9,483,000**	**11,039,444**	**(306,593)**	**-**	**-**	**(39,325,624)**	**(19,109,773)**
Balance at 31 December 2018	**14,463,986**	**197,974,816**	**9,483,000**	**72,026,340**	**1,725,385**	**3,489,081**	**(6,601,426)**	**148,238,575**	**440,799,757**

Statement of changes in equity
In thousands of Naira

Bank	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserve	Share Scheme reserve	Capital Reserve	Fair value reserve	Retained earnings	Total Equity
Balance at 1 January, 2017	**14,463,986**	**197,974,816**	**35,058,266**	**53,001,072**	**1,008,118**	**3,489,081**	**23,354,093**	**93,329,188**	**421,678,620**
Restatement of AMCON contribution for 2016 (see note 46)	-	-	-	-	-	-	-	(2,349,011)	(2,349,011)
Restated balance at 1 January 2017	**14,463,986**	**197,974,816**	**35,058,266**	**53,001,072**	**1,008,118**	**3,489,081**	**23,354,093**	**90,980,177**	**419,329,609**
Total comprehensive income for the year:									
Restated Profit for the year	-	-	-	-	-	-	-	51,335,460	**51,335,460**
Other comprehensive income, net of tax									
Actuarial gain on remeasurement of retirement benefit	-	-	-	-	-	-	-	439,597	**439,597**
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	11,913,378	-	**11,913,378**
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**11,913,378**	**439,597**	**12,352,975**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**11,913,378**	**51,775,057**	**63,688,435**
Transactions with equity holders, recorded directly in equity:									
Transfers for the year	-	-	-	7,985,824	-	-	-	(7,985,824)	-
Dividend paid to equity holders	-	-	-	-	-	-	-	(18,803,180)	**(18,803,180)**
Scheme shares	-	-	-	-	1,023,860	-	-	-	**1,023,860**
Total contributions by and distributions to equity holders	**-**	**-**	**-**	**7,985,824**	**1,023,860**	**-**	**-**	**(26,789,004)**	**(17,779,320)**
Restated Balance at 31 December 2017	**14,463,986**	**197,974,816**	**35,058,266**	**60,986,896**	**2,031,978**	**3,489,081**	**35,267,471**	**115,966,230**	**465,238,724**

Consolidated statement of cash flows

In thousands of Naira	Note	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
Cash flows from operating activities					
Profit before income tax		103,187,703	80,072,480	75,248,146	67,043,501
Adjustments for:					
Depreciation	28	13,535,345	11,237,951	11,383,886	9,499,180
Amortization	29	2,799,133	2,407,886	2,325,311	1,946,601
Gain on disposal of property and equipment	13	(81,797)	(10,090)	(237,210)	(902)
Fair value gain on financial assets at FVPL	13	(35,706,212)	-	(35,706,212)	-
Impairment on financial assets	9	14,656,724	34,466,868	10,702,144	29,149,849
Additional gratuity provision	14	624,711	753,058	621,593	753,058
Restricted share performance plan expense	14	836,160	1,170,693	836,160	1,023,860
Net interest income	8	(173,578,161)	(163,451,545)	(128,216,746)	(131,537,034)
Unrealised foreign exchange loss on revaluation	12	39,496,189	12,330,254	37,472,664	12,526,107
Loss/(Profit) on disposal of of investment in subidiaries and associates		-	-	(430,019)	-
Dividend income	13	(2,729,525)	(2,357,175)	(2,747,925)	(2,357,175)
		(36,959,732)	(23,379,620)	(28,748,209)	(11,952,956)
Changes in operating assets					
Non-pledged trading assets		7,770,674	(2,532,464)	6,169,695	1,612,589
Derivative financial instruments		(35,147,225)	39,272,532	(35,864,150)	38,413,712
Pledged assets		76,688,020	(132,166,902)	70,076,943	(125,555,825)
Restricted deposits		(181,515,384)	(93,261,157)	(164,959,177)	(92,845,896)
Loans and advances to banks and customers		(170,356,871)	(157,481,610)	12,273,604	(146,875,704)
Other assets		(41,277,822)	(22,207,412)	(37,615,847)	(17,301,652)
Changes in operating liabilities					
Deposits from financial institutions		535,994,500	282,378,081	332,514,925	180,413,510
Deposits from customers		313,228,097	128,556,097	140,102,442	73,170,265
Other liabilities		(13,618,740)	140,342,933	(22,852,957)	131,156,489
Payment to gratuity benefit holders		(300,000)	(707,744)	(300,000)	(707,744)
Interest paid on deposits to banks and customers		(149,031,157)	(101,532,364)	(126,741,012)	(90,953,447)
Interest received on loans and advances		261,809,814	204,920,752	228,693,792	173,647,956
		567,284,175	262,201,122	372,750,050	112,221,298
Income tax paid		(14,961,654)	(9,458,675)	(6,747,660)	(7,860,615)
Net cash generated from/(used in) operating activities		552,322,520	252,742,448	366,002,389	104,360,683
Cash flows from investing activities					
Acquisition of investment securities		(1,555,681,602)	(933,672,018)	(1,459,070,853)	(600,884,620)
Interest received on investment securities		102,907,875	58,941,173	65,395,705	44,099,567
Investment under management		(785,965)	-	(785,965)	-
Dividend received	13	2,729,525	2,357,175	2,747,925	2,357,175
Acquisition of property and equipment	28	(19,011,517)	(22,624,987)	(16,658,515)	(22,383,831)
Proceeds from the sale of property and equipment		348,743	1,054,864	796,018	1,033,303
Acquisition of intangible assets	29	(5,097,415)	(3,454,724)	(4,574,605)	(2,754,724)
Proceeds from disposal of asset held for sale		-	30,000	-	30,000
Proceeds from matured investment securities		106,791,789	346,747,158	83,366,456	247,256,905
Additional investment in subsidiaries		-	-	(24,087,345)	(27,678,395)
Proceeds from matured/disposed investment securities		-	543,982,533	-	-
Proceeds from sale of investment securities		1,250,484,663		1,271,178,639	425,785,910
Proceeds from sale of subsidiary and associates		-	-	452,422	-
Net cash generated from investing activities		**(117,313,902)**	**(6,638,827)**	**(81,240,117)**	**66,861,290**
Cash flows from financing activities					
Interest paid on interest bearing borrowings and debt securities issued		(47,130,258)	(52,522,041)	(42,209,504)	(57,955,972)
Proceeds from interest bearing borrowings	36(m)	121,570,297	43,577,454	113,475,865	13,337,948
Repayment of interest bearing borrowings	36(m)	(48,712,386)	(34,371,397)	(37,429,722)	(99,011,336)
Repayment of debt securities issued	35	(118,691,111)	(151,694,953)	(118,691,111)	(79,102,869)
Purchase of own shares		(515,144)	(742,535)	-	-
Dividends paid to owners		(18,803,180)	(18,803,180)	(18,803,180)	(18,803,180)
Debt securities issued	35	51,289,056	121,486,981	51,289,056	121,486,981
Net cash (used in)/generated from financing activities		**(60,992,726)**	**(93,069,671)**	**(52,368,596)**	**(120,048,428)**
Net increase/(decrease) in cash and cash equivalents		374,015,890	153,033,950	232,393,679	51,173,545
Cash and cash equivalents at beginning of year	40	493,424,299	341,245,964	198,811,517	147,637,972
Net increase/ (decrease) in cash and cash equivalents		374,015,890	153,033,950	232,393,679	51,173,545
Effect of exchange rate fluctuations on cash held		(2,875,278)	(855,615)	(6,844,628)	-
Cash and cash equivalents at end of year	40	864,564,911	493,424,299	424,360,568	198,811,517

1.0 General information

Access Bank Plc ("the Bank") is a bank domiciled in Nigeria. The address of the Bank's registered office is Plot 999c, Danmole Street, off Adeola Odeku/Idejo Street, Victoria Island, Lagos (formerly Plot 1665, Oyin Jolayemi, Victoria Island, Lagos). The consolidated financial statements of the Bank for the year ended 31 December 2018 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. The Bank is listed on the Nigerian Stock Exchange.

These financial statements were approved and authorised for issue by the Board of Directors on 28 January 2019. The directors have the power to amend and reissue the financial statements.

2.0 Statement of compliance with International Financial Reporting Standards

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

3.0 Basis of preparation

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

The financial statements have been prepared in accordance with the going concern principle under the historical cost convention, modified to include fair valuation of particular financial instruments, to the extent required or permitted under IFRS as set out in the relevant accounting policies.

3.1 Summary of significant accounting policies

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

(a) Functional and presentation currency

These consolidated and separate 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.
- financial instruments at fair value through OCI are measured at fair value.
- the liability for defined benefit obligations is recognised as the present value of the defined benefit obligation and related current service cost
- non-current assets held for sale measured at lower of cost and fair value less costs to sell.
- share based payment at fair value or an approximation of fair value allowed by the relevant standard.

(c) Use of estimates and judgments

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

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

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

3.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

Below are the IFRSs and International Financial Reporting Interpretations Committee (IFRIC) interpretations that are effective for the first time for the financial year beginning on or after 1 January 2018 that are relevant to the group.

None of these standards were early adopted by the Group

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2
- Interpretation 22 Foreign Currency Transactions and Advance Consideration

- ***IFRS 9 Financial Instruments***

IFRS 9 replaces IAS 39 for annual years beginning on or after 1 January 2018. The Group has not restated comparative information for 2017 for financial instruments in the scope of IFRS 9. Therefore, the comparative information for 2017 is reported under IAS 39 and is not comparable to the information presented for 2018. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings as of 1 January 2018 and are disclosed in Note 3.9c.

Changes to classification and measurement:
The adoption of IFRS 9 has resulted in changes in the Group's accounting policies for recognition, classification and measurements of financial assets, financial liabilities and impairment of financial assets.
To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the group's business model for managing the assets and the instruments' contractual cash flow characteristics.
The IAS 39 measurement categories of financial assets (fair value through profit or loss (FVPL), fair value through other comprehensive income (FVOCI), held-to-maturity and amortised costs) have been replaced by:
• Debt instruments at amortised cost
• Debt instruments at FVOCI with gains or losses recycled to profit or loss on derecognition
• Debt instruments at FVPL
• Equity instruments at FVPL
• Equity instruments at FVOCI with gains or losses not recycled to profit or loss on derecognition
• Other financial assets designated at FVPL

The accounting for financial liabilities remains largely the same as it was under IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVPL. Such movements are presented in OCI with no subsequent reclassification to the income statement. Under IFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on the business model and their contractual terms. The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed.

The Group's classification of its financial assets and liabilities is explained in Notes 3.9. The quantitative impact of applying IFRS 9 as at 1 January 2018 is disclosed in Note 3.9c

Changes to the impairment calculation

The adoption of IFRS 9 has fundamentally changed the Group's accounting for loan loss impairments by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination. If the financial asset meets the definition of purchased or originated credit impaired (POCI), the allowance is based on the change in the ECLs over the life of the asset.

Details of the Group's impairment method are disclosed in Note 4. The quantitative impact of applying IFRS 9 as at 1 January 2018 is disclosed in Note 3.9c

- ***IFRS 15 – Revenue from contracts with customers.***

This note explains the impact of the adoption of IFRS 15 ,Revenue from Contracts with Customers, on the Group's financial statements and also discloses the related accounting policies that have been applied from 1 January 2018 where they are different to those applied in prior years.

The Group has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in minor changes to the wording of the accounting policies. However, the adoption of IFRS 15 did not result in any adjustments to the amounts recognised in the financial statements as the Bank's previous accounting treatment is in line with the requirements of IFRS 15.

In accordance with the transition provisions in IFRS 15, the Bank has adopted the new rules retrospectively without restating comparatives for the 2017 financial year. Accordingly, the information presented for 2017 financial year is as previously reported, under IAS 18 and related interpretations.

There was no impact on the Group's retained earnings at the date of initial application (i.e. 1 January 2018).

- ***Classification and measurement of share-based payment transactions – Amendments to IFRS 2***

The International Accounting Standards Board (IASB) has published final amendments to IFRS 2 'Share-based Payment' on 20 December 2017 that clarify the classification and measurement of share-based payment transactions which contains the following: (a) accounting for cash-settled share-based payment transactions that include a performance condition; (b) classification of share-based payment transactions with net settlement features; and (c) the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The standard does not have any impact on the Group as the Group operates an equity settled share based payment scheme.

- **Interpretation 22 Foreign Currency Transactions and Advance Consideration**

The interpretation addresses foreign currency transactions or parts of transactions where:
there is consideration that is denominated or priced in a foreign currency; the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and the prepayment asset or deferred income liability is non-monetary.

The Interpretations Committee came to the following conclusion:
The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

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

(b) Impact of standards issued that will have an impact but not yet applied by the entity

IFRS 16 Leases (Effective for years beginning on or after 1 January 2019)

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases which includes leases of land, buildings, aircrafts and printers. As at the reporting date, the Bank has no unpaid non-cancellable operating lease commitments as all operating leases are paid in advance. Prepayments in respect of these leases stood at N7.26 billion as at the reporting date.

On application of IFRS 16 , the N7.26 billion lease prepayment will be reclassified to a right of use asset on the balance sheet.In addition, a lease liability will also be recognised for certain lease contracts where the Bank expects to exercise the extension option as stated in the contract. These lease contracts account for 35% of the Bank's lease arrangements.The bank is still quantifying the resulting liability.

Practical expedient

The Bank has chosen not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, the Bank will only apply the definition of a lease contained in IFRS 16 to contracts entered into (or changed) on or after the date of initial application.

The Bank has chosen to apply the exemption for short-term leases to certain leases totalling about N3.63Bn of the value of its operating lease prepayments and N1.98Bn of amortisation expense. This means that the current accounting treatment and presentation of these operating leases will not change on application of IFRS 16.

The application of IFRS 16 will have no impact on the cash outflows.

The Bank's activities as a lessor are not material and hence the Bank does not expect any significant impact on its financial statements. However, some additional disclosures will be required from next year.

The Bank will apply the standard from its mandatory adoption date of 1 January 2019. The Bank intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets will be measured on transition at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

3.3 Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group exercise control.

Control is achieved when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity:

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

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

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

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

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

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

(b) Business combinations

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

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

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

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

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

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

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

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

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

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

(c) Loss of control

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

(d) Disposal of subsidiaries

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

The gain/loss arising from disposal of subsidiaries is included in the profit/loss of discontinued operations in the statement of comprehensive income, if the disposal subsidiary meets the criteria specified in IFRS 5.

Foreign currency translation differences become realised when the related subsidiary is disposed.

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

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

(f) Transactions eliminated on consolidation

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

3.4 Segment reporting

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

3.5 Foreign currency translation

(a) Functional and presentation currency

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

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Changes in the fair value of monetary securities denominated in foreign currency classified as Fair value through other comprehensive income 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 Fair value through other comprehensive income, are included in other comprehensive income.

(c) Group companies

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

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

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

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

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

3.6 Operating income

It is the Group's policy to recognise revenue from a contract when it has been approved by both parties, rights have been clearly identified, payment terms have been defined, the contract has commercial substance, and collectability has been ascertained as probable.
Revenue is recognised when control of goods or services have been transferred. Control of an asset refers to the ability to direct the use of and obtain substantially all of the remaining benefits (potential cash inflows or savings in cash outflows) associated with the asset.

Principal versus Agency considerations
The Group is the principal in an arrangement where it obtains control of the goods or services of another party in advance of transferring control of those goods or services to a customer. The Group is the principal in its card arrangements.

The Group is an agent where its performance obligation is to arrange for another party to provide the goods and services. The Group is the agent in its arrangement with mobile network providers, card vendors and insurance companies.

Where the group is acting as an agent, it recognises as revenue only the commission retained by the group (in other words, revenue is recognised net of the amounts paid to the principal). Where the group is the principal, it will recognise as revenue the gross amount paid and allocated to the performance obligation. It will also recognise an expense for the direct costs of satisfying the performance obligation.

(a) Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within "interest income" and "interest expense" in the consolidated income statement using the effective interest method.
The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets
When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.
The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant year. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter year) to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instruments but not future credit losses.

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

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

Interest income on all trading assets is recognised using the contractual interest rate in net gains/(loss) on investment securities.

(b) Fees and commission

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.
When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment year.
Fee and commission presented in the income statement includes:
- Credit related fees: This includes advisory and commitment fees. These are fees charged for administration and advisory services to the customer up to the customer's acceptance of the offer letter. The advisory and commitment fees are earned at the point in time where the customer accepts the offer letter which is when the Bank recognises its income. These fees are not integral to the loan, therefore, they are not considered in determining the effective interest rate.
- Account maintenance fees: These are fees charged to current accounts. N1 on every N1,000 in respect of all customer induced debit transactions is charged on these accounts. These fees are earned by the Bank at the time of each transaction and the Bank recognises its income accordingly.

- Card maintenance fees: The Bank charges these fees to customers for maintaining their cards. The fees are earned and recognised by the Bank over the validity year of the card. The Bank charges the customers for this service on a monthly basis.
- Other fees and commission income, includes commission on letters of credit, account servicing fees, investment management and other fiduciary activity fees, sales commission, placement fees and syndication fees. These fees and commissions are recognised as the related services are performed

(c) Net loss/gains on investment securities

Net loss/gains on investment securities comprise of the following:

- Net gains/losses on financial instruments classified as held for trading: This includes the gains and losses arising both on sale of trading instruments and from changes in fair value of derivatives instruments.
- Net gains on financial instruments held as Fair value through other comprehensive income: This relates to gains arising from the disposal of financial instruments held as Fair value through other comprehensive income as well as fair value changes reclassified from other comprehensive income upon disposal.
- Net gains on financial instruments at fair value through profit or loss: This relates to gains on disposal and changes in fair value of financial instruments carried at fair value through profit or loss

(d) Foreign exchange income

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

(e) Other operating income

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

Dividend on Fair value through other comprehensive income equity securities: This is recognised when the right to receive payment is established. Dividends are reflected as a component of other operating income.

3.7 Lease payments

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

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each year during the lease term so as to produce a constant yearic rate of interest on the remaining balance of the liability. Contingent lease payments shall be charged as expenses in the years in which they are incurred.

3.8 Income tax

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

(a) Current tax

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

(b) Minimum Tax

As required by the Companies Income Tax Act, if the Bank does not have an assessable profit for tax purpose, the Bank is assessed for tax under minimum tax regulation.

The rates applicable for calculating the minimum tax is the highest of the following:

(i) 0.5% of Gross Profit
(ii) 0.5% of Net Assets
(iii) 0.25% of Paid-up Share Capital
(iv) 0.25% of Turnover of up to N500, 000

However, if the turnover is higher than N500, 000, the minimum tax payable will be the highest of the above plus 0.125% of the excess of the turnover above N500,000

(c) Deferred tax

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

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

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

3.9 (a) Financial assets and liabilities

Recognition and derecognition

Financial assets and liabilities are initially recognised on the settlement date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Classification

From 1 January 2018, the group classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured subsequently at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.
For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The group reclassifies debt investments when and only when its business model for managing those assets changes.

Accounting policies after 31 December 2017

Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.
Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the contractual cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in net gains/(loss) on investment securities together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other operating income. Interest income from these financial assets is included in interest income using the effective interest rate method. Foreign exchange gains and losses are presented in net gains/(loss) on investment securities and impairment expenses are presented as separate line item in net impairment charge on financial assets

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within net gains/(loss) on investment securities in the year in which it arises.

Equity instruments

The group initially measured all equity investments at fair value through profit or loss. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.
Changes in the fair value of financial assets at FVPL are recognised in net gains/(loss) on investment securities in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

From 1 January 2018, the Group only measures cash and balances with banks, Loans and advances to banks and customers and other financial investments at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

Business model assessment
The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.
The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:
• How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel.
• The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
• How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
• The expected frequency, value and timing of sales are also important aspects of the Group’s assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case’ scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI test
As a second step of its classification process, the Group assesses the contractual terms of financial instruments to identify whether they meet the SPPI test.

‘Principal’ for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).
The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the year for which the interest rate is set.
In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

Financial Liabilities

Financial liabilities that are not classified at fair value through profit or loss are measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date. Interest expense is included in 'Interest expense' in the Statement of comprehensive income.

Financial liabilities that are classified at fair value through profit or loss is applied to derivatives, financial liabilities held for trading and other financial liabilities designated as such at initial recognition. Gains and losses attributable to changes in credit risk and the fair value of the liability are presented in the Statement of comprehensive income.

The table below reconciles classification of financial instruments to the respective IFRS 9 category.

	Category (as defined by IFRS 9)	**Class (as determined by the Group)**
Financial assets	Financial assets at fair value through profit or loss	Non pledged trading assets
		Investment securities - equity securities
		Derivative financial assets
	Financial assets at amortised cost	Cash and balances with banks
		Loans and advances to banks
		Loans and advances to customers
		Other assets
		Investment securities - debt securities (pledged and non pledged)
	Fair value through other comprehensive income	Investment securities - debt securities (pledged and non pledged)
		Investment under management
Financial liabilities	Financial liabilities at fair value through profit or loss	Derivatives
	Financial liabilities at amortised cost	Deposits from banks
		Deposits from customers
		Interest bearing borrowings
		Debt securities issued
		Other liabilities

[i] Fair value through profit or loss
This category comprises financial assets classified as held for trading upon initial recognition.

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

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

The Group may designate certain financial assets upon initial recognition as at fair value through profit or loss (fair value option). This designation cannot subsequently be changed. 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] Amortized cost

Amortized cost financial assets are non-derivative assets with fixed or determinable payments and fixed maturity and which are not designated at fair value through profit or loss, or fair value through other comprehensive income.

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 amortized cost investments not close to their maturity would result in a reassessment of the Bank's business model for managing the assets. 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 amortized cost 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'. Amortised cost investments include treasury bills and bonds.

[iv] Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are non-derivative investments that are not designated as another category of financial assets. Unquoted equity securities that have been elected as fair value through other comprehensive and other fair vlaue through other comprehensive income 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 such 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.

Fair value through other comprehensive income instruments include investment securities and equity investments that are so elected.

[v] Investment under management

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

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

(b) Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or fair value through profit or loss.
Financial liabilities that are not classified as at fair value through profit or loss are measured at amortised cost using the effective interest method. Interest expense is included in 'Interest expense' in the Statement of comprehensive income.

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

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

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

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

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

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 and separate 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.

Investment under management

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

The investment decision made by the Asset management within an agreed portfolio of high quality Nigerian fixed income and money market instruments which are usually short tenured.
The investments are carried as fair value through OCI and accounting policy (3.9) that relates to measurement through FVOCI applies

Pledged assets

Financial assets transferred to external parties that do not qualify for de-recognition are reclassified in the statement of financial position from financial assets held for trading or investment securities to assets pledged as collateral, if the transferee has received the right to sell or re-pledge them in the event of default from agreed terms.
Initial recognition of assets pledged as collateral is at fair value, whilst subsequent measurement is based on the classification of the financial asset. Assets pledged as collateral are either designated as held for trading, Fair value through other comprehensive income or Amortized cost. 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 Fair value through other comprehensive income are measured at fair-value through equity. Assets pledged as collateral designated as Amortized cost are measured at amortized cost.

From 1 January 2018, the Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which Group changes its business model for managing a financial assets, the Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

The following are not changes in business model;

a. change in intention related to particular financial assets (even in circumstances of significant changes in market conditions).
b. the temporary disappearance of a particular market for financial assets.
c. a transfer of financial assets between parts of the entity with different business models.

Reclassification date
The first day of the first reporting year following the change in business model that results in an entity reclassifying financial assets.

A change in the objective of the Group's business model must be effected before the reclassification date. For example, if Group decides on 15 February to shut down its Corporate & investment Banking business and hence must reclassify all affected financial assets on 1 April (i.e. the first day of the Group's next reporting year), the Group must not accept new Corporate & investment Banking business or otherwise engage in activities consistent with its former business model after 15 February.

All reclassifications are applied prospectively from the reclassification date.
When the Group reclassifies a financial asset between the amortised cost measurement category and the fair value through other comprehensive income measurement category, the recognition of interest income is not changed and it continues to use the same effective interest rate.
However, when the Group reclassifies a financial asset out of the fair value through profit or loss measurement category, the effective interest rate is determined on the basis of the fair value of the asset at the reclassification date.

Derecognition of financial assets and liabilities
Derecognition due to substantial modification of terms and conditions
The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI.
When assessing whether or not to derecognise a loan to a customer, amongst others, the Group considers the following factors:
• Change in currency of the loan
• Introduction of an equity feature
• Change in counterparty
• If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Derecognition other than for substantial modification
Financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.
The Group has transferred the financial asset if, and only if, either:
• The Group has transferred its contractual rights to receive cash flows from the financial asset or
• It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:
• The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
• The Group cannot sell or pledge the original asset other than as security to the eventual recipients
• The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay.
In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the year between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:
• The Group has transferred substantially all the risks and rewards of the asset or
• The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset
The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.
When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.
Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.
If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Bank would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Derecognition other than for substantial modification
Financial Liabilities
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

Offsetting

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

Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity. See note 5.1.4.

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 Net gains/(loss) on investment securities.

Impairment of financial assets

Overview of the ECL principles
From 1 January 2018, the Group assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

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

Staging Assessment

The Group has established a policy to perform an assessment, at the end of each reporting year, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.
Based on the above process, the Group categorises its financial instruments into Stage 1, Stage 2,Stage 3 and POCI (Purchased or originated credit impaired), as described below:

• Stage 1: When a financial instrument is first recognised, the Group recognises an allowance based on 12m Expected credit Loss. Stage 1 also include financial instruments where the credit risk has improved (after review over a period of 90 days) and the financial instruments has been reclassified from Stage 2.

• Stage 2: When a financial instrument has shown a significant increase in credit risk since origination, the Group records an allowance for the Lifetime ECLs. Stage 2 financial instruments also include instances, where the credit risk has improved (after review over a period of 90 days) and the financial instrument has been reclassified from Stage 3.

• Stage 3: Financial instruments considered credit-impaired.The Group records an allowance for the Lifetime ECLs.

• POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

Change in credit quality since initial recognition

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

Measuring the Expected Credit Loss

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

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

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

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

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

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

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

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

When estimating the ECLs, the Group considers three scenarios (optimistic, best-estimate and downturn) and each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.
The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

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

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

The group has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the group's previous accounting policy.

The mechanics of the ECL method are summarised below:

• Stage 1: The 12 month ECL is calculated as the portion of Lifetime ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12 month ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date.
These expected 12-month default probabilities are applied to a forecast 12 month EAD and multiplied by the expected 12 month LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.

• Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the Lifetime ECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

• Stage 3: For loans considered credit-impaired, the Group recognises the lifetime expected credit losses for these loans. The method is similar to that for

• POCI: Purchase or Originated Credit Impaired (POCI) assets are financial assets that are credit impaired on initial recognition. The Group only recognises the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the four scenarios, discounted by the credit adjusted EIR.

• Loan commitments and letters of credit: When estimating Lifetime ECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected
life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.
For credit cards and revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognised within net impairment charge on financial assets

• Financial guarantee contracts: The Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision. For this purpose, the Group estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to financial guarantee contracts are recognised within net impairment charge on financial assets

Significant increase in credit risk (SICR)

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

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

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

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

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

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

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

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

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

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

• The borrower is in long-term forbearance
• The borrower is deceased
• The borrower is insolvent
• The borrower is in breach of financial covenant(s)
• An active market for that financial asset has disappeared because of financial difficulties
• Concessions have been made by the lender relating to the borrower's financial difficulty

• It is becoming probable that the borrower will enter bankruptcy
• Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

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

Incorporation of forward looking information and macroeconomic factors
In its ECL models, the Group relies on a broad range of forward looking information as economic inputs. The macroeconomic variables considered for the adjustment of the probabilities of default are listed below:

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

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The ECLs include forward-looking information which translates into an allowance for changes in macro-economic conditions and forecasts when estimating lifetime ECLs. It is important to understand the effect of forecasted changes in the macro-economic environment on ECLs, so that an appropriate level of provisions can be raised.

A regression model was built to explain and predict the impact of macro-economic indicators on default rates. Such regression models are usually built on a history of default rates and macro-economic variables covering at least one economic cycle, but preferable more.

Historical data on macro-economic indicators from a host of reliable sources, including the International Monetary Fund was gathered. As a proxy for default rates, the Group provided their non-performing loans as a percentage of gross loans ("NPL%") metric. The time series data extended from the first quarter of 2007 to the second quarter of 2016. Quarterly data was used to increase granularity.

The macro-economic model regressed historical NPL% (the target variable) on a list of candidate macro-economic indicators. The Bank's Economic Intelligence currently monitors and forecasts certain macro-economic indicators. These indicators are GDP growth rate, inflation rate, crude oil prices and the foreign exchange rate.The most predictive variables that were selected in the regression model (the most predictive indicators) were determined. The logic of the relationships between the indicators and the target variable was considered and assessed to ensure indicators are not highly correlated with one another.

The model produced best-estimate, optimistic and downturn forecasts of the selected macro-economic indicators, based on trends in the indicators and macro-economic commentary. This was done through stressing the indicator GDP, which in turn stressed the other indicators based on their assumed historical correlation with GDP. The regression formula obtained was applied to the forecasted macro-economic indicators in order to predict the target variable. The target variable were projected, for each quarter, over the period July 2016 to December 2019 and assumed constant thereafter.

The best-estimate, optimistic and downturn scalars of predicted target variables were determined. In order to remove the impact of any historical trends included in the data, the scalar denominator was adjusted based on the estimation period used to derive the PDs. The scalars calculated were applied to the lifetime PDs. This process results in forward-looking best-estimate, optimistic and downturn lifetime PD curves, which are used in the ECL calculations.

Collateral valuation
To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The Group's accounting policy for collateral assigned to it through its lending arrangements under IFRS 9 is the same is it was under IAS 39. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a yearic basis.
To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as external valuers.

The Group's accounting policy under IFRS 9 remains the same as it was under IAS 39. The Group's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Group's policy.

Write-offs
The Group's accounting policy under IFRS 9 remains the same as it was under IAS 39. Financial assets are written off either partially or in their entirety only when the Group has exhausted all practical recovery efforts and has concluded there is no easonable expectation of recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

3.9 (b) Accounting policies applied until 31 December 2017

Financial assets and liabilities

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

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

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

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

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

[i] Held for Trading
This category comprises two sub-categories: financial assets classified as held for trading and financial assets designated by the Group as at fair value through profit or loss upon initial recognition.
A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised measured at fair value through profit or loss unless they are designated and effective as hedging instruments. Financial assets held for trading consist of debt instruments, including money-market instruments, as well as financial assets with embedded derivatives. They are recognised in the consolidated statement of financial position as 'non-pledged trading assets '.

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

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

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

[ii] Loans and receivables

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

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

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

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

[ii] 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 amortized cost investments not close to their maturity would result in a reassessment of the Bank's business model for managing the assets. 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.

[v] Investment under management

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

The investment decision made by the Asset management within an agreed portfolio of high quality Nigerian fixed income and money market instruments which are usually short tenured.
The investments are carried as fair value through OCI and accounting policy (3.9) (a) [iv] applies.

(b) Financial liabilities

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

[i] Financial liabilities at amortised cost

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

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

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

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

[ii] Financial liabilities at fair value

The Group may enter into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and foreign currency options. Further details of derivative financial instruments are disclosed in Note 21 to the financial statements.
Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging

(c) De-recognition

[i] Financial assets

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

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

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

[ii] Financial liabilities

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

(d) Offsetting

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

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

(f) Measurement

[i] Amortised cost measurement

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

[ii] Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily available and represent actual and regularly occurring market transactions on an arm's length basis.

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

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases, the fair value of a financial instrument on initial recognition may be different to its transaction price. If such fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in the income statement on initial recognition of the instrument.

In other cases the difference is not recognised in the income statement immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

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

(g) Identification and measurement of impairment

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

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

[i] Loans and receivables

The Group considers all loans and advances, financial assets at FVOCI and amortized cost investments at specific level for expected credit loss assessment.

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

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

[ii] Fair value through other comprehensive income securities

Impairment losses on fair value through other comprehensive income investment securities are recognised in profit or loss and the impairment provision is not used to reduce the carrying amount of the investment but recognised in other comprehensive income.
For debt securities, the group uses the criteria referred to in (i) above to assess impairment.

For equity, a prolonged decline in the fair value of the security below its cost is also evidence that the asset is impaired. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent year, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through the income statement; otherwise, any increase in fair value is recognised through OCI. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is always recognised in OCI.

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

(h) Cash and balances with banks

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

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

(i) Repossessed collateral

Repossessed collateral are equities, investment properties or other investments repossessed from a customer and used to settle his outstanding obligation. Such investments are classified in accordance with the intention of the Group in the asset class which they belong and are also separately disclosed in the financial statement.
When collaterals are repossessed in satisfaction of a loan, the receivable is written down against the allowance for losses. Repossessed collaterals are included in the financial statement based on how the Bank intends to realize benefit from such collateral such as "Non current assets held for sale" and carried at the

(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

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, Fair value through other comprehensive income or Amortized cost. 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 Fair value through other comprehensive income are measured at fair-value through equity. Assets pledged as collateral designated as Amortized cost are measured at amortized cost.

3.9c A reconciliation of statement of financial position balances from IAS 39 to IFRS 9

3.9c [i] The table below reconciles the carrying amounts under IAS 39 to the balances reported under IFRS 9 as at 1 January 2018 is as follows:

Group

	IAS 39 measurement				IFRS 9	
In thousand naira	**Category**	**Carrying Amount 31 December 2017**	**Reclassifications**	**Remeasurements ECL**	**Carrying Amount 1 January 2018**	**Category**
Financial assets						
Cash and balances with banks	L&R *	547,134,325	-	(4,118)	547,130,207	AC **
Investment under management	AFS	20,257,131	-	-	20,257,131	FVOCI
Non pledged trading assets	FVPL	46,854,061	-	-	46,854,061	FVPL (Mandatory)
Derivative financial assets	FVPL	93,419,293	-	-	93,419,293	FVPL (Mandatory)
Loans and advances to banks	L&R	68,114,076	-	(55,642)	68,058,434	AC
Loans and advances to customers	L&R	1,995,987,627	-	(79,037,545)	1,916,950,082	AC
Pledged assets - AFS	AFS	46,533,843	(46,533,843)		N/A	
To: Debt instruments at FVOCI			(46,533,843)	-		FVOCI
Pledged assets - HTM	HTM	313,541,445	(313,541,445)		N/A	
To: Debt instruments at amortised cost			(313,541,445)	-		AC **
Pledged assets - FVPL	FVPL	87,039,116	(87,039,116)		N/A	
To: Debt instruments at FVPL			(87,039,116)	-		FVPL
Investment securities - AFS	AFS	153,373,810	(153,373,810)		N/A	
To: Debt instruments at FVOCI			(83,792,712)	-		FVOCI
To: Equity instruments at FVPL			(69,581,098)	-		FVPL
Investment securities - HTM	HTM	124,793,947	(124,793,947)	-	N/A	
To: Debt instruments at amortised cost			(124,793,947)			AC**
Pledged assets						
Debt instruments at amortised cost		N/A	313,541,445	-	313,541,445	AC
From: Pledged assets - HTM			313,541,445			
Debt instruments at fair value through OCI		N/A	46,533,843	-	46,533,843	FVOCI
From: Pledged assets - AFS			46,533,843			
Debt instruments at FVPL		N/A	87,039,116	-	87,039,116	FVPL (Mandatory)
From: Pledged assets - FVPL			87,039,116			
Investment securities						
Debt instruments at amortised cost		N/A	124,793,947	(36,401)	124,757,546	AC
From: Investment securities - HTM			124,793,947			
Debt instruments at fair value through OCI		N/A	83,792,712		83,792,712	FVOCI
From: Investment securities - AFS			83,792,712			
Equity instruments at FVPL		N/A	69,581,098		69,581,098	FVPL (Mandatory)
From: Investment securities - AFS			69,581,098			
Other assets	L&R	82,753,431			82,753,431	AC
Total assets		**3,579,802,105**	**-**	**(79,133,706)**	**3,500,668,399**	
Financial liabilities						
Deposits from financial institutions	AC	450,196,970	-	-	450,196,970	AC
Deposits from customers	AC	2,244,879,075	-	-	2,244,879,075	AC
Derivative financial liabilities	FVPL	5,332,177	-	-	5,332,177	FVPL
Debt issued and other borrowed funds	AC	302,106,706	-	-	302,106,706	AC
Interest bearing borrowings	AC	311,617,187	-	-	311,617,187	AC
Other liabilities	AC	253,167,364	-	-	253,167,364	AC
Current tax liablities	AC	7,489,586	-	-	7,489,586	AC
Non-financial liabilities						
Provisions	N/A	746,809	-	-	746,809	N/A
Retirement benefit obligations	N/A	2,495,274	-	-	2,495,274	N/A
Deferred tax liabilities	N/A	8,764,262	-	-	8,764,262	N/A
Total liabilities		**3,586,795,410**	**-**	**-**	**3,586,795,410**	

* L&R: Loans and receivables
** AC: Amortised cost

Bank

	IAS 39 measurement				IFRS 9	
	Category	**Amount**	**Reclassifications**	**Remeasurements ECL**	**Amount**	**Category**
In thousand naira						
Financial assets						
Cash and balances with banks	L&R *	252,521,543	-	(1,653)	252,519,890	AC **
Investment under management	AFS	20,257,131	-	-	20,257,131	FVOCI
Non pledged trading assets	FVPL	43,016,990	-	-	43,016,990	FVPL (Mandatory)
Derivative financial assets	FVPL	92,390,219	-	-	92,390,219	FVPL (Mandatory)
Loans and advances to banks	L&R	101,429,001	-	(55,642)	101,373,359	AC
Loans and advances to customers	L&R	1,771,282,739	-	(72,277,512)	1,699,005,227	AC
Pledged assets - AFS	AFS	46,533,843	(46,533,843)		N/A	
To: Debt instruments at FVOCI			(46,533,843)			
Pledged assets - HTM	HTM	306,930,368	(306,930,368)		N/A	
To: Debt instruments at amortised cost			(306,930,368)			
Pledged assets - FVPL	FVPL	87,039,116	(87,039,116)		N/A	
To: Debt instruments at FVPL			(87,039,116)			
Investment securities - AFS	AFS	106,582,881	(106,582,881)		N/A	
To: Debt instruments at FVOCI			(37,001,783)			
To: Equity instruments at FVPL			(69,581,098)			
Investment securities - HTM	HTM	14,954,422	(14,954,422)		N/A	
To: Debt instruments at amortised cost			(14,954,422)			
Pledged assets						
Debt instruments at amortised cost		N/A	306,930,368		306,930,368	AC
From: Pledged assets - HTM			306,930,368			
Debt instruments at fair value through OCI		N/A	46,533,843		46,533,843	FVOCI
From: Pledged assets - AFS			46,533,843			
Debt instruments at FVPL		N/A	87,039,116		87,039,116	FVPL (Mandatory)
From: Pledged assets - FVPL			87,039,116			
Investment securities						
Debt instruments at amortised cost		N/A	14,954,422	(36,401)	14,918,021	AC
From: Investment securities - HTM			14,954,422			
Debt instruments at fair value through OCI		N/A	37,001,783	-	37,001,783	FVOCI
From: Investment securities - AFS			37,001,783	-		
Equity instruments at FVPL		N/A	69,581,098	-	69,581,098	FVPL (Mandatory)
From: Investment securities - AFS			69,581,098	-		
Other assets	L&R	469,812,502	-	-	469,812,502	AC
Total assets		**3,312,750,755**	**-**	**(72,371,208)**	**3,240,379,546**	
Financial liabilities						
Deposits from financial institutions	AC	276,140,835	-	-	276,140,835	AC
Deposits from customers	AC	1,910,773,713	-	-	1,910,773,713	AC
Derivative financial liabilities	FVPL	5,306,450	-	-	5,306,450	FVPL
Debt issued and other borrowed funds	AC	302,106,706	-	-	302,106,706	AC
Interest bearing borrowings	AC	282,291,141	-	-	282,291,141	AC
Other liabilities	AC	237,948,876	-	-	237,948,876	AC
Current tax liablities	AC	4,547,920	-	-	4,547,920	AC
Non-financial liabilities						
Provisions	N/A	945,372	-	-	945,372	N/A
Retirement benefit obligations	N/A	2,481,917	-	-	2,481,917	N/A
Deferred tax liabilities	N/A	7,848,515	-	-	7,848,515	N/A
Total liabilities		**3,030,391,445**	**-**	**-**	**3,030,391,445**	

3.9c [ii] The table below shows the analysis of the impact of IFRS 9 opening entries on equity

Group

	Impact of IFRS 9 Opening Entries on Equity			
	Retained earnings	**Regulatory risk reserve**	**Fair value reserve**	**Total**
	N'000	N'000	N'000	N'000
Impairment analysis				
Loans and advances to banks	(55,642)	-	-	(55,642)
Loans and advances to customers	(79,037,545)	35,058,266	-	(43,979,279)
Contingents	(1,450,688)	-	-	(1,450,688)
Cash and balances with banks	(4,118)	-	-	(4,118)
Eurobond				
- Amortised cost	(1,253)	-	-	(1,253)
- FVOCI	(643)	-	-	(643)
Corporate bonds				
- Amortised cost	(7,225)	-	-	(7,225)
- FVOCI	(69)	-	-	(69)
State government bonds				
- Amortised cost	(27,923)	-	-	(27,923)
- FVOCI	(49,166)	-	-	(49,166)
Equity securities				
- FVOCI	-	-	36,073,933	36,073,933
	(80,634,272)	**35,058,266**	**36,073,933**	**(9,502,073)**

Bank

	Impact of IFRS 9 Opening Entries on Equity			
	Retained earnings	**Regulatory risk reserve**	**Fair value reserve**	**Total**
	N'000	N'000	N'000	N'000
Impairment analysis				
Loans and advances to banks	(55,642)	-		(55,642)
Loans and advances to customers	(72,277,512)	35,058,266	-	(37,219,246)
Contingents	(1,037,299)	-	-	(1,037,299)
Cash and balances with banks	(12,456)	-	-	(12,456)
Eurobond				
- Amortised cost	(1,253)	-	-	(1,253)
- FVOCI	(643)	-	-	(643)
Corporate bonds		-	-	-
- Amortised cost	(7,225)	-	-	(7,225)
- FVOCI	(69)	-	-	(69)
State government bonds				
- Amortised cost	(27,923)	-	-	(27,923)
- FVOCI	(49,164)	-	-	(49,164)
Equity securities				
- FVOCI	-	-	36,073,933	36,073,933
	(73,469,186)	**35,058,266**	**36,073,933**	**(2,336,987)**

3.9c [iii] The following table reconciles the aggregate opening loan loss provision allowances under IAS 39 and provisions for loan commitments and financial guarantee contracts in accordance with IAS 37 Provisions Contingent Liabilities and Contingent Assets to the ECL allowances under IFRS 9.

Group

	Impact of IFRS 9 Opening Entries on Equity		
	Impairment allowance under IAS 39/IAS 37 at 31 December 2017	**Remeasurement**	**ECLs under IFRS 9 at 1 January 2018**
	N'000	N'000	N'000
Loans and advances to banks	41,506	55,642	97,148
Loans and advances to customers	63,844,430	79,037,545	142,881,975
Contingents	-	1,450,688	1,450,688
Cash and balances with banks	-	4,118	4,118
Eurobond			
- Amortised cost	-	1,253	1,253
- FVOCI	264,107	643	264,750
Corporate bonds			
- Amortised cost	-	7,225	7,225
- FVOCI	-	69	69
State government bonds			
- Amortised cost	-	27,923	27,923
- FVOCI	-	49,166	49,166
	64,150,043	**80,634,272**	**144,784,315**

Bank

	Impact of IFRS 9 Opening Entries on Equity		
	Impairment allowance under IAS 39/IAS 37 at 31 December 2017	**Remeasurement**	**ECLs under IFRS 9 at 1 January 2018**
	N'000	N'000	N'000
Loans and advances to banks	41,506	10,803	52,309
Loans and advances to customers	56,289,402	72,333,155	128,622,557
Contingents	-	1,037,299	1,037,299
Cash and balances with banks	-	1,653	1,653
Eurobond			
- Amortised cost	-	1,253	1,253
- FVOCI	264,107	643	264,750
Corporate bonds			
- Amortised cost	-	7,225	7,225

- FVOCI	-	69	69
State government bonds			
- Amortised cost	-	27,923	27,923
- FVOCI	-	49,166	49,166
	56,595,015	**73,469,189**	**130,064,204**

3.10 Property and equipment

(a) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.
When significant parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.
The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognised net within other income in the Income statement.

(b) Subsequent costs

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

(c) Depreciation

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

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

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

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

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

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

(d) De-recognition

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

3.11 Intangible assets

(a) Goodwill

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

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

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

(b) Software

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

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

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

3.12 Leases

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

A group company is the lessee

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

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

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

3.13 Impairment of non-financial assets

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

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

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

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

3.14 Discontinued operations

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

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

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

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

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

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

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

Repossessed collateral
Repossessed collateral are equities, investment properties or other investments repossessed from a customer and used to settle his outstanding obligation. Such investments are classified in accordance with the intention of the Group in the asset class which they belong and are also separately disclosed in the financial statement.
When collaterals are repossessed in satisfaction of a loan, the receivable is written down against the allowance for losses. Repossessed collaterals are included in the financial statement based on how the Bank intends to realize benefit from such collateral such as "Non current assets held for sale" and carried at the lower of cost or estimated fair value less costs to sell, if the Group intends to sell or cost less accumulated depreciation, if for use in the normal course of business.

3.16 Provisions

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

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

3.17 Financial guarantees

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

3.18 Employee benefits

(a) Defined contribution plans

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement when they are due in respect of service rendered before the end of the reporting year.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the reporting year in which the employees render the service are discounted to their present value at the reporting date.

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

(b) Termination benefits

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

(c) Long-term incentive plan

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

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

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

(d) Short-term employee benefits

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

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

(e) Share-based payment remuneration scheme

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

3.19 Share capital and reserves

(a) Share issue costs

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

(b) Dividend on the Bank's ordinary shares

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

(c) Treasury shares

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

(d) Earnings per share

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

(e) Regulatory risk reserve

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

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

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

The results of the application of Prudential Guidelines and the expected credit loss determined for these assets under IFRS 9 are compared. The IFRS 9 determined impairment charge is always included in the income statement.

Where the Prudential Guidelines provision is greater, the difference is appropriated from retained earnings and included in a non - distributable 'Statutory credit reserve'. Where the IFRS 9 exected credit loss is greater, no appropriation is made and the amount of IFRS 9 expected credit loss is recognised in the income statement.

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

3.20 Levies

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

4.0 Use of estimates and judgements

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

Key sources of estimation uncertainty

(i) *Allowances for credit losses*

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

The measurement of impairment losses both under IFRS 9 and IAS 39 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.
The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:
• The Group's internal credit grading model, which assigns PDs to the individual grades
• The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
• The segmentation of financial assets when their ECL is assessed on a collective basis
• Development of ECL models, including the various formulas and the choice of inputs
• Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels, exchange rates, crude oil prices, GDP and collateral values, and the effect on PDs, EADs and LGDs
• Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.
It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

The standard requires recognition of an impairment allowance on financial instruments, based on 12 months or lifetime expected credit losses. The ECL calculations are based on the components discussed in the previous sections.

IFRS 9 requires the calculation of probability-weighted ECL impairments. Three ECL figures were therefore calculated for each account (optimistic, best-estimate and downturn ECLs) and probability-weighted to arrive at a single ECL impairment for each account. The likelihood of the best-estimate, downturn and optimistic scenarios were assumed to be 75%, 12.5% and 12.5% respectively.

The EIR, as provided by the Bank, is used to discount all ECLs to the reporting date. For accounts with no EIR information, the balance-weighted average EIR across all accounts, split by portfolio, is used as a proxy. The method followed for accounts classified as Stage 1, Stage 2 or Stage 3 are set out below;

Stage 1
Account-level ECL figures are calculated projecting monthly expected losses for the next 12-months of each account. The forward, macro-adjusted monthly PDs are applied to the applicable LGD estimate and EAD or the collateral adjusted EAD (if secured) at the start of each month.

Stage 2
Account-level ECL figures are calculated projecting monthly expected losses for the remaining lifetime of each account. The forward, macro-adjusted monthly PDs are applied to the applicable LGD estimate and the EAD or collateral adjusted EAD (if secured) at the start of each month.

Stage 3
For the purposes of this model, account-level ECL figures are calculated by applying the applicable LGD estimate to the balance as at the reporting date

The final ECL impairment is calculated as the probability-weighted average of the ECLs produced for the three macro-economic scenarios.

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 a significant increase in credit risk 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).

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

Corporate Loans
In establishing sensitivity to ECL estimates for corporate loans, four variables (GDP growth rate, Crude Oil Price, Inflation and US exchange rate were considered). Of this variables, the bank's corporate loans reflects greater responsiveness to GDP growth rate and crude oil price

On balance Sheet Exposure
GDP growth rate : Given the signficant impact on companies performance and collateral valuations
Oil price : Given it impacts on purchasing power, demand as well as overall health of the economy

The table below outlines the total ECL for wholesale portfolios as at 31 December 2018, if the assumptions used to measure ECL remain as expected (amount as presented in the statement of financial position), as well as if each of the key assumptions used change by plus or minus 10%. The responsiveness of the ECL estimates to variation in macroeconomic variables have been presented below while putting in perspective, interdependencies between the various economic inputs.

	-10%	+10%
P & L Impact of change in	5,100,496	(4,936,292)

Off balance Sheet Exposure
GDP growth rate : Given the signficant impact on companies performance and collateral valuations
Oil price : Given it impacts on purchasing power, demand as well as overall health of the economy

The table below outlines the total ECL for wholesale off balance sheet exposures as at 31 December 2018, if the assumptions used to measure ECL remain as expected (amount as presented in the statement of financial position), as well as if each of the key assumptions used change by plus or minus 10%. The responsiveness of the ECL estimates to variation in macroeconomic variables have been presented below while putting in perspective, interdependencies between the various economic inputs.

	-10%	+10%
P & L Impact of change in Macroeconomic variables	149,783	(150,582)

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 expected credit loss model required by IFRS 9. As a result of the differences in the methodology/provision regime, there will be variances in the impairments allowances required under the two methodologies.

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

a) Provisions for loans recognised in the profit and loss account should be determined based on the requirements of IFRS. However, the IFRS provision should be compared with provisions determined under prudential guidelines and the expected impact/changes in general reserves should be treated as follows:
   • Prudential Provisions is greater than IFRS provisions; the excess provision resulting should be transferred from the general reserve account to a "regulatory risk reserve".
   • Prudential Provisions is less than IFRS provisions; IFRS determined provision is charged to the statement of comprehensive income. The cumulative balance in the regulatory risk reserve is thereafter reversed to the general reserve account
b) The non-distributable reserve should be classified under Tier 1 as part of the core capital.

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

Statement of prudential adjustments *In thousands of Naira*		**December 2018**	**December 2017**
Bank	Note		
Loans & advances:			
Expected credit loss (ECL) on loans to customers			
- Loans to individuals	23(b)	5,266,200	-
- Loans to corporate	23(b)	72,009,750	-
Expected credit loss (ECL) on loans to banks	22	80,205	-
Total impairment allowances on loans per IFRS		**77,356,155**	**-**
Specific impairment allowances on loans to customers			
- Loans to individuals	23(b)	-	402,318
- Loans to corporate	23(b)	-	35,614,441
Collective impairment allowances on loans to customers			
- Loans to individuals	23(b)	-	645,740
- Loans to corporates	23(b)	-	19,626,902
Collective impairment allowances on loans to banks	22	-	41,506
Total impairment allowances on loans per IFRS		**77,356,155**	**56,330,907**
Total regulatory impairment based on prudential guidelines		**86,839,155**	**91,389,173**
Balance, beginning of the year		35,058,266	35,058,266
Additional transfers to/(from) regulatory risk reserve		(25,575,266)	-
Balance, end of the year		**9,483,000**	**35,058,266**

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

4.1.1 Recurring fair value measurements

In thousands of Naira
Group
December 2018

	Level 1	Level 2	Level 3	Total
Assets				
Investment under management				
Government bonds	727,220	-	-	727,220
Placements	-	7,378,561	-	7,378,561
Commercial paper	3,200,134	-	-	3,200,134
Treasury bills	7,468,814	-	-	7,468,814
Mutual funds	-	2,662,480	-	2,662,480
Eurobonds	-	2,402,185	-	2,402,185
Non pledged trading assets				
Treasury bills	38,465,116	-	-	38,465,116
Bonds	292,684	-	-	292,684
Equity	59,347	-	-	59,347
Derivative financial instrument	-	128,440,342	-	128,440,342
Pledged assets				
-Financial instruments at FVOCI				
Treasury bills	170,118,776	-	-	170,118,776
Bonds	10,000,146	-	-	10,000,146
-Financial instruments at FVPL				
Treasury bills	18,361,112	-	-	18,361,112
Bonds	1,330,944	-	-	1,330,944
Investment securities				
-Financial assets at FVOCI				
Treasury bills	195,218,225	-	-	195,218,225
Bonds	37,314,997	7,476,009	-	44,791,006
-Financial assets at FVPL				
Equity	11,163,221	517,969	97,738,385	109,419,575
Assets held for sale	-	-	12,241,824	12,241,824
	493,720,736	148,877,546	109,980,209	752,578,491
Liabilities				
Derivative financial instrument	-	5,206,001	-	5,206,001
	-	5,206,001	-	5,206,001

Group
December 2017

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

Bank
December 2018
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Investment under management				
Government bonds	727,220	-	-	727,220
Placements	-	7,378,561	-	7,378,561
Commercial paper	3,200,134	-	-	3,200,134
Nigerian Treasury bills	7,468,814	-	-	7,468,814
Mutual funds	-	2,662,480	-	2,662,480
Eurobonds	-	2,402,185	-	2,402,185
Non pledged trading assets				
Treasury bills	36,230,640	-	-	36,230,640
Bonds	291,070	-	-	291,070
Equity	59,348	-	-	59,348
Pledged assets				
-Financial instruments at FVOCI				
Treasury bills	170,118,776	-	-	170,118,776
Bonds	10,000,146	-	-	10,000,146
-Financial instruments at FVPL				
Treasury bills	18,361,112	-	-	18,361,112
Bonds	1,330,944	-	-	1,330,944
Derivative financial instrument	-	128,133,789	-	128,133,789
Investment securities				
-Financial assets at FVOCI				
Treasury bills	48,881,703	-	-	48,881,703
Bonds	7,614,303	7,476,009	-	15,090,312
Equity	-	-	-	-
-Financial assets at FVPL				
Equity	11,132,532	517,969	97,220,093	108,870,594
Asset held for sale	-	-	12,241,824	12,241,824
	315,416,742	148,570,993	109,461,917	573,449,652
Liabilities				
Derivative financial instrument	-	5,185,870	-	5,185,870
	-	5,185,870	-	5,185,870

Bank
December 2017
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Investment under management				
Government bonds	-	357,441	-	357,441
Placements	-	6,283,077	-	6,283,077
Commercial paper	-	6,992,904	-	6,992,904
Nigerian Treasury bills	1,972,963	-	-	1,972,963
Mutual funds	-	2,664,746	-	2,664,746
Eurobonds	-	1,986,000	-	1,986,000
Non pledged trading assets				
Treasury bills	33,906,748	-	-	33,906,748
Bonds	9,031,525	19,369	-	9,050,894
Equity	59,348	-	-	59,348
Pledged assets				
Treasury bills	157,172,849	-	-	157,172,849
Bonds	30,748,762	-	-	30,748,762
Derivative financial instrument	-	92,390,219	-	92,390,219
Investment securities				
Available for sale				
Treasury bills	9,598,737	-	-	9,598,737
Bonds	9,671,791	18,394,503	-	28,066,294
Equity	1,147,387	8,760,176	59,274,393	69,181,956
Asset held for sale	-	-	9,479,967	9,479,967
	253,310,110	**137,848,435**	**68,754,360**	**459,912,905**
Liabilities				
Derivative financial instrument	-	5,306,450	-	5,306,450
	-	5,306,450	-	5,306,450

4.1.2 Financial instruments not measured at fair value

Group
December 2018
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	740,926,362	-	740,926,362
Loans and advances to banks	-	-	142,489,543	142,489,543
Loans and advances to customers	-	-	1,993,606,233	1,993,606,233
Pledged assets				
-Financial instruments at amortized cost				
Treasury bills	192,208,928	-	-	192,208,928
Bonds	162,033,050	-	-	162,033,050
Investment securities				
-Financial assets at amortised cost				
Treasury bills	102,564,048	-	-	102,564,048
Bonds	41,716,865	7,380,130		49,096,995
Other assets	-	-	683,991,854	683,991,854
	498,522,891	748,306,492	2,820,087,630	4,066,917,013
Liabilities				
Deposits from financial institutions	-	-	994,572,845	994,572,845
Deposits from customers	-	-	2,564,908,384	2,564,908,384
Other liabilities	-	-	168,516,337	168,516,337
Debt securities issued	251,251,383	-	-	251,251,383
Interest-bearing borrowings	-	-	388,416,735	388,416,735
	251,251,383	-	4,116,414,301	4,367,665,684

Group
December 2017
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
2 Cash and balances with banks	-	547,134,325	-	547,134,325
Loans and advances to banks	-	-	68,049,702	68,049,702
Loans and advances to customers	-	-	2,045,074,534	2,045,074,534
Pledged assets				-
Treasury bills	89,821,710	-	-	89,821,710
Bonds	119,473,094	-	-	119,473,094
Investment securities				-
Held to Maturity				-
Treasury bills	87,203,365	-	-	87,203,365
Bonds	30,127,895	6,462,687	-	36,590,582
2 Other assets	-	-	456,279,368	456,279,368
	326,626,064	**553,597,012**	**2,569,403,604**	**3,449,626,680**

	Level 1	Level 2	Level 3	Total
Liabilities				
Deposits from financial institutions	-	-	450,196,970	450,196,970
Deposits from customers	-	-	2,244,879,075	2,244,879,075
Other liabilities	-	-	235,786,478	235,786,478
Debt securities issued	290,548,781	70,331,371	-	360,880,152
Interest-bearing borrowings	-	-	311,349,297	311,349,297
	290,548,781	**70,331,371**	**3,242,211,820**	**3,603,091,972**

Bank
December 2018
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	338,289,912	-	338,289,912
Loans and advances to banks	-	-	100,993,116	100,993,116
Loans and advances to customers	-	-	1,681,761,862	1,681,761,862
Pledged assets				
-Financial instruments at amortized cost				
Treasury bills	192,208,928	-	-	192,208,928
Bonds	162,033,050	-	-	162,033,050
Investment securities				
Financial assets at amortised cost				
Treasury bills	60,166,222	-	-	60,166,222
Bonds	18,208,695	7,380,128	-	25,588,823
Other Assets	-	-	610,904,300	610,904,300
	432,616,895	345,670,040	2,393,659,278	3,171,946,213
Liabilities				
Deposits from financial institutions	-	-	-	-
Deposits from customers	-	-	-	-
Other liabilities	-	-	145,106,507	145,106,507
Debt securities issued	251,251,383	-	-	251,251,383
Interest-bearing borrowings	-	-	363,682,441	363,682,441
	251,251,383	-	508,788,948	760,040,331

Bank
December 2017
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
[2] Cash and balances with banks	-	252,521,543	-	252,521,543
Loans and advances to banks	-	-	101,523,651	101,523,651
Loans and advances to customers	-	-	1,822,018,996	1,822,018,996
Pledged assets				-
Treasury bills	89,821,710	-	-	89,821,710
Bonds	119,473,094	-	-	119,473,094
Investment securities				-
Held to maturity				-
Treasury bills	88,203,365	-	-	88,203,365
Bonds	2,352,196	6,161,050	-	8,513,246
[2] Other Assets	-	-	441,236,328	441,236,328
	305,235,153	258,682,593	2,364,778,974	2,928,696,720
Liabilities				
Deposits from financial institutions	-	-	-	-
Deposits from customers	-	-	-	-
Other liabilities	-	-	223,963,436	223,963,436
Debt securities issued	220,217,410	70,331,371	-	290,548,781
Interest-bearing borrowings	-	-	288,902,461	288,902,461
	220,217,410	70,331,371	512,865,897	803,414,678

2 The Group reclassified Cash reserve requirement, classified as restricted deposits with Central banks and special reserve intervention funds, from Cash and cash equivalents to Other assets for financial reporting purposes.

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 securities with similar maturity profile and characteristics. There were transfers between levels 1 and 2 during the year on investment under management because the instruments involved are government securities with readily determinable price and they are risk free.

(ii) Valuation of financial instruments

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

Description	Fair value at 31 December 2018	Valuation Technique	Observable Inputs	Fair value if inputs increased by 5%	Fair value if inputs decreased by 5%	Relationship of observable inputs to fair value
Investment in MTN	10,226,096	Fair value through quoted share price as at last trade date.	Share price from last trade date Number of units owned by Access bank	10,737,401	9,714,791	The higher the share price as at the last trade date, the higher the fair value
Derivative financial assets	128,133,789	Forward and swap: Fair value through market rate from a quoted market	Market rates from quoted market	122,046,544	123,860,127	The higher the market rate, the higher the fair value of the derivative financial instrument
Derivative financial liabilities	5,185,870	Futures: Fair value through reference market rate				

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

Description	Fair value at 31 December 2018	Valuation Technique	Observable Inputs	Fair value if inputs increased by 5%	Fair value if inputs decreased by 5%	Fair value if unobservable inputs increased by 5%	Fair value if unobservable inputs decreased by 5%	Relationship of unobservable inputs to fair value
Investment in Africa Finance Corporation	84,025,549	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	88,226,827	79,824,272	88,226,827	79,824,272	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Investment in Unified Payment System Limited	4,812,950	Adjusted fair value comparison approach	Median of enterprise value to EBITDA ratio (EV/EBITDA) of similar comparable companies	5,053,598	4,572,303	4,992,925	4,632,976	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Investment in CSCS	2,727,258	Adjusted fair value comparison approach	Median of enterprise value to EBITDA ratio (EV/EBITDA) of similar comparable companies	2,863,621	2,590,896	2,854,118	2,600,399	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Investment in NIBSS	4,953,845	Adjusted fair value comparison approach	Weighted Price to earnings (P/E) ratio of similar comparable companies	5,201,537	4,706,152	1,241,943	1,123,663	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Investment in Afrexim	17,044	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	17,896	16,192	9,959	9,010	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Investment in FMDQ	204,740	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	214,976	194,503	259,352	234,652	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Investment in CRC Bureau	380,106	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	399,111	361,101	284,030	265,336	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Nigerian Mortgage Refinance Company	313,229	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	328,890	297,568	169,026	152,928	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
NG Clearing	303,340	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	318,507	288,173	333,674	273,006	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value

Reconciliation of Level 3 Investments

The following tables presents the changes in Level 3 instruments for the year ended 31 December 2018

Financial assets at fair value through profit or loss	**Group December 2018**	**Group December 2017**	**Bank December 2018**	**Bank December 2017**
Opening balance	55,180,818	50,069,031	54,929,512	49,821,881
Total unrealised gains in P/L	34,196,186	5,111,787	34,196,186	5,107,631
Cost of Asset (Additions)	3,997,915		3,997,915	-
Sales	4,912,123	-	4,614,448	-
Total unrealised gains in OCI	-		-	
Balance, year end	**98,287,042**	**55,180,818**	**97,738,061**	**54,929,512**

Assets Held for Sale	**Group December 2018**	**Group December 2017**	**Bank December 2018**	**Bank December 2017**
Opening balance	9,479,967	140,727	9,479,967	140,727
Additions	3,826,834	9,369,240	3,826,834	9,369,240
Disposals	(1,064,979)	(30,000)	(1,064,979)	(30,000)
Balance, year end	**12,241,822**	**9,479,967**	**12,241,822**	**9,479,967**

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

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

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

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

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

Step 1: Identify quoted companies with similar line of business ,structure and size
Step 2: Obtain the EV/EBITDA or the P/B or P/E ratios of these quoted companies identified from Bloomberg, Reuters or Nigeria Stock Exchange

Step 3: Derive the average or median of EV/EBITDA or the P/B or P/E ratios of these identified quoted companies
Step 4: Apply the lower of average (mean) or median of the identified quoted companies ratios on the EV/EBITDA or Book Value or Earnings of the investment company to get the value of the investment company
Step 5: Discount the derived value of the investment company by applying an Illiquidity discount and EPS Haircut Adjustment to obtain the Adjusted Equity Value
Step 6: Multiply the adjusted equity value by the present exchange rate for foreign currency investment
Step 7: Compare the Adjusted Equity value with the carrying value of the investment company to arrive at a net gain or loss

a. Enterprise Value (EV):
Enterprise value measures the value of the ongoing operations of a company. It is calculated as the market capitalization plus debt, minority interest and preferred shares, minus total cash and cash equivalents of the company .
b. Earnings Before Interest ,Tax Depreciation and Tax (EBITDA):
EBITDA is earnings before interest, taxes, depreciation and amortization. EBITDA is one of the indicator's of a company's financial performance and is used as a proxy for the earning potential of a business.
EBITDA = Operating Profit + Depreciation Expense + Amortization Expense

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

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

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

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

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

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

(iii) Assessment of impairment of goodwill on acquired subsidiaries
Goodwill on acquired subsidiaries was tested for impairment using discounted cash flow valuation method. Projected cash flows were discounted to present value using a discount rate of 19.50% (Dec. 2016: 19.50%) and a cash flow growth rate of 5.44% (Dec. 2016: 6.62%) over a period of four years. The Group determined the appropriate discount rate at the end of the year by making reference to 15 year government bond which is the longest tenured security in Rwanda. See note 29b for further details.

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

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

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

Group In thousands of Naira December 2018	Financial assets measured through FVPL	Financial assets measured at amortized cost	Financial assets measured at FVOCI	Financial liabilities measured through FVPL	Financial liabilities measured at amortised cost	Total carrying amount	Fair value
Cash and balances with banks	-	788,410,135	-	-	-	788,410,135	788,410,135
Investment under management	-	-	23,839,395	-	-	23,839,395	23,839,395
Non pledged trading assets							
Treasury bills	38,465,116	-	-	-	-	38,465,116	38,465,116
Bonds	292,684	-	-	-	-	292,684	292,684
Equity	59,348	-	-	-	-	59,348	59,348
Derivative financial instruments	-	-	-	128,440,342	-	128,440,342	128,440,342
Loans and advances to banks	-	142,489,543	-	-	-	142,489,543	142,489,543
Loans and advances to customers	-	1,993,606,233	-	-	-	1,993,606,233	1,993,606,233
Pledged assets							
Treasury bills	18,361,112	192,208,928	170,118,776	-	-	380,688,816	380,688,816
Bonds	1,330,944	162,033,050	10,000,146	-	-	173,364,140	173,364,139
Investment securities							
- Financial assets at FVOCI							
Treasury bills	-	-	150,883,819	-	-	150,883,819	150,883,819
Bonds	-	-	44,791,006	-	-	44,791,006	44,791,006
- Financial assets at FVPL							
Equity	-	-	-	109,419,574	-	109,419,574	109,419,574
- Financial assets at amortised cost							
Treasury bills	-	103,729,306	-	-	-	103,729,306	103,729,306
Bonds	-	49,096,996	-	-	-	49,096,996	49,096,996
Other assets	-	714,243,468	-	-	-	714,243,468	714,243,468
	58,509,203	**4,145,817,658**	**399,633,143**	**237,859,916**	**-**	**4,841,819,921**	**4,841,819,921**
Deposits from financial institutions	-	-	-	-	994,572,845	994,572,845	994,572,845
Deposits from customers	-	-	-	-	2,652,515,699	2,652,515,699	2,652,515,699
Other liabilities	-	-	-	-	1,482,931	1,482,931	1,482,931
Derivative financial instruments	-	-	-	5,206,001	-	5,206,001	5,206,001
Debt securities issued	-	-	-	-	251,251,383	251,251,383	251,251,383
Interest bearing borrowings	-	-	-	-	388,416,734	388,416,734	388,416,734
	-	**-**	**-**	**5,206,001**	**4,288,239,592**	**4,293,445,593**	**4,293,445,594**

Group *In thousands of Naira* **December 2017**	**Held for trading**	**Held-to-maturity**	**Loans and receivables at amortized cost**	**Available-for-sale**	**Fair value through profit or loss**	**Financial Liabilities measured at amortized cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks [2]	-	-	547,134,325	-	-	-	547,134,325	596,770,820
Investment under management	-	-	-	20,257,131	-	-	20,257,131	20,257,131
Non pledged trading assets								
Treasury bills	37,743,819	-	-	-	-	-	37,743,819	37,743,819
Bonds	9,050,894	-	-	-	-	-	9,050,894	9,050,894
Equity	59,348	-	-	-	-	-	59,348	59,348
Derivative financial instruments	-	-	-	-	93,419,293	-	93,419,293	93,419,293
Loans and advances to banks	-	-	68,114,076	-	-	-	68,114,076	101,523,651
Loans and advances to customers	-	-	1,995,987,627	-	-	-	1,995,987,627	2,045,074,534
Pledged assets								
Treasury bills	126,477,561	-	-	132,195,254	-	-	258,672,815	246,994,559
Bonds	68,554	161,264,920	-	27,108,115	-	-	188,441,589	150,221,856
Investment securities								
- Available for sale								
Treasury bills	-	-	-	29,977,451	-	-	29,977,451	29,977,451
Bonds	-	-	-	54,079,368	-	-	54,079,368	54,079,368
Equity	-	-	-	69,581,098	-	-	69,581,098	69,581,098
- Held to Maturity								
Treasury bills	-	88,203,365	-	-	-	-	88,203,365	87,203,365
Bonds		36,590,582	-	-	-	-	36,590,582	36,590,582
Other assets	-	-	456,279,368	-	-	-	456,279,368	456,279,368
	173,400,176	**286,058,867**	**3,067,515,395**	**333,198,417**	**93,419,293**	**-**	**3,953,592,148**	**4,034,827,137**
Deposits from financial institutions	-	-	-	-	-	450,196,970	450,196,970	450,196,970
Deposits from customers	-	-	-	-	-	2,244,879,075	2,244,879,075	2,244,879,075
Other liabilities	-	-	-	-	-	235,786,478	235,786,478	235,786,478
Derivative financial instruments	-		-	-	5,332,177	-	5,332,177	5,332,177
Debt securities issued	-	-	-	-	-	302,106,706	302,106,706	290,548,781
Interest bearing borrowings	-	-	-	-	-	311,617,187	311,617,187	311,349,297
	-	**-**	**-**	**-**	**5,332,177**	**3,544,586,416**	**3,549,918,593**	**3,538,092,778**

[2] The Group reclassified Cash reserve requirement, classified as restricted deposits with Central banks and special reserve intervention funds, from Cash and cash equivalents to Other assets for financial reporting purposes.

Bank *In thousands of Naira* **December 2018**	**Financial assets measured through FVPL**	**Financial assets measured at amortized cost**	**Financial assets measured at FVOCI**	**Financial liabilities measured through FVPL**	**Financial liabilities measured at amortised cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	-	338,289,912		-	-	338,289,912	338,289,912
Investment under management	-	-	23,839,394	-	-	23,839,394	23,839,394
Non pledged trading assets							
Treasury bills	36,230,640	-	-	-	-	36,230,640	385,773,685
Bonds	291,070	-	-	-	-	291,070	23,839,395
Equity	59,348	-	-	-	-	59,348	-
Derivative financial instruments	-	-	-	128,133,789	-	128,133,789	36,230,640
Loans and advances to banks	-	100,993,116	-	-	-	100,993,116	291,070
Loans and advances to customers	-	1,681,761,862	-	-	-	1,681,761,862	59,348
Pledged assets							
Treasury bills	18,361,112	192,208,928	170,118,776	-	-	380,688,816	100,993,116
Bonds	1,330,944	162,033,050	10,000,146	-	-	173,364,139	1,681,761,862
Investment securities							
- Financial assets at FVOCI							
Treasury bills	-	-	47,716,445	-	-	47,716,445	173,364,139
Bonds	-	-	15,090,313	-	-	15,090,313	-
Equity	-	-	-	-	-	-	-
- Financial assets at FVPL							
Equity	-	-	-	108,870,593	-	108,870,593	-
- Financial assets at amortised cost	-	-	-	-	-		
Treasury bills	-	-	15,090,313	-	-	15,090,313	15,090,313
Bonds	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-
	56,273,114	**2,475,286,868**	**281,855,388**	**237,004,382**	**-**	**3,050,419,751**	**2,779,532,874**
Deposits from financial institutions	-	-	-	-	-	-	25,588,825
Deposits from customers	-	-	-	-	-	-	592,560,716
Derivative financial instruments	-	56,273,114	266,765,075	237,004,382	-	560,042,571	3,762,294,232
Other liabilities	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-
Interest bearing borrowings	-	-	-	-	616,644,610	616,644,610	616,644,610
		56,273,114	**266,765,075**	**237,004,382**	**616,644,612**	**1,176,687,181**	**4,997,088,385**

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

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

(i) Cash

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

(ii) Loans and advances to banks and customers

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

(iii) Investment securities and pledged assets

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

The fair value comprises equity securities and debt instruments. The fair value for these assets are based on estimations using market prices and earning multiples of quoted securities with similar characteristics.

(iv) Other assets

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

(v) Deposits from banks and customers

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

(vi) Other liabilities

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

(vii) Interest bearing borrowings

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

(viii) Debt securities issued

The estimated fair value of floating interest rate debt securities quoted in an active market is based on the quoted market rates as listed on the irish stock exchange for these debts over their remaining maturity.

CREDIT RISK MANAGEMENT

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

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

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

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

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

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

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

PRINCIPAL CREDIT POLICIES

The following are the principal credit policies of the Bank:

Credit Risk Management Policy: The core objective is to enable maximization of returns on a risk adjusted basis from banking book credit risk exposures that are brought under the ambit of

Credit Risk Management Policy. This is done by putting in place robust credit risk management systems consisting of risk identification, risk measurement, setting of exposure and risk limits, risk monitoring and control as well as reporting of credit risk in the banking book.

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

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

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

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

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

RESPONSIBILITIES OF BUSINESS UNITS AND INDEPENDENT CREDIT RISK MANAGEMENT

In Access Bank, Business Units and independent credit risk management have a joint responsibility for the overall accuracy of risk ratings assigned to obligors and facilities. Business Relationship Managers will be responsible for deriving the Obligor Risk Rating ('ORR') and Facility Risk Rating ('FRR') using approved methodologies. However, independent credit risk management will validate such ratings.

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

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

CREDIT PROCESS

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

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

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

CREDIT RISK MEASUREMENT

Risk Rating Methodology

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

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

The Risk Rating Policy incorporates credit risk rating models which estimate risk of obligor default and facility risks (covering both recovery as well as exposure risk). These models are currently based on expert judgment for retail and non-retail exposures

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

RISK RATING PROCESS

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

Establishing the risk rating process is the joint responsibility of the Business Manager and the Credit Risk Manager assigned to each business. The process must be documented and must be approved by the Management Credit Committee.

Risk Rating Scale and external rating equivalent

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

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

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

TRAINING / CERTIFICATION

In line with the CBN's competency framework, members of the Group have consistently upgraded their competency level by passing necessary certification examinations like Certified Risk Manager (Risk Managers Association of Nigeria), ACIB (CIBN), ICAN, ACCA, CFA and other relevant professional certifications. The Bank has also entered into a partnership with Moody's Analytics for intermediate and advanced trainings in Credit Risk Analysis and Financial Risk Management for its credit officers. These are outside regular trainings conducted within the Group to enhance staff capacities in handling transactions in the dynamic business environment and ever-evolving banking industry.

CREDIT OFFICER RISK RATING

To reshape the understanding of risk, the bank has developed a Credit Officer Risk Rating model which assigns rating to credit officers based on the quality and performance of risk asset portfolio managed by the individual officer. This puts the bank in a more disciplined position in the credit appraisal and approval processes.

RISK CULTURE

To strive towards imbibing a better risk culture and ultimately a strong institution, all stakeholders act proactively, diligently and courageously to manage risk regardless of which line of defense they are located. The bank is migrating towards a mature risk culture in its vision to be the world's most respected African Bank.

CREDIT RISK CONTROL AND MITIGATION POLICY

AUTHORITY LIMITS ON CREDIT

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

Potential credit losses from any given account, customer or portfolio are mitigated using a range of tools such as collateral, credit insurance, credit derivatives and other guarantees. The reliance that can be placed on these mitigants is carefully assessed in light of issues such as legal certainty and enforceability, market valuation correlation and counterparty risk of the guarantor. Where appropriate, credit derivatives are used to reduce credit risks in the portfolio. Due to their potential impact on income volatility, such derivatives are used in a controlled manner with reference to their expected volatility.

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

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

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

APPROVING AUTHORITY	APPROVED LIMIT (New Credits) (NgN)	APPROVED LIMIT (Renewals of Existing Credits) (NgN)
Executive Director	150 million	200 million
Group Deputy Managing Director	400 million	500 million
Group Managing Director/CEO	500 million	600 million

SUBSIDIARIES

S/N	APPROVING AUTHORITY	COUNTRIES	APPROVAL LIMIT (NGN)
1	Head African Subsidiaries	All	150,000,000
2	MD, Rwanda	Rwanda	20,000,000
4	MD, Zambia	Zambia	10,000,000
5	MD, Congo	Dr Congo	10,000,000
6	MD, Ghana	Ghana	TBA
7	MD, Sierra Leone	Sierra Leone	TBA
8	MD, Gambia	Gambia	TBA
7	Country MCC	All	N/A
8	Country BCC (Ghana)	Ghana	300,000,000
9	Country BCC (Zambia, Rwanda, Gambia, Sierra Leone, DR Congo)	All	250,000,000

Access Bank Risk Rating	Standard & Poor's Long term equivalent	Exposure Limit (ORR-based LLL) for New credits (NGN)	Management Credit Committee Approval Limit (NGN)	Board Credit & Finance Committee Approval Limit (NGN)	Board of Directors Limit
1	AAA	41 billion	20 billion	40 billion	Legal lending limit
2+	AA	33 billion	15 billion	30 billion	
2	A	25 billion	5 billion	15 billion	
2-	BBB	16 billion	2 billion	10 billion	
3+	BB+	3 billion	1 billion	10 billion	
3	BB	1.7 billion	0.8 billion	10 billion	
3-	BB-	.8 billion	0.5 billion	2 billion	
4	B		Above 0.1 billion		
5	B-				

COLLATERAL POLICIES

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

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

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

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

However, the primary consideration for approving credits is hinged largely on the obligor's financial strength and debt-servicing capacity. The guidelines relating to risk mitigant as incorporated in the guidance note of Basel Committee on Banking Supervision ('BCBS') on

"Principles for the Management of Credit Risk" are to be taken into consideration while using a credit risk mitigant to control credit risk.

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

The range of collaterals acceptable to the Bank include:

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

MASTER NETTING ARRANGEMENTS – TRADED PRODUCTS

Credit risk from traded products is managed within the overall credit risk appetite for corporates and financial institutions.

The credit risk exposure from traded products is derived from the positive mark-to-market value of the underlying instruments, and an additional component to cater for potential market movements.

For derivative contracts, we limit our exposure to credit losses in the event of default by entering into master netting agreements with certain counterparties. As required by IAS 32, exposures are only presented net in the financial statement if there is a legal right to offset and the assets/ liabilities will be settled simultaneously

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

PROVISIONING POLICY

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

MARKET RISK MANAGEMENT

DEFINITION

The Bank's capital and earnings are exposed to risk due to changes in market prices, as a result a robust market risk management framework is in place to reduce exposure to changes in interest rate, foreign exchange and equity prices.

The objective is not to completely avoid these risks but to ensure exposure to these risks through our trading and banking book positions are kept within the Bank's defined risk appetite and tolerance.

RECENT DEVELOPMENTS IN MARKET RISK MANAGEMENT

Within the year, the bank embarked on projects/activities to further strengthen its risk management process to minimize exposure to Market and Liquidity risk.

Continuous Improvement is necessary to thrive and excel in the dynamic banking industry by maintaining an effective Risk Management Framework that is adaptive to change and aimed at ensuring that the Bank is resilient by being more proactive in managing not only risks but taking opportunities as well.

Highlighted below as some of these projects/activities:

- The Bank's Treasury application for the management of its trading portfolio was upgraded for enhancement of operational security; real-time dashboard to ensure effective monitoring; improved efficiency to minimize errors associated with manual postings etc.

- In compliance with best practices, the Risk Management application which performs functions like VaR, Stressed VaR, What-if analysis, Sensitivity and Back-testing for the quantification of risk in its fixed income and trading portfolio is currently being upgraded and is 85% complete. These functions have been reviewed and validated by an independent third party (Dun & Bradstreet). The process was in three subsections i.e. regulatory review under Basel Internal Model Approach, qualitative review and quantitative review of the models used by the Bank.

- A real-time reporting application that offers data warehouse capabilities was initiated within the year with an objective to provide business intelligence by connecting different data set, transforming the data into data models and providing visuals of the data to users. Information is presented in its most current form with live dashboards and reports for management and other users to make quality decisions.

- In line with Basel III regulations, Access Bank has adopted a proactive and planned approach to liquidity management considering the institution's specific risk appetite and business model. We have documented our Internal Liquidity Adequacy Assessment Process (ILAAP) incorporating a comprehensive analysis of scenarios for assessing liquidity position from various perspectives and over various time horizons.

MARKET RISK POLICY MANAGEMENT AND CONTROL

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

This has prompted the development of a comprehensive and dynamic Market Risk Policy; Asset and Liability Management Policy; Liquidity Policy; Stress Testing Policy, and so on, to ensure the risks faced across business activities and on an aggregate basis are within the stipulated risk appetite of the Bank. These policies have been benchmarked with industry and international best practices and CBN regulations.

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

The Bank runs a state-of-the-art integrated and straight through processing treasury system for enabling efficient, monitoring and management of interest rate and foreign exchange risks in the Bank.

Liquidity, Exchange Rate, and Interest Rate risks are managed through various metrics, viz. Liquidity Gap Analysis, Dynamic Cash Flow Analysis, Liquidity Ratios, Value at Risk (VaR), Earnings at Risk (EaR) and Sensitivity Analysis. The primary aim of these processes is risk forecasting and impact mitigation through management action and portfolio rebalancing.

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

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

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

NON-TRADING PORTFOLIO

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

- Re-pricing gap analysis
- Liquidity gap analysis
- Earnings-at-Risk (EAR) using various interest rate forecasts
- Sensitivity Analysis

INTERESTRATERISK

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

RE-PRICING AND LIQUIDITY GAP ANALYSIS

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

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

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

EARNINGS-AT-RISK APPROACH

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

Interest-rate risk is monitored centrally with a Gap report. A limits framework is in place to ensure that retained risk remains within approved appetite. Interest rate risk also arises in the treasuries of the Bank's African subsidiaries during balance sheet management and facilitation of customers' activities. The risk is managed by local treasury functions, subject to modest risk limits and other controls.

SENSITIVITY ANALYSIS AND STRESS TESTING

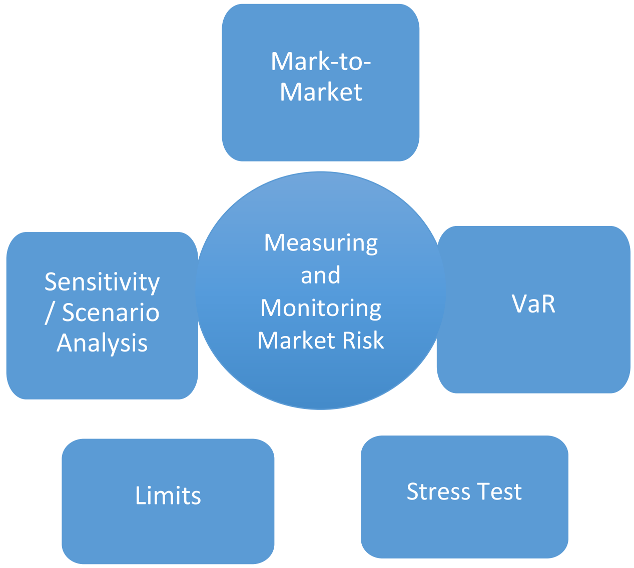
Sensitivity analysis and stress testing are risk measurement techniques that help us ensure that the risks the Bank takes remain within our risk appetite and that our level of capital remains adequate. Sensitivity analysis involves varying a single factor (e.g. a model input or specific assumption) to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

Stress testing generally involves consideration of the simultaneous movements in many risk factors. It is used to measure the level of potential unexpected losses for Credit, Market (both trading and non-trading), Operational and Liquidity Risks to check the Bank's resilience level in the event of these occurrences.

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

TRADING PORTFOLIO

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



LIMITS

Specific limits and triggers (regulatory and in-house) have been set across the various market risk areas to prevent undue exposure and the Market Risk Management Group ensures that these limits and triggers are adhered to by the Bank. The following limits currently exist;

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

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

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

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

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

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

Value-at-Risk Limit: The normal VaR of the portfolio will be the Naira loss that will be exceeded 1% of the time over a one day horizon. The VaR limits are linked to the Bank's risk appetite and Treasury' Budget. To quantify the risk appetite with respect to trading intentions we set the VaR LIMIT as a percentage of this value.

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

MARK TO MARKET (MTM)

The marking-to-market technique establishes historical profit and loss by revaluing money market exposures to prevailing market prices. When no market prices are available for a specific contract period, mark-to-model is used to derive the relevant market prices. It is the Bank's policy to revalue all exposures categorized under the securities trading portfolio daily. As a general guide, marking to market is performed independently of the trading unit i.e. prices/rates are obtained from external sources.

VALUE AT RISK (VaR)

Risk of losses arising from future potential adverse movements in market rates, prices and volatilities are measured using a VaR methodology. VaR, in general, is a quantitative measure of market risk that applies recent historic market conditions to estimate the potential future loss in market value that will not be exceeded in a set time and at a set statistical confidence level.

VaR provides a consistent measure that can be applied across trading businesses and products over time and can be set against actual daily trading profit and loss outcome. To assess their predictive power, VaR models are back tested against actual results.

Access Bank uses an internal VaR model based on the historical simulation method. 252 days of historical price and rate data is applied and updated daily. This internal model is used for measuring value at risk over a one-day holding period at a 99% confidence level. This model covers general market (position) risk across all approved interest rate and foreign exchange products.

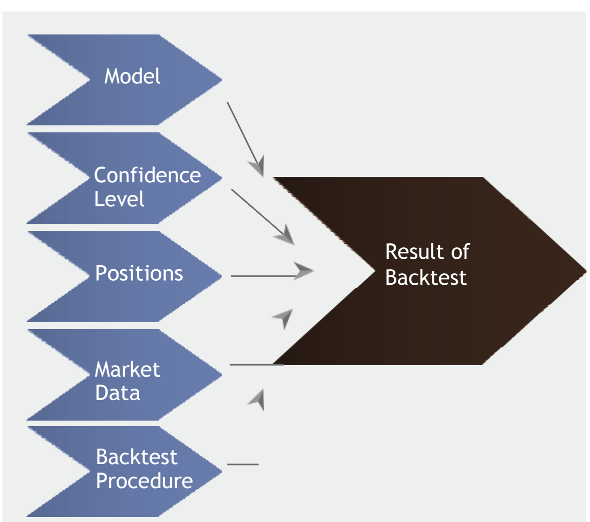
There are a number of considerations that should be taken into account when reviewing the VaR numbers including;

- Historical simulation assumes that the past is a good representation of the future. This may not always be the case.
- The assumed time horizon will not fully capture the market risk of positions that cannot be closed out or hedged within this time horizon.
- VaR does not indicate the potential loss beyond the selected percentile.
- Intra-day risk is not captured.
- Prudent valuation practices are used in the VaR calculation when there is difficulty obtaining rate and price information.
- To complement VaR, stress testing and other sensitivity measures are used.

BACK TESTING

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

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



Inputs **Output**

STRESS TESTING

A consistent stress testing methodology is applied to trading and non-trading books. The stress testing methodology assumes that the scope for management action would be limited during a stress event, reflecting the decrease in market liquidity that often occurs.

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

Stress testing is an integral part of the market risk management framework and considers both historical market events and forward-looking scenarios. Stress testing provides an indication of the potential size of losses that could arise in extreme conditions. It helps to identify risk concentrations across business lines and assist senior management in capital planning decisions.

The Bank performs two main types of stress and scenario testing.

First, risk factor stress testing, where extended historical stress moves are applied to each of the main risk categories. This includes interest rate, equity, foreign ex- change, and credit spread risk.
Secondly, the trading book is subjected to multi-factor scenarios that simulate past periods of significant market disturbance and hypothetical extreme yet plausible events.

Stress scenarios are regularly updated to reflect changes in risk profile and economic events. Regular stress test

Liquidity Risk Management

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

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

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

The Board approves the Bank's Liquidity Policy and Contingency Funding Plan, including establishing liquidity risk tolerance levels. The Group ALCO, in conjunction with the Board and its committees, monitors our liquidity position and reviews the impact of strategic decisions on our liquidity. Liquidity positions are measured by calculating the Bank's net liquidity gap and by comparing selected ratios with targets as specified in the Liquidity Risk Management Manual.

MEASUREMENT

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

- Funding and Liquidity plan;
- Gap Analysis; and
- Ratio Analysis.

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

LIMIT MANAGEMENT AND MONITORING

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

CONTINGENCY FUNDING PLAN

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

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

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

ECONOMIC INTELLIGENCE

Economic Intelligence (EI) is in the business of positioning economic, business and financial information/intelligence as tools for helping the Bank achieve its long term strategic objectives. Its value propositions include supporting the Bank in achieving its moderate risk posturing, price competitiveness, improvement to business intelligence and brand enhancement. It also makes high quality contributions to the Bank's strategy evolution process. It conducts policy-relevant research to support the Bank's goals and strategic objectives. It is the key research arm of the Bank and it activities influence the strategic plans of the various market-facing and non-market-facing business units and other stakeholders.

Some of the Unit's Roles and Responsibilities include:

- Monitoring and interpreting current economic developments/trends wherever the Bank has subsidiary office, preparing projections of the economic outlook and developing reports on economic issues for the Bank.
- Proactively providing industry analysis, identifying investment trends and opportunities for the Bank; monitoring, interpreting and conducting policy-relevant research in the areas of utmost importance to our stakeholders especially our body-corporate
- Leading quantitative and qualitative research projects
- Ensuring proactive and effective dissemination of relevant information such as short and long term forecasts to relevant functional units within the Group
- Championing contacts with communications media regarding press releases, public statements and news conferences on economic topics/issues
- Developing contact and collaborative economic/business and financial information research institutes/bodies within the country and outside.

5.1 Credit risk management

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

Credit risk exposures relating to financial assets are as follows:

In thousands of Naira	Group December 2018	[2] Group December 2017	Bank December 2018	[2] Bank December 2017
Cash and balances with banks				
- Current balances with banks	282,044,974	217,862,989	111,750,907	177,770,685
- Unrestricted balances with central banks	29,366,693	28,837,649	6,759,948	7,976,547
- Money market placements	220,309,727	261,805,783	46,392,634	28,157,562
- Other deposits with central banks	77,024,474	38,578,127	77,024,474	38,578,127
Investment under management	23,839,394	20,257,131	23,839,394	20,257,131
Non pledged trading assets				
Treasury bills	38,465,116	37,743,819	36,230,640	33,906,748
Bonds	292,684	9,050,894	291,070	9,050,894
Derivative financial instruments	128,440,342	93,419,293	128,133,789	92,390,219
Loans and advances to banks	142,489,543	68,114,076	100,993,116	101,429,001
Loans and advances to customers	1,993,606,233	1,995,987,627	1,681,761,862	1,771,282,738
Pledged assets				
-Financial instruments at FVOCI				
Treasury bills	170,118,776	-	170,118,776	-
Bonds	10,000,146	-	10,000,146	-
-Financial instruments at amortized cost				
Treasury bills	192,208,928	-	192,208,928	-
Bonds	162,033,050	-	162,033,050	-
-Financial instruments at FVPL				
Treasury bills	18,361,112	-	18,361,112	-
Bonds	1,330,944	-	1,330,944	-
Treasury bills	-	258,672,815		252,061,738
Bonds	-	188,441,589		188,441,589
Investment securities				
-Financial instruments at FVOCI				
Treasury bills	195,218,225		48,881,703	
Bonds	37,314,997		7,614,303	
-Avaialble for sale				
Treasury bills		29,977,451		9,598,737
Bonds		54,079,368		28,066,294
- Financial assets at amortised cost				
Treasury bills	102,564,048		60,166,222	
Bonds	49,096,996		25,588,823	
- Held to maturity				
Treasury bills		88,203,365		5,837,568
Bonds		36,590,582		9,116,855
Other assets	683,991,854	456,279,368	610,904,300	441,236,328
Total	**4,558,118,256**	**3,883,901,925**	**3,520,386,142**	**3,215,158,760**
[1] **Off balance sheet exposures**				
Transaction related bonds and guarantees	452,083,539	370,892,995	358,862,448	225,158,636
Guaranteed facilities	-	171,002,109	-	81,335,619
Clean line facilities for letters of credit and other commitments	307,761,666	293,267,039	205,997,841	200,918,665
Total	**759,845,205**	**835,162,143**	**564,860,289**	**507,412,920**

Balances included in other Assets above are those subject to credit risks. The table above shows a worst-case scenario of credit risk exposure to the Group as at 31 December 2018 and 31 December 2017, without taking account of any collateral held or other credit enhancements attached.

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

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

[1] Futures, swaps and forward contracts are disclosed in Note 21, therefore the contingent liabilities for 2017 have been restated

[2] The Group reclassified Cash reserve requirement, classified as restricted deposits with Central banks and special reserve intervention funds, from Cash and cash equivalents to Other assets for financial reporting purposes.

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

In thousands of Naira	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
Agriculture	17,002,168	41,049,807	15,323,959	33,387,238
Construction	174,360,808	201,778,198	144,854,266	167,640,113
Education	1,395,526	1,578,846	1,395,526	1,143,935
Finance and insurance	37,205,108	26,803,137	21,643,224	21,272,239
General	85,518,555	58,222,075	70,154,412	51,380,613
General commerce	270,266,208	246,861,833	197,537,626	202,418,282
Government	232,327,741	252,844,215	232,256,082	252,842,296
Information And communication	57,808,780	108,995,556	54,476,339	104,961,637
Other manufacturing (Industries)	90,513,883	86,898,036	60,615,580	63,138,053
Basic metal Products	4,514,437	2,447,738	4,514,437	2,447,738
Cement	23,626,887	28,230,573	23,626,887	28,230,573
Conglomerate	37,436,759	28,680,746	37,436,759	28,680,746
Flourmills And bakeries	2,566,092	23,690,560	2,566,092	23,690,560
Food manufacturing	10,175,471	35,728,951	10,175,471	25,574,476
Steel rolling mills	92,210,952	65,610,086	79,519,138	65,610,086
Oil And Gas - downstream	97,002,579	125,782,480	86,709,135	117,101,483
Oil And Gas - services	247,438,565	246,820,468	247,438,565	245,082,920
Oil And Gas - upstream	142,558,744	124,627,587	142,558,744	124,627,587
Crude oil refining	42,072,991	36,001,965	32,670,296	36,001,965
Real estate activities	224,231,495	167,173,504	197,389,258	148,852,107
Transportation and storage	114,408,739	85,626,593	69,536,404	60,458,743
Power and energy	9,169,591	12,075,600	8,818,148	11,152,289
Professional, scientific and technical activities	45,200,891	4,920,204	8,357,661	2,631,415
Others	22,758,056	47,406,687	9,463,802	9,245,046
	2,081,771,026	**2,059,855,443**	**1,759,037,811**	**1,827,572,140**

5.1.3(a) Group
Credit quality by class

Loans to retail customers

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	-	-	-	-	-	-	-	-	-
Standard grade	122,184,042	2,802,087	647,780	125,633,909	526,454	381,447	571,051	1,478,952	124,154,957
Non-Investment	928,735	239,938	4,549,777	5,718,450	16,052	108,893	4,070,636	4,195,581	1,522,869

Loans to corporate customers

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	610,100,166	17,461,207	-	627,561,373	1,834,632	32,660	-	1,867,292	625,694,082
Standard grade	856,979,287	355,139,355	346,325	1,212,464,967	24,323,693	28,849,910	82,357	53,255,960	1,159,209,007
Non-Investment	-	60,589,165	49,803,163	110,392,328	-	11,420,758	15,946,251	27,367,009	83,025,319

Loans and advances to banks

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	141,344,369	-	-	141,344,369	5,054	-	-	5,054	141,339,315
Standard grade	1,122,915	-	-	1,122,915	30,124	-	-	30,124	1,092,791
Non-Investment	-	-	102,463	102,463	-	-	45,026	45,026	57,437

Off balance sheet

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	389,819,103	-	-	389,819,103	139,302	-	-	139,302	389,679,802
Standard grade	320,204,678	-	-	320,204,678	1,010,598	-	-	1,010,598	319,194,080
Non-Investment	48,078,696	590,794	1,151,934	49,821,424	102,560	-	230,471	333,031	49,488,393

Investment securities

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	455,794,640	-	-	455,794,640	2,939	-	-	2,939	455,791,701
Standard grade	-	2,127,737	-	2,127,737	-	16,105	-	16,105	2,111,631
Non-Investment	-	-	-	-	-	-	-	-	-

Money market placements

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	220,312,933	-	-	220,312,933	3,206	-	-	3,206	220,309,728
Standard grade	-	-	-	-	-	-	-	-	-
Non-Investment	-	-	-	-	-	-	-	-	-

5.1.3(b) Bank
Credit quality by class

Loans to retail customers

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	-	-	-	-	-	-	-	-	-
Standard grade	28,580,675	2,802,087	647,780	32,030,542	444,787	381,447	571,051	1,397,285	30,633,257
Non-Investment	928,735	677	4,370,332	5,299,744	16,052	4	3,852,859	3,868,915	1,430,829

Loans to corporate customers

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	528,756,212	17,461,207	-	546,217,419	1,306,523	32,660	-	1,339,183	544,878,236
Standard grade	735,334,488	355,139,355	346,325	1,090,820,168	22,211,258	28,849,910	82,357	51,143,525	1,039,676,643
Non-Investment	-	45,890,657	38,779,283	84,669,940	-	8,807,436	10,719,606	19,527,042	65,142,898

Loans and advances to banks

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	99,847,929	-	-	99,847,929	5,054	-	-	5,054	99,842,875
Standard grade	1,122,915	-	-	1,122,915	30,124	-	-	30,124	1,092,791
Non-Investment	-	-	102,463	102,463	-	-	45,026	45,026	57,437

Off balance sheet

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	312,215,107	-	-	312,215,107	139,302	-	-	139,302	312,075,805
Standard grade	242,600,681	-	-	242,600,681	1,010,598	-	-	1,010,598	241,590,083
Non-Investment	9,276,698	103,332	664,471	10,044,501	102,560	-	230,471	333,031	9,711,470

Investment securities

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	256,471,594	-	-	256,471,594	2,939	-	-	2,939	256,468,655
Standard grade	-	2,127,737	-	2,127,737	-	16,105	-	16,105	2,111,631
Non-Investment	-	-	-	-	-	-	-	-	-

Money market placements

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	46,393,374	-	-	46,393,374	741	-	-	741	46,392,633
Standard grade	-	-	-	-	-	-	-	-	-
Non-Investment	-	-	-	-	-	-	-	-	-

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

	Loans and advances to Individuals	Loans and advances Corporates	Loans and advances to banks	Off balance sheet
	December 2017	December 2017	December 2017	December 2017
Carrying amount	66,336,659	1,929,650,967	68,114,077	1,498,097,889
Neither past due nor impaired				
Grade 1 :	-	125,458,686	66,799,117	767,924,971
Grade 2:	-	562,911,931	-	416,377,679
Grade 3:	65,208,257	1,071,044,176	1,273,337	313,795,239
Grade 4:	896,996	75,682,756	-	-
Grade 5:	-	28,786,043	-	-
Gross amount	66,105,253	1,863,883,592	68,072,454	1,498,097,889
Impairment	(527,413)	(17,561,519)	(19,926)	-
Carrying amount	65,577,841	1,846,322,074	68,052,528	1,498,097,889
Past due but not impaired:				
Grade 6:	57,643	3,712,416	-	
Grade 7:	80,338	16,457,998	82,917	
Grade 8:	446,868	7,761,468	-	
Gross amount	584,849	27,931,882	82,917	
Impairment	(153,373)	(4,755,924)	(21,369)	
Carrying amount	431,475	23,175,959	61,548	
Past due and impaired:				
Grade 6: Impaired	369,308	6,397,603		
Grade 7: Impaired	16,640	74,180,182		
Grade 8: Impaired	354,403	20,031,730		
Gross amount	740,350	100,609,516		
Allowance for impairment	(413,006)	(40,456,581)		
Carrying amount	327,344	60,152,935		

Bank
Credit quality by class
In thousands of Naira

	Loans and advances to Individuals	Loans and advances Corporates	Loans and advances to banks	Off balance sheet
	December 2017	December 2017	December 2017	December 2017
Carrying amount	30,254,137	1,797,318,003	101,450,160	1,132,122,612
Neither past due nor impaired				
Grade 1 :	-	124,748,995	100,135,411	666,975,113
Grade 2:	-	543,007,535	-	248,042,564
Grade 3:	30,268,297	933,355,020	1,273,337	217,104,937
Grade 4:	-	66,497,470	-	-
Grade 5:	-	84,210,684	-	-
Gross amount	30,268,297	1,751,636,407	101,408,748	1,132,122,612
Impairment	(492,459)	(15,733,601)	(19,926)	-
Carrying amount	29,775,837	1,735,902,806	101,388,821	1,132,122,612
Past due but not Impaired:				
Grade 6:	55,037	1,301,178	-	
Grade 7:	72,018	12,282,392	82,917	
Grade 8:	360,694	5,389,076	-	
Gross amount	487,750	18,972,646	82,917	
Impairment	(153,281)	(3,893,301)	(21,580)	
Carrying amount	334,467	15,079,344	61,337	
Past due and Impaired:				
Grade 6: Impaired	364,095	1,092,879		
Grade 7: Impaired	-	66,044,948		
Grade 8: Impaired	182,055	14,812,468		
Gross amount	546,150	81,950,295		
Allowance for impairment	(402,318)	(35,614,441)		
Carrying amount	143,832	46,335,853		

5.1.3 (b) Aging analysis of credit quality

	Group			Bank		
December 2018	Loans to individuals	Loans to Corporates and Banks	Other assets	Loans to individuals	Loans to Corporates and Banks	Other assets
Not due & not impaired	-	-	659,211,834	-	-	543,556,596
Past due & not impaired						
Past due up to 30days	182,499	28,828,550	3,877,497	86,387	14,065,020	3,877,433
Past due up 30 - 60 days	109,141	9,472,574	3,494,639	90,658	7,878,475	3,489,604
Past due up 60 - 90 days	262,057	1,913,332	1,205,542	253,431	156,200	1,205,467
Total	553,697	40,214,455	8,577,678	430,476	22,099,695	8,572,504
Past due & impaired						
Past due up to 91 - 180days	4,612,541	26,489,033	11,912,335	4,576,652	19,025,865	11,771,164
Past due up 180 - 360 days	261,906	13,878,603	3,003,183	226,017	11,420,278	2,563,798
Above 360days	323,110	9,884,315	12,797,882	215,443	8,781,927	12,682,800
Total	5,197,557	50,251,951	27,713,400	5,018,112	39,228,071	27,017,762
December 2017						
Past due & not impaired						
Past due up to 30days	50,367	2,039,705	10,421,761	55,037	1,301,178	10,421,761

Past due up 30 - 60 days	329,850	11,908,951	34,394	72,018	12,365,309	34,394
Past due up 60 - 90 days	204,632	13,983,227	89	360,694	5,306,158	89
Total	584,849	27,931,882	10,456,244	487,749	18,972,646	10,456,244
Past due & impaired						
Past due up to 91 - 180days	460,721	11,889,957	3,174,170	546,150	1,092,879	3,174,170
Past due up 180 - 360 days	41,897	69,976,067	149,719	-	66,044,948	149,719
Above 360days	237,732	18,743,492	4,423,580	-	14,812,468	4,423,580
Total	740,350	100,609,516	7,747,470	546,150	81,950,295	7,747,469

5.1.3 Credit quality
(c) Credit quality by risk rating class

Group

In thousands of Naira
December 2018

Loans and advances to retail customers

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
BB+	Standard	3+	431,105	-	-	431,105	12,222	-	-	12,222	418,883
BB	Standard	3	121,752,937	2,475,680	647,780	124,876,397	514,231	327,959	571,051	1,413,241	123,463,156
BB-	Standard	3-	-	326,408	-	326,408	-	53,488	-	53,488	272,920
B-	Non-Investment	5	-	239,261	179,446	418,707	-	108,888	217,777	326,665	92,042
CCC	Non-Investment	6	640,584	677	1,264,134	1,905,394	10,771	4	1,114,453	1,125,228	780,166
C	Non-Investment	7	4,856	-	247,783	252,639	57	-	218,444	218,501	34,138
D	Non-Investment	8	283,295	-	2,858,415	3,141,710	5,224	-	2,519,962	2,525,187	616,524
Carrying amount			**123,112,777**	**3,042,026**	**5,197,557**	**131,352,360**	**542,505**	**490,339**	**4,641,687**	**5,674,532**	**125,677,827**

Loans and advances to corporate customers

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
AAA	Investment	1	146,195,755	-	-	146,195,755	64,698	-	-	64,698	146,131,056
AA	Investment	2+	140,567,445	1,272,921	-	141,840,366	415,078	5,889	-	420,966	141,419,400
A	Investment	2	263,257,218	14,982,391	-	278,239,610	961,852	12,182	-	974,033	277,265,576
BBB	Investment	2-	60,079,747	1,205,895	-	61,285,642	393,005	14,590	-	407,595	60,878,047
BB+	Standard	3+	270,753,260	22,845,236	11,102	293,609,598	4,069,315	867,806	4,453	4,941,574	288,668,024
BB	Standard	3	534,527,347	145,590,344	305,092	680,422,783	16,313,434	8,939,063	65,167	25,317,664	655,105,119
BB-	Standard	3-	51,698,680	186,703,775	30,131	238,432,586	3,940,945	19,043,042	12,737	22,996,723	215,435,863
B	Non-Investment	4	-	13,245,972	-	13,245,972	-	1,838,325	-	1,838,325	11,407,647
B-	Non-Investment	5	-	47,343,193	11,023,881	58,367,074	-	9,582,433	5,226,645	14,809,078	43,557,996
CCC	Non-Investment	6	-	-	2,350,697	2,350,697	-	-	332,026	332,026	2,018,672
C	Non-Investment	7	-	-	26,301,429	26,301,429	-	-	6,962,736	6,962,736	19,338,693
D	Non-Investment	8	-	-	10,127,156	10,127,156	-	-	3,424,845	3,424,845	6,702,311
			1,467,079,452	**433,189,727**	**50,149,488**	**1,950,418,667**	**26,158,326**	**40,303,330**	**16,028,609**	**82,490,263**	**1,867,928,406**

Loans and advances to banks

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
AAA	Investment	1	141,344,369	-	-	141,344,369	5,054	-	-	5,054	141,339,315
BB	Standard	3	1,122,915	-	-	1,122,915	30,124	-	-	30,124	1,092,791
C	Non-Investment	7	-	-	-	-	-	-	-	-	-
D	Non-Investment	8	-	-	102,463	102,463	-	-	45,027	45,027	57,436
			142,467,284	**-**	**102,463**	**142,569,747**	**35,178**	**-**	**45,027**	**80,205**	**142,489,542**

Investment securities

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
AAA	Investment	1	457,576,585	-	-	457,576,585	2,939	-	-	2,939	457,573,646
BB	Standard	3	-	345,791	-	345,791	-	16,105	-	16,105	329,686
B	Non-Investment	4	-	-	-	-	-	-	-	-	-
			457,576,585	**345,791**	**-**	**457,922,376**	**2,939**	**16,105**	**-**	**19,044**	**457,903,332**

Derivative Financial Instruments

External Rating Equivalent	Grade	Risk Rating	Gross Nominal December 2018	Gross Nominal December 2017	Fair Value December 2018	Fair Value December 2017
AAA-A	Investment	1	719,990,419	314,229,021	127,782,208	77,838,681
A	Investment	2	-	7,385,190	-	1,796,922
AA	Investment	2+	101,821,786	3,078,492	(1,727,969)	187,071
BBB	Investment	2-	113,437,240	101,649,792	(2,819,899)	13,596,620
Gross amount			**935,249,445**	**426,342,495**	**123,234,340**	**93,419,293**

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

Bank
December 2018
In thousands of Naira

Loans and advances to retail customers

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
BB+	Standard	3+	431,105	-	-	431,105	12,222	-	-	12,222	418,883
BB	Standard	3	28,149,571	2,475,680	647,780	31,273,030	432,565	327,959	571,051	1,331,575	29,941,456
BB-	Standard	3-	-	326,408	-	326,408	-	53,488	-	53,488	272,920
CCC	Non-Investment	6	640,584	677	1,264,134	1,905,394	10,771	4	1,114,453	1,125,228	780,166
C	Non-Investment	7	4,856	-	247,783	252,639	57	-	218,444	218,501	34,138
D	Non-Investment	8	283,295	-	2,858,415	3,141,710	5,224	-	2,519,962	2,525,187	616,524
Carrying amount			**29,509,411**	**2,802,765**	**5,018,112**	**37,330,286**	**460,839**	**381,451**	**4,423,910**	**5,266,201**	**32,064,085**

Loans and advances to corporate customers

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
AAA	Investment	1	146,195,755	-	-	146,195,755	64,698	-	-	64,698	146,131,056
AA	Investment	2+	140,567,445	1,272,921	-	141,840,366	415,078	5,889	-	420,966	141,419,400
A	Investment	2	181,913,265	14,982,391	-	196,895,656	433,743	12,182	-	445,924	196,449,732
BBB	Investment	2-	60,079,747	1,205,895	-	61,285,642	393,005	14,590	-	407,595	60,878,047
BB+	Standard	3+	270,753,260	22,845,236	11,102	293,609,598	4,069,315	867,806	4,453	4,941,574	288,668,024
BB	Standard	3	412,882,548	145,590,344	305,092	558,777,984	14,200,998	8,939,063	65,167	23,205,228	535,572,756
BB-	Standard	3-	51,698,680	186,703,775	30,131	238,432,586	3,940,945	19,043,042	12,737	22,996,723	215,435,863
B	Non-Investment	4	-	13,245,972	-	13,245,972	-	1,838,325	-	1,838,325	11,407,647
B-	Non-Investment	5	-	32,644,686	-	32,644,686	-	6,969,111	-	6,969,111	25,675,575
CCC	Non-Investment	6	-	-	2,350,697	2,350,697	-	-	332,026	332,026	2,018,672
C	Non-Investment	7	-	-	26,301,429	26,301,429	-	-	6,962,736	6,962,736	19,338,693
D	Non-Investment	8	-	-	10,127,156	10,127,156	-	-	3,424,845	3,424,845	6,702,311
			1,264,090,700	**418,491,220**	**39,125,607**	**1,721,707,527**	**23,517,782**	**37,690,008**	**10,801,964**	**72,009,751**	**1,649,697,777**

Loans and advances to banks

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
AAA	Investment	1	99,847,929	-	-	99,847,929	-	-	-	-	99,847,929
BB	Standard	3	1,122,915	-	-	1,122,915	30,124	-	-	30,124	1,092,791
C	Non-Investment	7	-	-	-	-	-	-	-	-	-
D	Non-Investment	8	-	-	102,463	102,463	-	-	45,026	45,026	57,436.80
			100,970,844	**-**	**102,463**	**101,073,307**	**30,124**	**-**	**45,026**	**75,150**	**100,998,157**

Investment securities

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
AAA	Investment	1	258,253,539	-	-	258,253,539	2,939	-	-	2,939	258,250,600
BB	Standard	3	-	345,791	-	345,791	-	16,105	-	16,105	329,686
B	Non-Investment	4	-	-	-	-	-	-	-	-	-
			258,253,539	**345,791**	**-**	**258,599,330**	**2,939**	**16,105**	**-**	**19,044**	**258,580,286**

Derivative Financial Instruments

			Gross Nominal		Fair Value	
External Rating Equivalent	**Grade**	**Risk Rating**	**December 2018**	**December 2017**	**December 2018**	**December 2017**
AAA-A	Investment	1	719,990,419	314,229,021	127,782,208	77,838,681
A	Investment	2	-	7,385,190	-	1,796,922
AA	Investment	2+	101,821,786	3,078,492	(1,727,969)	187,071
BBB	Investment	2-	42,734,906	66,105,562	(3,106,321)	12,567,546
Gross amount			**864,547,111**	**390,798,265**	**122,947,918**	**92,390,219**

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

5.1.3 Credit quality

(c) Credit quality by risk rating class

Group

In thousands of Naira

External Rating Equivalent	Grade	Risk Rating	Loans and advances to Individuals December 2017	Loans and advances to Corporates December 2017	Loans and advances to banks December 2017
AAA	Investment	1	-	125,458,686	66,799,326
AA	Investment	2+	-	200,441,984	-
A	Investment	2	-	142,448,359	-
BBB	Investment	2-	-	220,021,589	-
BB+	Standard	3+	183,059	349,018,386	-
BB	Standard	3	63,821,628	594,989,903	1,273,337
BB-	Standard	3-	1,203,570	127,513,661	-
B	Non-Investment	4	896,996	75,682,756	-
B-	Non-Investment	5	-	28,786,043	-
CCC	Non-Investment	6	426,950	10,110,020	-
C	Non-Investment	7	96,978	90,160,408	82,917
D	Non-Investment	8	801,270	27,793,196	-
Gross amount			67,430,452	1,992,424,991	68,155,582
Collective Impairment			(680,786)	(21,401,515)	(41,506)
Specific Impairment			(413,006)	(41,372,509)	-
Carrying amount			**66,336,660**	**1,929,650,967**	**68,114,074**

External Rating Equivalent	Grade	Risk Rating	Gross Nominal December 2017	Fair Value December 2017
AAA-A	Investment	1	314,229,021	77,838,681
A	Investment	2	7,385,190	1,796,922
AA	Investment	2+	3,078,492	187,071
BBB	Investment	2-	101,649,792	13,596,620
Gross amount			426,342,495	93,419,294
Collective Impairment			-	-
Specific Impairment			-	-
Carrying amount			**426,342,495**	**93,419,294**

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

Credit quality by risk rating class

Bank

In thousands of Naira

External Rating Equivalent	Grade	Risk Rating	Loans and advances to Individuals December 2017	Loans and advances Corporates December 2017	Loans and advances to banks December 2017
AAA	Investment	1	-	124,748,995	100,114,041
AA	Investment	2+	-	199,561,424	-
A	Investment	2	-	139,252,419	-
BBB	Investment	2-	-	204,193,692	-
BB+	Standard	3+	183,059	326,358,842	-
BB	Standard	3	28,559,373	486,873,939	1,273,337
BB-	Standard	3-	477,807	120,122,240	-
B	Non-Investment	4	-	66,497,470	-
B-	Non-Investment	5	-	28,786,043	-
CCC	Non-Investment	6	419,132	2,394,057	-
C	Non-Investment	7	72,018	78,327,340	83,127
D	Non-Investment	8	542,749	20,201,543	-
Gross amount			30,254,138	1,797,318,004	101,470,507
Collective Impairment			(645,740)	(19,626,902)	(41,506)
Specific Impairment			(402,318)	(35,614,441)	-
Carrying amount			**29,206,080**	**1,742,076,661**	**101,429,001**

External Rating Equivalent	Grade	Risk Rating	Gross Nominal December 2017	Fair Value December 2017
AAA-A	Investment	1	314,229,021	77,838,681
A	Investment	2	7,385,190	1,796,922
AA	Investment	2+	3,078,492	187,071
BBB	Investment	2-	66,105,562	12,567,546

Gross amount	390,798,265	92,390,219
Collective Impairment	-	-
Specific Impairment	-	-
Carrying amount	**390,798,265**	**92,390,219**

The external rating equivalent refers to the equivalent ratings for loans and advances by credit rating agencies.

5.1.3 (d) **The table below summarises the risk rating for other financial assets:**

Group

In thousands of Naira

December 2018	**Total**	**Grade 1-3**	**Grade 4-5**	**Grade 6**	**Grade 7**	**Grade 8**
Cash and balances with banks						
Current balances with banks	282,044,974	282,044,974	-	-	-	-
Unrestricted balances with central banks	29,366,693	29,366,693	-	-	-	-
Money market placements	220,309,727	220,309,727				
Other deposits with central banks	77,024,474	77,024,474				
Investment under management	23,839,395	23,839,395	-	-	-	-
Non-pledged trading assets						
Treasury bills	38,465,116	38,465,116	-	-	-	-
Bonds	292,684	292,684	-	-	-	-
Derivative financial instruments	128,440,342	128,440,342	-	-	-	-
Pledged assets						
-Financial instruments at FVOCI			-	-	-	-
Treasury bills	170,118,776	170,118,776	-	-	-	-
Bonds	10,000,146	10,000,146				
-Financial instruments at amortized cost						
Treasury bills	192,208,928	192,208,928	-	-	-	-
Bonds	162,033,050	162,033,050	-	-	-	-
-Financial instruments at FVPL						
Treasury bills	18,361,112	18,361,112	-	-	-	-
Bonds	1,330,944	1,330,944	-	-	-	-
Investment securities						
Treasury bills	195,218,225	195,218,225	-	-	-	-
Bonds	44,791,006	44,791,006	-	-	-	-
- Financial assets at amortised cost						
Treasury bills	4,812,950	4,812,950	-	-	-	-
Bonds	84,247,333	84,247,333	-	-	-	-
Other assets	683,991,854	683,991,854	-	-	-	-
	2,366,897,729	**2,366,897,729**	**-**	**-**	**-**	**-**

Group[2]

In thousands of Naira

December 2017	**Total**	**Grade 1-3**	**Grade 4-5**	**Grade 6**	**Grade 7**	**Grade 8**
Cash and balances with banks						
Current balances with banks	217,862,989	217,862,989	-	-	-	-
Unrestricted balances with central banks	28,837,649	28,837,649	-	-	-	-
Money market placements	261,805,783	261,805,783				
Other deposits with central banks	38,578,127	38,578,127				
Investment under management	20,257,131	20,257,131	-	-	-	-
Non-pledged trading assets	-					
Treasury bills	37,743,819	37,743,819	-	-	-	-
Bonds	9,050,894	9,028,493	22,401	-	-	-
Derivative financial instruments	93,419,293	93,419,293	-	-	-	-
Pledged assets	-					
Treasury bills	258,672,815	258,672,815	-	-	-	-
Bonds	188,441,589	188,441,589	-	-	-	-
Investment securities	-					
- Available for sale	-					
Treasury bills	29,977,451	29,977,451	-	-	-	-
Bonds	54,079,368	54,079,368	-	-	-	-
- Held to Maturity	-					
Treasury bills	88,203,365	88,203,365	-	-	-	-
Bonds	36,590,582	36,590,582	-	-	-	-
Other assets	46,799,196	46,799,196	-	-	-	-
	1,410,320,051	**1,410,297,650**	**22,401**	**-**	**-**	**-**

[2] The Group reclassified Cash reserve requirement, classified as restricted deposits with Central banks and special reserve intervention funds, from Cash and cash equivalents to Other a

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

Bank
In thousands of Naira
December 2018

	Total	Grade 1-3	Grade 4-5	Grade 6	Grade 7	Grade 8
Cash and balances with banks						
Current balances with banks	111,750,907	111,750,907	-	-	-	-
Restricted deposits with central banks	-	-	-	-	-	-
Unrestricted balances with central banks	6,759,948	6,759,948	-	-	-	-
Money market placements	46,392,634	46,392,634	-	-	-	-
Other deposits with central banks	77,024,474	77,024,474	-	-	-	-
Investment under management	23,839,394	23,839,394	-	-	-	-
Non-pledged trading assets						
Treasury bills	36,230,640	36,230,640	-	-	-	-
Bonds	291,070	291,070	-	-	-	-
Derivative financial instruments	128,133,789	128,133,789	-	-	-	-
Pledged assets						
-Financial instruments at FVOCI			-	-	-	-
Treasury bills	170,118,776	170,118,776	-	-	-	-
Bonds	10,000,146	10,000,146				
-Financial instruments at amortized cost						
Treasury bills	192,208,928	192,208,928	-	-	-	-
Bonds	162,033,050	162,033,050	-	-	-	-
-Financial instruments at FVPL						
Treasury bills	18,361,112	18,361,112	-	-	-	-
Bonds	1,330,944	1,330,944	-	-	-	-
Investment securities						
-Financial assets at FVOCI						
Treasury bills	48,881,703	48,881,703	-	-	-	-
Bonds	15,090,313	15,090,313	-	-	-	-
- Financial assets at amortised cost						
Treasury bills	60,166,222	60,166,222	-	-	-	-
Bonds	25,588,823	25,588,823	-	-	-	-
Other assets	610,904,300	610,904,300	-	-	-	-
	1,745,107,175	**1,745,107,175**	**-**	**-**	**-**	**-**

[2] **Bank**
In thousands of Naira
December 2017

	Total	Grade 1-3	Grade 4-5	Grade 6	Grade 7	Grade 8
Cash and balances with banks						
Current balances with banks	177,809,307	177,809,307	-	-	-	-
Unrestricted balances with central banks	7,976,547	7,976,547	-	-	-	-
Money market placements	28,157,562	28,157,562	-	-	-	-
Other deposits with central banks	38,578,127	38,578,127	-	-	-	-
Investment under management	20,257,131	20,257,131	-	-	-	-
Non-pledged trading assets						
Treasury bills	33,906,748	33,906,748	-	-	-	-
Bonds	9,050,894	9,028,493	22,401	-	-	-
Derivative financial instruments	92,390,219	92,390,219	-	-	-	-
Pledged assets						
Treasury bills	252,061,738	252,061,738	-	-	-	-
Bonds	188,441,589	188,441,589	-	-	-	-
Investment securities						
Available for sale						
Treasury bills	-	-	-	-	-	-
Bonds	13,416,178	13,416,178	-	-	-	-
Held to Maturity						
Bonds	5,837,568	5,837,568	-	-	-	-
Other assets	34,517,514	34,517,514	-	-	-	-
	902,401,122	**908,216,288**	**22,401**	**-**	**-**	**-**

[2]The Group reclassified Cash reserve requirement, classified as restricted deposits with Central banks and special reserve intervention funds, from Cash and cash equivalents to Other a

5.1.3 Credit quality
(e) Credit quality by staging

Group
In thousands of Naira
December 2018
Loans and advances to retail customers

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Auto Loan	11,757,962	5,403	85,028	11,848,394	63,191	155	75,020	138,367	11,710,027
Credit Card	4,851,771	299,534	417,416	5,568,720	66,204	58,962	368,110	493,276	5,075,444
Finance Lease	94,152	718	538	95,408	84	327	653	1,064	94,344
Mortgage Loan	69,053,041	437,916	348,953	69,839,910	140,892	87,168	307,874	535,934	69,303,976
Overdraft	1,702,020	342,025	1,692,866	3,736,911	24,543	64,732	1,493,017	1,582,292	2,154,619
Personal Loan	33,242,015	1,634,898	2,309,996	37,186,909	239,180	174,058	2,037,671	2,450,909	34,736,000
Term Loan	842,923	3,589	2,755	849,267	751	1,633	3,295	5,679	843,588
Time Loan	1,568,894	317,943	340,004	2,226,840	7,661	103,304	356,047	467,012	1,759,829
	123,112,778	3,042,026	5,197,556	131,352,359	542,506	490,339	4,641,687	5,674,533	125,677,827

Loans and advances to corporate customers

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Auto Loan	3,647,012	281,257	141,190	4,069,458	75,435	11,176	51,007	137,619	3,931,840
Credit Card	262,876	1,561	170,275	434,712	8,575	142	70,165	78,882	355,830
Finance Lease	802,504	96,982	306,551	1,206,037	4,691	10,773	134,227	149,690	1,056,347
Mortgage Loan	45,309,368	1,645,297	44,096	46,998,760	669,601	53,367	20,907	743,874	46,254,886
Overdraft	98,896,916	23,407,074	20,612,686	142,916,676	2,898,252	2,794,413	6,564,709	12,257,374	130,659,302
Personal Loan	-	-	-	-	-	-	-	-	-
Term Loan	1,084,877,935	311,738,401	22,646,581	1,419,262,917	20,197,587	35,850,948	7,803,012	63,851,547	1,355,411,370
Time Loan	233,282,842	96,019,156	6,228,109	335,530,108	2,304,186	1,582,509	1,384,582	5,271,276	330,258,831
	1,467,079,453	433,189,727	50,149,488	1,950,418,668	26,158,326	40,303,328	16,028,609	82,490,262	1,867,928,406

Loans and advances to banks

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Auto Loan	853	-	-	853	-	-	-	-	853
Credit Card	-	-	-	-	-	-	-	-	-
Finance Lease	-	-	-	-	-	-	-	-	-
Mortgage Loan	-	-	-	-	-	-	-	-	-
Overdraft	1,122,062	-	102,463	1,224,526	30,124	-	45,026	75,150	1,149,375
Personal Loan	-	-	-	-	-	-	-	-	-
Term Loan	-	-	-	-	-	-	-	-	-
Time Loan	141,344,369	-	-	141,344,369	5,054	-	-	5,054	141,339,315
	142,467,284	-	102,463	142,569,748	35,178	-	45,026	80,205	142,489,544

Bank
In thousands of Naira
December 2018
Loans and advances to retail customers

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Auto Loan	2,397,626	5,164	84,849	2,487,639	55,025	46	74,802	129,873	2,357,765
Credit Card	3,447,720	299,055	417,057	4,163,832	64,979	58,744	367,675	491,398	3,672,435
Finance Lease	549	-	-	549	2	-	-	2	547
Mortgage Loan	3,530,684	436,959	348,236	4,315,879	83,726	86,732	307,003	477,461	3,838,418
Overdraft	1,280,804	339,633	1,691,072	3,311,509	24,176	63,643	1,490,839	1,578,658	1,732,851
Personal Loan	18,265,476	1,630,112	2,306,407	22,201,996	226,113	171,880	2,033,316	2,431,309	19,770,687
Term Loan	492	-	63	556	16	-	28	44	512
Time Loan	586,058	91,841	170,428	848,327	6,803	405	150,248	157,456	690,871
	29,509,410	2,802,764	5,018,112	37,330,286	460,840	381,450	4,423,911	5,266,200	32,064,085

Loans and advances to corporate customers

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Auto Loan	3,647,012	281,257	141,190	4,069,458	75,435	11,176	51,007	137,619	3,931,840
Credit Card	262,673	1,561	170,275	434,509	8,572	142	70,165	78,879	355,629
Finance Lease	599,515	52,887	273,480	925,881	2,050	2,933	118,547	123,530	802,351
Mortgage Loan	4,711,617	1,586,503	-	6,298,120	141,492	42,913	-	184,406	6,113,715
Overdraft	86,717,590	23,260,089	20,502,448	130,480,127	2,739,819	2,768,280	6,512,442	12,020,542	118,459,585
Personal Loan	-	-	-	-	-	-	-	-	-
Term Loan	940,959,113	297,510,246	11,975,464	1,250,444,823	18,325,443	33,321,252	2,743,619	54,390,315	1,196,054,508
Time Loan	227,193,180	95,798,679	6,062,751	329,054,609	2,224,969	1,543,309	1,306,182	5,074,460	323,980,149
	1,264,090,700	418,491,222	39,125,608	1,721,707,527	23,517,780	37,690,005	10,801,962	72,009,750	1,649,697,777

Loans and advances to banks

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Auto Loan	853	-	-	853	0	-	-	0	853
Credit Card	-	-	-	-	-	-	-	-	-
Finance Lease	-	-	-	-	-	-	-	-	-
Mortgage Loan	-	-	-	-	-	-	-	-	-
Overdraft	1,122,062	-	102,463	1,224,526	30,124	-	45,026	75,151	1,149,374
Personal Loan	-	-	-	-	-	-	-	-	-
Term Loan	-	-	-	-	-	-	-	-	-
Time Loan	99,847,929	-	-	99,847,929	5,054	-	-	5,054	99,842,875
	100,970,844	-	102,463	101,073,308	35,178	-	45,026	80,205	100,993,102

5.1.3 Credit quality

(e) Credit quality by credit risk rating model

Group *In thousands of Naira*	Loans and advances to Individuals	Loans and advances to Corporates	Loans and advances to banks
Risk Rating (ORR) Model	**December 2017**	**December 2017**	**December 2017**
Auto Loan	1,878,145	1,620,583	-
Credit Card	3,019,121	453,502	-
Finance Lease	1,226,099	3,620,889	5,484
Mortgage Loan	33,118,619	10,584,856	-
Overdraft	2,494,735	199,670,621	1,350,771
Personal Loan	17,615,988	-	-
Term Loan	7,175,548	1,269,478,525	-
Time Loan	902,195	506,996,016	66,799,326
Gross amount	67,430,450	1,992,424,992	68,155,581
Collective Impairment	(680,786)	(21,401,515)	(41,506)
Specific Impairment	(413,006)	(41,372,509)	-
Carrying amount	66,336,658	1,929,650,967	68,114,075

Bank *In thousands of Naira*	Loans and advances to Individuals	Loans and advances to Corporates	Loans and advances to banks
Risk Rating (ORR) Model	**December 2017**	**December 2017**	**December 2017**
Auto Loan	1,671,616	1,620,583	-
Credit Card	2,905,420	418,797	-
Finance Lease	63,923	3,620,889	5,484
Mortgage Loan	4,230,374	-	-
Overdraft	2,367,502	154,534,930	1,350,771
Personal Loan	15,085,225	-	-
Term Loan	3,125,406	1,194,329,450	-
Time Loan	804,675	442,793,355	100,114,252
Gross amount	30,254,141	1,797,318,004	101,470,507
Collective Impairment	(645,740)	(19,626,902)	(41,506)
Specific Impairment	(402,318)	(35,614,441)	-
Carrying amount	29,206,083	1,742,076,661	101,429,001

5.1.3 (g) Disclosure of Collateral held against loans and advances to customers by fair value hierarchy

Group

In thousands of Naira

	December 2018		
	Level 1	**Level 2**	**Level 3**
Stage 1			
Property	-	-	1,311,767,967
Equities	11,002,620	2,750,655	-
Cash	241,577,956	-	-
Pledged goods/receivables	-	-	114,327,462
Others	-	-	1,136,455,337
Total	**252,580,576**	**2,750,655**	**2,562,550,766**
Stage 2			
Property	-	-	192,779,671
Equities	585,880	878,439	-
Cash	22,692,461	-	-
Pledged goods/receivables	-	-	6,864,420
Others	-	-	172,446,878
Total	**23,278,341**	**878,439**	**372,090,969**
Stage 3			
Property	-	-	25,623,713
Equities	240	126,400	-
Cash	6,009,337	-	-
Pledged goods/receivables	-	-	467,076
1 Others	-	-	15,799,898
	6,009,577	**126,400**	**41,890,687**
Total	**281,868,494**	**3,755,494**	**2,976,532,421**

Bank

In thousands of Naira

	December 2018		
	Level 1	**Leve1 2**	**Level 3**
Stage 1			
Property	-	-	1,061,929,679
Equities	2,417,806	6,138,043	-
Cash	199,298,100	-	-
Pledged goods/receivables	-	-	114,327,462
Others	-	-	1,012,262,723
Total	**201,715,906**	**6,138,043**	**2,188,519,864**
Stage 2			
Property	-	-	185,864,975
Equities	585,880	878,439	-
Cash	22,692,461	-	-
Pledged goods/receivables	-	-	6,864,420
Others	-	-	171,750,065
Total	**23,278,341**	**878,439**	**364,479,460**
Stage 3			
Property	-	-	25,623,713
Equities	240	126,400	-
Cash	6,009,337	-	-
Pledged goods/receivables	-	-	467,076
1 Others	-	-	15,799,898
	6,009,577	**126,400**	**41,890,687**
Total	**231,003,824**	**7,142,882**	**2,594,890,011**

[1] Collateral types included in others are All Asset debentures, Domiciliation, Counter Indemnity, Authority to collect,Irrevocable standing payment order, Guarantees

Collateral held and other credit enhancements, and their financial effect

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

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

5.1.3 (g) Disclosure of Collateral held against loans and advances to customers by fair value hierarchy

Group
In thousands of Naira

December 2017

	Level 1	**Level 2**	**Level 3**
Against neither past due and not impaired			
Property	-	-	995,295,330
Equities	18,533,713	36,354,348	-
Cash	129,525,855	-	-
Pledged goods/receivables	-	-	133,801,201
Others	-	-	1,596,503,916
Total	**148,059,568**	**36,354,348**	**2,725,600,447**
Against past due but not impaired:			
Property	-	-	10,885,975
Equities	-	-	-
Cash	-	-	-
Pledged goods/receivables	-	-	2,970,693
Others	-	-	14,416,593
Total	**-**	**-**	**28,273,261**
Against past due and impaired			
Property	-	-	16,629,299
Equities	-	-	-
Cash	-	-	-
Pledged goods/receivables	-	-	2,090,637
Others	-	-	17,312,492
	-	**-**	**36,032,428**
Total	**148,059,568**	**36,354,348**	**2,789,906,137**

Bank
In thousands of Naira

December 2017

	Level 1	**Leve1 2**	**Level 3**
Against neither past due and not impaired			
Property	-	-	852,166,224
Equities	18,533,713	36,354,348	-
Cash	107,162,730	-	-
Pledged goods/receivables	-	-	133,801,201
Others	-	-	1,445,196,657
Total	**125,696,443**	**36,354,348**	**2,431,164,082**
Against past due but not impaired:			
Property	-	-	5,544,609
Equities	-	-	-
Cash	-	-	-
Pledged goods/receivables	-	-	2,970,693
Others	-	-	14,416,593
Total	**-**	**-**	**22,931,895**
Against past due and impaired			
Property	-	-	7,654,848
Equities	-	-	-
Cash	-	-	-
Pledged goods/receivables	-	-	2,090,637
Others	-	-	15,418,194
	-	**-**	**25,163,679**
Total	**125,696,443**	**36,354,348**	**2,479,259,656**

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

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

5.1.4 Offsetting financial assets and financial liabilities

As at December 2018

In thousands of Naira

The following financial assets are subject to offsetting	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
Financial assets			
Loans and advances to banks	142,489,543	-	142,489,543
Total	**142,489,543**	**-**	**142,489,543**
As at December 2018			
Financial liabilities			
Interest bearing borrowing	388,416,735	-	388,416,735
Total	**388,416,735**	**-**	**388,416,735**

As at December 2017

In thousands of Naira

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

5.1.5 (a) Credit concentration

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

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

Group
By Sector

December 2018
In thousands of Naira

	Corporate	Commercial	Bank	Retail	Government	Others	Total
Cash and balances with banks	-	-	791,239,520	-	-	-	791,239,520
Investment under management	5,862,614	-	9,780,747	-	8,196,034	-	23,839,395
Non pledged trading assets							
Treasury bills	-	-	-	-	38,465,116	-	38,465,116
Bonds	-	-	-	-	292,684	-	292,684
Equity	59,348	-	-	-	-	-	59,348
Derivative financial instruments	7,700,332	7,916,079	41,407,018	368,881	65,842,031	-	123,234,341
Loans and advances to banks	-	-	142,489,543	-	-	-	142,489,543
Loans and advances to customers							
Auto Loan	585,845	3,345,995	-	11,710,027	-	-	15,641,867
Credit Card	35,254	320,576	-	5,075,444	-	-	5,431,274
Finance Lease	229,835	826,512	-	94,344	-	-	1,150,691
Mortgage Loan	2,048,253	44,206,633	-	69,303,976	-	-	115,558,862
Overdraft	53,477,867	77,181,435	-	2,154,619	-	-	132,813,921
Personal Loan	-	-	-	34,736,000	-	-	34,736,000
Term Loan	504,604,802	620,337,486	-	843,588	230,469,082	-	1,356,254,958
Time Loan	134,365,585	195,893,247	-	1,759,829	-	-	332,018,660
Pledged assets							
Treasury bills	-	-	-	-	380,688,816	-	380,688,816
Bonds	-	-	-	-	173,364,139	-	173,364,139
Investment securities							
-Financial assets at FVOCI							
Treasury bills	-	-	-	-	195,218,225	-	195,218,225
Bonds	6,855,934	-	6,791	-	37,928,280	-	44,791,006
-Financial assets at amortised cost						-	
Treasury bills	-	-	-	-	102,564,048	-	102,564,048
Bonds	462,530	-	2,610,861	-	46,023,605	-	49,096,995
Other assets	43,171,304	3,130,344	565,137,439	15,971,907	2,639,227	3,628,475	633,678,697
Total	**759,459,503**	**953,158,307**	**1,552,671,919**	**142,018,615**	**1,281,691,287**	**3,628,475**	**4,692,628,106**
Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	265,713,372	150,756,752	1,495,050	34,118,366	-	-	452,083,539
Clean line facilities for letters of credit and	160,317,004	107,309,491	59,043	40,076,129	-	-	307,761,666
other commitments	-	-	-	-	-	-	-
Total	**426,030,376**	**258,066,243**	**1,554,093**	**74,194,495**	**-**	**-**	**759,845,205**

[1] **Group**
By Sector

December 2017
In thousands of Naira

	Corporate	Commercial	Bank	Retail	Government	Others	Total
[2] Cash and balances with banks	-	-	547,134,325	-	-	-	547,134,325
Investment under management	11,643,650	-	6,283,077	-	2,330,403	-	20,257,130
Non pledged trading assets							
Treasury bills	-	-	-	-	37,743,819	-	37,743,819
Bonds	-	8,497	19,464	-	9,031,525	-	9,059,486
Derivative financial instruments	3,560,997	11,689,840	8,108,304	-	125,038,574	-	148,397,715
Loans and advances to banks	-	-	68,114,076	-	-	-	68,114,076
Loans and advances to customers							
Auto Loan	120,445	586,865	-	2,742,750	-	-	3,450,060
Credit Card	50,729	394,973	-	2,965,221	-	-	3,410,923
Finance Lease	655,638	2,744,831	-	1,240,840	792	-	4,642,101
Mortgage Loan	4,762,196	5,820,461	-	33,040,279	-	-	43,622,936
Overdraft	63,006,869	119,702,034	-	2,174,641	5,872	-	184,889,417
Personal Loan	-	-	-	17,137,946	-	-	17,137,946
Term Loan	460,239,059	519,238,682	-	7,066,329	252,696,580	-	1,239,240,650
Time Loan	249,173,054	249,535,770	-	884,769	-	-	499,593,593
Pledged assets							
Treasury bills	-	-	-	-	258,672,815	-	258,672,815
Bonds	-	-	-	-	188,441,589	-	188,441,589
Investment securities							
- Available for sale							
Treasury bills	-	-	-	-	29,977,451	-	29,977,451
Bonds	912,890.00	-	3,316,197	-	23,837,207	26,013,074	54,079,368
- Held to Maturity						-	
Treasury bills	-	-	-	-	88,203,365	-	88,203,365
Bonds	2,675,972	-	-	-	33,914,611	-	36,590,582
Other assets	25,934,436	3,381,399	12,846,281	1,036,130	409,568,477	3,512,644	456,279,368
Total	**822,735,938**	**913,103,352**	**645,821,724**	**68,288,905**	**1,459,463,080**	**29,525,718**	**3,938,938,715**
Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	290,343,003	242,039,256	-	9,512,845	-	-	541,895,104
Clean line facilities for letters of credit and other commitments	100,773,513	184,063,021	-	8,430,505	-	-	293,267,039
Total	**391,116,516**	**426,102,277**	**-**	**17,943,350**	**-**	**-**	**835,162,143**

[1] Futures, swaps and forward contracts are disclosed in Note 21, therefore the contingent liabilities for 2017 have been restated

[2] The Group reclassified Cash reserve requirement, classified as restricted deposits with Central banks and special reserve intervention funds, from Cash and cash equivalents to Other assets for financial reporting purposes.

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

By geography

Group
December 2018
In thousands of Naira

	Nigeria	Rest of Africa	Europe	Others	Total
Cash and balances with banks	265,507,384	246,497,311	270,780,725	8,454,101	791,239,520
Investment under management	23,839,395	-	-	-	23,839,395
Non pledged trading assets					
Treasury bills	36,230,640	2,234,476	-	-	38,465,116
Bonds	291,070	1,614	-	-	292,684
Equity	59,348	-	-	-	59,348
Derivative financial instruments	121,866,473	575,813	450,449	341,606	123,234,341
Loans and advances to banks	1,150,228	-	141,339,315	-	142,489,543
Loans and advances to customers					
Auto Loan	6,289,605	9,352,262	-	-	15,641,867
Credit Card	4,028,064	1,403,210	-	-	5,431,274
Finance Lease	802,898	347,793	-	-	1,150,691
Mortgage Loan	9,952,132	3,168,202	102,438,528	-	115,558,862
Overdraft	120,192,436	12,621,485	-	-	132,813,921
Personal Loan	19,770,687	14,965,313	-	-	34,736,000
Term Loan	1,196,055,020	160,199,938	-	-	1,356,254,958
Time Loan	324,671,020	7,347,640	-	-	332,018,660
Pledged assets					
Treasury bills	380,688,816	-	-	-	380,688,816
Bonds	173,364,139	-	-	-	173,364,139
Investment securities					
-Financial assets at FVOCI					
Treasury bills	195,218,225	-	-	-	195,218,225
Bonds	44,784,214	-	6,791	-	44,791,006
-Financial assets at amortised cost					
Treasury bills	102,564,048	-	-	-	102,564,048
Bonds	46,486,135	-	2,610,861	-	49,096,996
Other assets	557,598,279	18,236,004	57,201,787	642,626	633,678,696
Total	**3,631,410,256**	**476,951,061**	**574,828,456**	**9,438,333**	**4,692,628,106**
Credit risk exposures relating to other credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	358,862,448	91,320,079	1,901,013	-	452,083,539
Clean line facilities for letters of credit and other commitments	205,997,841	3,625,760	98,138,065	-	307,761,666
Total	**564,860,289**	**94,945,839**	**100,039,078**	**-**	**759,845,205**

By geography

[1] **Group**
December 2017
In thousands of Naira

	Nigeria	Rest of Africa	Europe	Others	Total
[2] Cash and balances with banks	185,932,974	54,026,117	276,361,986	80,449,743	596,770,820
Investment under management	20,257,131	-	-	-	20,257,131
Non pledged trading assets					
Treasury bills	33,906,748	3,837,071	-	-	37,743,819
Bonds	9,050,894	-	-	-	9,050,894
Derivative financial instruments	91,071,217	1,029,074	265,547	1,053,455	93,419,293
Loans and advances to banks	1,293,590	-	66,820,486	-	68,114,076
Loans and advances to customers					
Auto Loan	3,243,530	206,530	-	-	3,450,060
Credit Card	3,263,598	147,029	-	-	3,410,627
Finance Lease	3,486,367	1,155,733	-	-	4,642,100
Mortgage Loan	4,162,867	359,036	39,100,026	-	43,621,930
Overdraft	142,060,909	42,199,850	-	-	184,260,759
Personal Loan	14,613,195	2,524,752	-	-	17,137,946
Term Loan	1,165,111,472	39,818,776	34,763,385	-	1,239,693,633
Time Loan	435,157,504	8,181,813	56,431,255	-	499,770,572
Pledged assets					
Treasury bills	252,061,738	6,611,077	-	-	258,672,815
Bonds	188,441,589	-	-	-	188,441,589
Investment securities					
- Available for sale					
Treasury bills	9,598,737	20,378,715	-	-	29,977,452
Bonds	28,066,294	16,017,820	-	9,995,254	54,079,368
- Held to Maturity					
Treasury bills	5,837,568	82,365,797	-	-	88,203,365
Bonds	7,051,660	2,065,195	-	27,473,727	36,590,582
Other assets	441,293,999	14,868,165	-	117,203	456,279,368
Total	**3,044,963,581**	**295,792,550**	**473,742,685**	**119,089,382**	**3,933,588,199**
Credit risk exposures relating to other credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	306,494,255	55,066,543	108,457,791	71,876,515	541,895,104
Clean line facilities for letters of credit and other commitments	200,918,665	47,189,190	27,083,771	18,075,413	293,267,039
Total	**507,412,920**	**102,255,733**	**135,541,562**	**89,951,928**	**835,162,143**

[1] Futures, swaps and forward contracts are disclosed in Note 21, therefore the contingent liabilities for 2017 have been restated

[2] The Group reclassified Cash reserve requirement, classified as restricted deposits with Central banks and special reserve intervention funds, from Cash and cash equivalents to Other assets for financial reporting purposes.

Credit risk management

5.1.5 (b) By Sector

Bank
December 2018
In thousands of Naira

	Corporate	Commercial	Bank	Retail	Government	Others	Total
Cash and balances with banks	-	-	388,603,070	-	-	-	388,603,070
Investment under management	5,862,614	-	9,780,747	-	8,196,034	-	23,839,394
Non pledged trading assets							
Treasury bills	-	-	-	-	36,230,640	-	36,230,640
Bonds	-	-	-	-	291,070	-	291,070
Equity	59,348	-	-	-	-	-	59,348
Derivative financial instruments	7,616,880	7,916,079	41,204,047	368,881	65,842,031	-	122,947,919
Loans and advances to banks	-	-	100,993,103	-	-	-	100,993,103
Loans and advances to customers	-	-	-				
Auto Loan	585,845	3,345,995	-	2,357,765	-	-	6,289,605
Credit Card	35,254	320,375	-	3,672,435	-	-	4,028,064
Finance Lease	135,160	667,191	-	547	-	-	802,898
Mortgage Loan	2,048,253	4,065,462	-	3,838,418	-	-	9,952,132
Overdraft	48,930,507	69,529,078	-	1,732,851	-	-	120,192,436
Personal Loan	-	-	-	19,770,687	-	-	19,770,687
Term Loan	445,205,636	520,451,449	-	512	230,397,422	-	1,196,055,020
Time Loan	132,025,249	191,954,900	-	690,871	-	-	324,671,020
Pledged assets							
Treasury bills	-	-	-	-	380,688,816	-	380,688,816
Bonds	-	-	-	-	173,364,139	-	173,364,139
Investment securities							
-Financial assets at FVOCI							
Treasury bills	-	-	-	-	48,881,703	-	48,881,703
Bonds	6,855,934	-	6,791	-	8,227,587	-	15,090,313
-Financial assets at amortised cost							
Treasury bills	-	-	-	-	60,166,222	-	60,166,222
Bonds	462,530	-	1,785,027	-	23,341,269	-	25,588,825
Other assets	42,878,613	3,130,344	493,665,562	15,825,373	2,581,041	2,510,209	560,591,142
Total	**692,701,823**	**801,380,873**	**1,036,038,347**	**48,258,340**	**1,038,207,974**	**2,510,209**	**3,619,097,566**

Credit risk exposures relating to other credit commitments at gross amount are as follows:

	Corporate	Commercial	Bank	Retail	Government	Others	Total
Transaction related bonds and guarantees	176,833,125	147,158,295	1,495,050	33,375,978	-	-	358,862,448
Clean line facilities for letters of credit and other commitments	77,992,782	87,869,888	59,043	40,076,129	-	-	205,997,841
Total	**254,825,907**	**235,028,183**	**1,554,093**	**73,452,107**	**-**	**-**	**564,860,289**

By Sector

[1] **Bank**
December 2017
In thousands of Naira

	Corporate	Commercial	Bank	Retail	Government	Others	Total
[2] Cash and balances with banks	-	-	252,521,543	-	-	-	252,521,543
Investment under management	11,643,650	-	6,283,077	-	2,330,404	-	20,257,131
Non pledged trading assets							
Treasury bills	-	-	-	-	33,906,748	-	33,906,748
Bonds	19,369	-	-	-	9,031,525	-	9,050,894
Derivative financial instruments	821,635	-	1,332,133	-	90,236,451	-	92,390,219
Loans and advances to banks	-	-	101,429,001	-	-	-	101,429,001
Loans and advances to customers							
Auto Loan	120,445	586,865	-	2,536,221	-	-	3,243,530
Credit Card	35,402	376,240	-	2,851,956	-	-	3,263,598
Finance Lease	655,638	2,744,831	-	85,107	792	-	3,486,368
Mortgage Loan	-	-	-	4,162,867	-	-	4,162,867
Overdraft	43,791,210	96,216,229	-	2,047,597	5,872	-	142,060,909
Personal Loan	-	-	-	14,613,195	-	-	14,613,195
Term Loan	428,695,546	480,687,418	-	3,033,846	252,694,662	-	1,165,111,472
Time Loan	220,301,312	214,248,083	-	791,406	-	-	435,340,801
Pledged assets							
Treasury bills	-	-	-	-	252,061,738	-	252,061,738
Bonds	-	-	-	-	188,441,589	-	188,441,589
Investment securities							
Available for sale							
Treasury bills	-	-	-	-	9,598,737	-	9,598,737
Bonds	912,890	-	3,316,197	-	23,837,207	-	28,066,294
Held to Maturity							
Treasury bills	-	-	-	-	5,837,568	-	5,837,568
Bonds	2,675,972	-	-	-	6,440,883	-	9,116,855
Other assets	25,934,436	3,381,399	564,600	1,036,130	406,807,119	3,512,644	441,236,328
Total	**735,607,505**	**798,241,065**	**365,446,551**	**31,158,325**	**1,281,231,293**	**3,512,644**	**3,215,197,385**

Credit risk exposures relating to other credit commitments at gross amount are as follows:

	Corporate	Commercial	Bank	Retail	Government	Others	Total
Transaction related bonds and guarantees	176,709,295	125,063,373	-	4,721,587	-		306,494,255
Clean line facilities for letters of credit and other							-
commitments	41,018,285	151,469,875	-	8,430,505	-		200,918,665
Total	**217,727,580**	**276,533,249**	**-**	**13,152,092**	**-**	**-**	**507,412,920**

[1] Futures, swaps and forward contracts are disclosed in Note 21, therefore the contingent liabilities for 2017 have been restated

[2] The Group reclassified Cash reserve requirement, classified as restricted deposits with Central banks and special reserve intervention funds, from Cash and cash equivalents to Other assets for financial reporting purposes.

5.1.5 (b)i By geography

Bank **December 2018** *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Others**	**Total**
Cash and balances with banks	251,830,662	46,097	134,057,173	2,669,138	388,603,070
Investment under management	23,839,395	-	-	-	23,839,395
Non pledged trading assets					
Treasury bills	36,230,640	-	-	-	36,230,640
Bonds	291,070	-	-	-	291,070
Equity	59,348	-	-	-	59,348
Derivative financial instruments	121,866,473	352,711	387,128	341,606	122,947,919
Loans and advances to banks	1,150,228	-	99,842,875	-	100,993,103
Loans and advances to customers	-				
Auto Loan	6,289,605	-	-	-	6,289,605
Credit Card	4,028,064	-	-	-	4,028,064
Finance Lease	802,898	-	-	-	802,898
Mortgage Loan	9,952,132	-	-	-	9,952,132
Overdraft	120,192,436	-	-	-	120,192,436
Personal Loan	19,770,687	-	-	-	19,770,687
Term Loan	1,196,055,020	-	-	-	1,196,055,020
Time Loan	324,671,020	-	-	-	324,671,020
Pledged assets					
Treasury bills	380,688,816	-	-	-	380,688,816
Bonds	173,364,139	-	-	-	173,364,139
Investment securities					
-Financial assets at FVOCI					
Treasury bills	48,881,703	-	-	-	48,881,703
Bonds	15,083,521	-	6,791	-	15,090,313
-Financial assets at amortised cost					
Treasury bills	60,166,222	-	-	-	60,166,222
Bonds	23,803,799	-	1,785,027	-	25,588,825
Other assets	553,316,387	6,912,553	-	362,201	560,591,142
Total	**3,372,334,265**	**7,311,361**	**236,078,994**	**3,372,945**	**3,619,097,567**
Credit risk exposures relating to other credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	358,862,448	-	-	-	358,862,448
Clean line facilities for letters of credit and other commitments	205,997,841	-	-	-	205,997,841
	-	-	-	-	
Total	**564,860,289**	**-**	**-**	**-**	**564,860,289**

By geography

Bank[1] **December 2017** *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Others**	**Total**
Cash and balances with banks[2]	188,070,342	627,395	76,516,219	36,944,081	302,158,038
Investment under management	20,257,131	-	-	-	20,257,131
Non pledged trading assets					
Treasury bills	33,906,748	-	-	-	33,906,748
Bonds	9,050,894	-	-	-	9,050,894
Derivative financial instruments	91,071,217	-	265,547	1,053,455	92,390,219
Loans and advances to banks	1,295,927	-	100,133,074	-	101,429,001
Loans and advances to customers					
Auto Loan	3,243,530	-	-	-	3,243,530
Credit Card	3,263,598	-	-	-	3,263,598
Finance Lease	3,486,368	-	-	-	3,486,368
Mortgage Loan	4,162,867	-	-	-	4,162,867
Overdraft	142,060,909	-	-	-	142,060,909
Personal Loan	14,613,195	-	-	-	14,613,195
Term Loan	1,165,111,472	-	-	-	1,165,111,472
Time Loan	435,340,801	-	-	-	435,340,801
Pledged assets					
Treasury bills	252,061,738	-	-	-	252,061,738
Bonds	188,441,589	-	-	-	188,441,589
Investment securities					
Available for sale					
Treasury bills	9,598,737	-	-	-	9,598,737
Bonds	28,066,294	-	-	-	28,066,294
Held to Maturity					
Treasury bills	5,837,568	-	-	-	5,837,568
Bonds	7,051,660	2,065,195	-	-	9,116,855
Other assets	439,845,352	1,273,772	-	117,203	441,236,328
Total	**3,045,837,937**	**3,966,362**	**176,914,840**	**38,114,740**	**3,264,833,879**
Credit risk exposures relating to other credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	306,494,255	-	-	-	306,494,255
Clean line facilities for letters of credit and other commitments	200,918,665	-	-	-	200,918,665
Total	**507,412,920**	**-**	**-**	**-**	**507,412,920**

[1] Futures, swaps and forward contracts are disclosed in Note 21, therefore the contingent liabilities for 2017 have been restated

[2] The Group reclassified Cash reserve requirement, classified as restricted deposits with Central banks and special reserve intervention funds, from Cash and cash equivalents to Other assets for financial reporting purposes.

5.2.1 Interest rate gap position

Repricing gap measures the difference between the Bank's interest sensitive assets and liabilities within certain maturity ranges. Differences between these assets and liabilities pose as potential losses from unexpected changes in interest rate. Negative Gaps represent situations when assets are less than liabilities and the Bank is exposed to an increase in interest rates. Where assets are more than liabilities this can be described as positive gap and the Bank is exposed to decline in interest rates.

The results above shows a negative gap of N1.5 trillion in the 'less than 3 months' time bucket, however this is as a result of the contractual nature of Non Maturity deposits. The Total gap of N106.5 billion is positive, as the Bank's total interest rate sensitive assets are more than its liabilities.

A summary of the Group's interest rate gap position on financial instruments is as follows:

Group	**Re-pricing year**						
In thousands of Naira **December 2018**	**Less than 3 months**	**4 - 6 months**	**7 - 12 months**	**1 - 5 years**	**More than 5 years**	**Non-Interest bearing**	**Total**
Non-derivative assets							
Cash and balances with banks	220,309,727	-	-	-	-	520,616,635	740,926,362
Investment under management	20,709,989	-	-	-	3,129,405	-	23,839,394
Non pledged trading assets							
Treasury bills	9,493,622	2,509,901	26,461,592	-	-	-	38,465,116
Bonds	-	-	-	161,251	131,433	-	292,684
Loans and advances to banks	28,107,804	68,454,016	45,927,722	-	-	-	142,489,543
Loans and advances to customers							
Auto Loan	1,046,747	2,282,114	2,174,635	10,138,372	-	-	15,641,867
Credit Card	3,874,398	28,986	1,527,890	-	-	-	5,431,274
Finance Lease	36,593	147,396	156,545	810,157	-	-	1,150,691
Mortgage Loan	10,581,592	15,842,854	5,292,899	28,576,832	55,264,684	-	115,558,862
Overdraft	89,747,084	5,652,059	37,414,777	-	-	-	132,813,921
Personal Loan	7,566,724	5,728,455	6,814,729	13,804,036	822,056	-	34,736,000
Term Loan	30,076,743	38,798,848	72,197,695	651,496,932	563,684,740	-	1,356,254,958
Time Loan	185,845,581	10,554,172	135,618,907	-	-	-	332,018,660
Pledged assets							-
Treasury bills	185,257,056	11,278,949	184,152,812	-	-	-	380,688,816
Bonds	-	8,208,487	33,638,262	28,871,229	102,646,161	-	173,364,139
Investment securities							
-Financial assets at FVOCI							
Treasury bills	102,181,774	3,854,203	89,182,248	-	-	-	195,218,225
Bonds	-	17,837,185	981,070	700,764	25,271,986	-	44,791,006
-Financial assets at amortised cost							
Treasury bills	43,039,941	-	59,524,107	-	-	-	102,564,048
Bonds	-	700,764	3,608,935	9,588,914	35,198,382	-	49,096,996
Other assets	-	-	-	-	-	683,991,853	683,991,853
	937,875,374	**191,878,389**	**704,674,825**	**744,148,487**	**786,148,848**	**1,204,608,488**	**4,569,334,415**
Non-derivative liabilities							
Deposits from financial institutions	829,405,652	165,167,193	-	-	-	-	994,572,845
Deposits from customers	2,271,460,108	180,082,659	109,007,202	4,358,414	-	-	2,564,908,383
Other liabilities	-	-	-	-	-	168,516,338	168,516,338
Debt securities issued	-	-	-	251,251,383	-	-	251,251,383
Interest bearing borrowings	75,892,298	104,512,277	57,399,839	41,525,848	109,086,473	-	388,416,734
	3,176,758,058	**449,762,129**	**166,407,041**	**297,135,645**	**109,086,473**	**168,516,338**	**4,367,665,683**
Total interest re-pricing gap	(2,238,882,684)	(257,883,740)	538,267,784	447,012,842	677,062,375	1,036,092,150	201,668,732

Group	**Re-pricing year**						
In thousands of Naira **December 2017**	**Less than 3 months**	**4 - 6 months**	**7 - 12 months**	**1 - 5 years**	**More than 5 years**	**Non-Interest bearing**	**Total**
Non-derivative assets							
[2] Cash and balances with banks	261,805,783	-	-	-	-	285,328,542	547,134,325
Investment under management	17,913,690	-	-	-	2,343,441	-	20,257,131
Non pledged trading assets							
Treasury bills	5,704,968	11,234,566	20,804,285	-	-	-	37,743,819
Bonds	8,986	-	-	611,845	8,430,064	-	9,050,894
Loans and advances to banks	26,525,825	26,256,691	8,224,312	7,107,248	-	-	68,114,076
Loans and advances to customers							
Auto Loan	116,269	95,730	196,956	3,041,105	-	-	3,450,061
Credit Card	3,123,914	80,568	119,767	86,674	-	-	3,410,923
Finance Lease	362,195	349,077	442,929	3,487,899	-	-	4,642,100
Mortgage Loan	8,286,897	10,260,466	11,048,819	10,967,049	3,059,705	-	43,622,936
Overdraft	126,674,409	21,382,195	36,832,811	-	-	-	184,889,415
Personal Loan	1,725,515	957,406	2,966,665	11,424,561	63,800	-	17,137,946
Term Loan	37,030,911	46,634,948	68,506,819	503,572,022	583,495,950	-	1,239,240,651
Time Loan	232,550,547	128,971,685	115,415,256	22,656,108	-	-	499,593,596
Pledged assets							
Treasury bills	118,193,104	67,658,924	72,820,788	-	-	-	258,672,815
Bonds	-	20,724,258	-	31,622,727	136,094,604	-	188,441,589
Investment securities							
- Available for sale							
Treasury bills	3,967,666	3,892,918	22,116,867	-	-	-	29,977,451
Bonds	-	-	28,634,329	8,099,475	17,345,564	-	54,079,368
- Held to Maturity							
Treasury bills	1,277,269	56,109,691	29,993,308	823,097	-	-	88,203,365
Bonds	1,040,216	1,341,861	24,307,671	9,137,827	763,007	-	36,590,582
Other assets	-	-	-	-	-	456,279,368	456,279,368
	846,308,164	**395,950,984**	**442,431,582**	**612,637,636**	**751,596,134**	**741,607,910**	**3,790,532,410**
Non-derivative liabilities							
Deposits from financial institutions	176,015,647	216,644,358	57,536,965	-	-	-	450,196,970
Deposits from customers	1,926,536,624	134,890,825	53,550,146	60,911,025	6,156,835	62,833,620	2,244,879,075
Other liabilities	-	-	-	618,785	-	235,167,694	235,786,479
Debt securities issued	17,193,034	24,501,603	29,028,152	231,383,918	-	-	302,106,706
Interest bearing borrowings	-	2,625,903	76,614,381	232,376,902	-	-	311,617,187
	2,119,745,304	**378,662,690**	**216,729,645**	**525,290,630**	**6,156,835**	**298,001,314**	**3,544,586,417**
Total interest re-pricing gap	(1,273,437,140)	17,288,295	225,701,937	87,347,006	745,439,299	443,606,596	245,945,993

[2] The Group reclassified Cash reserve requirement, classified as restricted deposits with Central banks and special reserve intervention funds, from Cash and cash equivalents to Other assets for financial reporting purposes.

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

Bank

In thousands of Naira				Re-pricing year			
December 2018	**Less than 3 months**	**4 - 6 months**	**7 - 12 months**	**1 - 5 years**	**More than 5 years**	**Non-Interest bearing**	**Total**
Non-derivative assets							
Cash and balances with banks	46,392,634	-	-	-	-	291,897,279	338,289,913
Investment under management	20,709,989	-	-	-	3,129,405	-	23,839,394
Non- pledged trading assets							
Treasury bills	9,064,209	2,682,259	24,484,172	-	-	-	36,230,640
Bonds	-	-	-	146,540	144,530	-	291,070
Loans and advances to banks	28,107,804	26,957,576	45,927,735	-	-	-	100,993,115
Loans and advances to customers							
Auto Loan	111,520	131,093	584,750	5,462,241	-	-	6,289,604
Credit Card	3,874,398	28,986	124,680	-	-	-	4,028,064
Finance Lease	1,814	25,668	13,950	761,466	-	-	802,898
Mortgage Loan	20,919	1,845	12,563	7,455,486	2,461,320	-	9,952,132
Overdraft	89,747,084	5,652,059	24,793,293	-	-	-	120,192,436
Personal Loan	5,321,927	490,595	1,127,910	12,008,199	822,056	-	19,770,687
Term Loan	14,056,749	17,972,856	36,953,709	571,396,963	555,674,743	-	1,196,055,020
Time Loan	182,171,761	8,864,215	133,635,044	-	-	-	324,671,020
Pledged assets							
Treasury bills	187,048,313	5,661,025	187,979,478	-	-	-	380,688,816
Bonds	-	8,208,487	39,202,601	28,871,229	97,081,822	-	173,364,139
Investment securities							
-Financial assets at FVOCI							
Treasury bills	27,027,186	2,179,969	19,674,548	-	-	-	48,881,703
Bonds	-	4,966,935	554,901	396,358	9,172,119	-	15,090,313
-Financial assets at amortised cost							
Treasury bills	24,090,654	-	36,075,568	-	-	-	60,166,222
Bonds	-	396,358	2,041,243	4,438,270	18,712,954	-	25,588,825
Other assets	-	-	-	-	-	560,591,142	560,591,142
	637,746,959	**84,219,926**	**553,186,145**	**630,936,752**	**687,198,950**	**852,488,421**	**3,445,777,154**
Non-derivative liabilities							
Deposits from financial institutions	513,992,208	102,652,401	-	-	-	-	616,644,610
Deposits from customers	1,823,689,135	143,149,426	86,036,288	5,864,082	-	-	2,058,738,931
Other liabilities	-	-	-	-	-	145,106,507	145,106,507
Debt securities	-	-	-	251,251,383	-	-	251,251,383
Interest bearing borrowings	71,059,493	97,856,958	53,744,628	38,881,491	102,139,870	-	363,682,440
	2,408,740,836	**343,658,786**	**139,780,917**	**295,996,956**	**102,139,870**	**145,106,507**	**3,435,423,872**
Total interest re-pricing gap	(1,770,993,873)	(259,438,856)	413,405,228	334,939,796	585,059,080	707,381,914	10,353,282

Bank

In thousands of Naira				Re-pricing year			
December 2017	**Less than 3 months**	**4 - 6 months**	**7 - 12 months**	**1 - 5 years**	**More than 5 years**	**Non-Interest bearing**	**Total**
Non-derivative assets							
[2] Cash and balances with banks	28,157,562	-	-	-	-	224,363,981	252,521,543
Investment under management	20,257,131	-	-	-	-	-	20,257,131
Non- pledged trading assets							
Treasury bills	5,704,968	7,397,495	20,804,285	-	-	-	33,906,748
Bonds	8,986	-	-	552,496	8,489,412	-	9,050,894
Loans and advances to banks	26,504,666	25,088,937	49,835,397	-	-	-	101,429,001
Loans and advances to customers							
Auto Loan	66,702	42,032	141,193	2,993,603	-	-	3,243,530
Credit Card	3,095,922	36,371	90,302	41,003	-	-	3,263,597
Finance Lease	107,934	60,144	107,766	3,210,523	-	-	3,486,368
Mortgage Loan	282	848	-	1,102,032	3,059,705	-	4,162,867
Overdraft	108,258,151	7,248,788	26,553,969	-	-	-	142,060,909
Personal Loan	1,271,060	275,723	2,007,259	10,995,353	63,800	-	14,613,194
Term Loan	22,946,367	22,913,611	49,974,525	485,781,019	583,495,950	-	1,165,111,472
Time Loan	211,347,123	114,193,542	94,854,362	14,945,773	-	-	435,340,800
Pledged assets							
Treasury bills	118,193,104	61,047,847	72,820,787	-	-	-	252,061,738
Bonds	-	20,724,258	-	31,622,727	136,094,604	-	188,441,589
Investment securities							
- Available for sale							
Treasury bills	3,967,666	3,892,918	1,738,153	-	-	-	9,598,737
Bonds	-	-	4,307	10,716,424	17,345,563	-	28,066,295
- Held to Maturity							
Treasury bills	-	-	5,837,568	-	-	-	5,837,568
Bonds	1,040,216	1,341,861	214,995	5,756,776	763,007	-	9,116,855
Other assets	-	-	-	-	-	440,662,117	440,662,117
	550,927,840	**264,264,375**	**324,984,868**	**567,717,729**	**749,312,041**	**665,026,098**	**3,122,232,954**
Non-derivative liabilities							
Deposits from financial institutions	233,303,608	31,090,132	11,747,095	-	-	-	276,140,835
Deposits from customers	1,797,936,589	95,276,386	17,481,020	79,718	-	-	1,910,773,713
Other liabilities	-	-	-	-	-	223,963,436	223,963,436
Debt securities	17,193,034	24,501,603	29,236,738	231,175,331	-	-	302,106,706
Interest bearing borrowings	-	2,625,904	67,196,160	212,469,076	-	-	282,291,141
	2,048,433,231	**153,494,025**	**125,661,013**	**443,724,125**	**-**	**223,963,436**	**2,995,275,830**
Total interest re-pricing gap	(1,497,505,391)	110,770,350	199,323,855	123,993,604	749,312,041	441,062,662	126,957,124

[2] The Group reclassified Cash reserve requirement, classified as restricted deposits with Central banks and special reserve intervention funds, from Cash and cash equivalents to Other assets for financial reporting purposes.

Market risk management

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

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

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

December 2018	Fixed	Floating	Non-interest bearing	Total
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	220,309,727	-	520,619,841	740,929,568
Non pledged trading assets	38,757,800	-	59,347	38,817,146
Derivative financial instruments	-	-	128,440,342	128,440,342
Loans and advances to banks	142,489,543	-	-	142,489,543
Loans and advances to customers	7,947,796	1,985,658,437	-	1,993,606,233
Pledged assets		-	-	-
Treasury bills	380,688,816	-	-	380,688,816
Bonds	173,364,139	-	-	173,364,139
Investment securities:				
-Financial assets at FVOCI	-	-	109,419,574	109,419,574
Treasury bills	195,218,225	-	-	195,218,225
Bonds	44,791,007	-	-	44,791,007
-Financial assets at amortised cost				
Treasury bills	102,564,048	-	-	102,564,048
Bonds	49,079,627	-	-	49,079,627
TOTAL	**1,355,210,728**	**1,985,658,437**	**758,539,103**	**4,099,408,268**
LIABILITIES				
Deposits from financial institutions	994,572,845	-	-	994,572,845
Deposits from customers	1,287,048,284	1,277,860,101	-	2,564,908,385
Derivative financial instruments	-	-	5,206,001	5,206,001
Debt securities issued	251,251,383	-	-	251,251,383
Interest-bearing borrowings	219,409,480	169,007,255	-	388,416,735
TOTAL	**2,752,281,992**	**1,446,867,356**	**5,206,001**	**4,204,355,348**

December 2017	Fixed	Floating	Non-interest bearing	Total
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks [2]	261,805,783	-	285,328,542	547,134,325
Non pledged trading assets	46,794,713	-	59,348	46,854,062
Derivative financial instruments	-	-	93,419,293	93,419,293
Loans and advances to banks	68,114,076	-	-	68,114,076
Loans and advances to customers	27,256,401	1,968,731,226	-	1,995,987,627
Pledged assets	447,114,404	-	-	447,114,404
Investment securities:				
– Available-for-sale	84,056,819	-	69,316,991	153,373,810
– Held-to-maturity	124,793,947	-	-	124,793,947
TOTAL	**1,059,936,143**	**1,968,731,226**	**448,124,174**	**3,476,791,543**
LIABILITIES				
Deposits from financial institutions	450,196,970	-	-	450,196,970
Deposits from customers	1,172,733,890	1,072,145,186	-	2,244,879,075
Derivative financial instruments	-	-	5,332,177	5,332,177
Debt securities issued	302,106,706	-	-	302,106,706
Interest-bearing borrowings	267,572,158	44,045,029	-	311,617,187
TOTAL	**2,192,609,724**	**1,116,190,215**	**5,332,177**	**3,314,132,116**

[2] The Group reclassified Cash reserve requirement, classified as restricted deposits with Central banks and special reserve intervention funds, from Cash and cash equivalents to Other assets for financial reporting purposes.

Bank

December 2018	Fixed	Floating	Non-interest bearing	Total
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	46,392,634	-	291,898,020	338,290,654
Non pledged trading assets	36,521,709	-	59,348	36,581,057
Derivative financial instruments	-	-	128,133,789	128,133,789
Loans and advances to banks	100,993,116	-	-	100,993,116
Loans and advances to customers	7,170,261	1,674,591,601	-	1,681,761,862
Pledged assets				
'Treasury bills	380,688,816	-	-	380,688,816
'Bonds	173,364,139	-	-	173,364,139
Investment securities:				
-Financial assets at FVOCI	-	-	108,870,593	108,870,594
Treasury bills	48,881,703	-	-	48,881,703
Bonds	15,090,313	-	-	15,090,313
-Financial assets at amortised cost				
Treasury bills	60,166,222	-	-	60,166,222
Bonds	25,571,456	-	-	25,571,456
TOTAL	**894,840,368**	**1,674,591,601**	**528,961,750**	**3,098,393,719**
LIABILITIES				
Deposits from financial institutions	616,644,611	-	-	616,644,611
Deposits from customers	990,096,832	1,068,642,098	-	2,058,738,931
Derivative financial instruments	-	-	5,185,870	5,185,870
Debt securities issued	251,251,383	-	-	251,251,383
Interest-bearing borrowings	218,871,012	144,811,429	-	363,682,441
TOTAL	2,076,863,838	1,213,453,527	5,185,870	3,295,503,235

December 2017	Fixed	Floating	Non-interest bearing	Total
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
2 Cash and balances with banks	28,157,562	-	224,363,981	252,521,543
Non pledged trading assets	42,957,641	-	59,348	43,016,990
Derivative financial instruments	-	-	92,390,219	92,390,219
Loans and advances to banks	101,429,001	-	-	101,429,001
Loans and advances to customers	29,616,824	1,741,665,915	-	1,771,282,739
Pledged assets	440,503,327	-	-	440,503,327
Investment securities:				
– Available-for-sale	37,665,030	-	68,917,849	106,582,880
– Held-to-maturity	14,954,423	-	-	14,954,423
TOTAL	**695,283,808**	**1,741,665,915**	**385,731,397**	**2,822,681,120**
LIABILITIES				
Deposits from financial institutions	276,140,835	-	-	276,140,835
Deposits from customers	1,035,810,196	874,963,517	-	1,910,773,713
Derivative financial instruments	-	-	5,306,450	5,306,450
Debt securities issued	302,106,706	-	-	302,106,706
Interest-bearing borrowings	246,837,492	35,453,649	-	282,291,141
TOTAL	1,860,895,229	910,417,166	5,306,450	2,776,618,845

2 The Group reclassified Cash reserve requirement, classified as restricted deposits with Central banks and special reserve intervention funds, from Cash and cash equivalents to Other assets for financial reporting purposes.

Derivative financial instruments include elements of interest rate differential between the applicable underlying currencies. Further details on the fair value of derivatives have been discussed in Note 21 of the financial statement.

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate repricing (note 5.2.1) that may be undertaken, which is monitored daily by Group Treasury.

Cash flow and fair value interest rate risk

The group's interest rate risk arises from risk assets, long-term borrowings, deposits from banks and customers. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Other financial liabilities issued at fixed rates expose the group to fair value interest rate risk.

The management of interest rate risk against interest rate gap limits is supplemented with monitoring the sensitivity of the Group's financial assets and liabilities to various scenarios.

Interest rate movement have both cash flow and fair value effect depending on whether interest rate is fixed or floating. The impact resulting from adverse or favourable movement flows from either retained earnings or OCI and ultimately ends in equity in the following manner:

(i) Retained earnings arising from increase or decrease in net interest income and the fair value changes reported in profit or loss.

(ii) Fair value reserves arising from increases or decreases in fair value of available-for-sale financial instruments reported directly in other comprehensive income.

Group

Interest sensitivity analysis- December 2018

Impact on net interest income of +/-100 basis points changes in rates over a one year (N'000)

	Cash flow interest rate risk	
Time Band	**100 basis points decline in rates**	**100 basis points increase in rates**
Less than 3 months	4,526,097	(4,526,097)
6 months	492,684	(492,684)
12 months	(2,927,545)	2,927,545
	2,091,236	**(2,091,236)**

Interest sensitivity analysis- December 2017

Impact on net interest income of +/-100 basis points changes in rates over a one year (N'000)

	Cash flow interest rate risk	
Time Band	**100 basis points decline in rates**	**100 basis points increase in rates**
Less than 3 months	(266,110)	266,110
6 months	105,710	(105,710)
12 months	2,338,170	(2,338,170)
	2,177,770	**(2,177,770)**

Bank

Interest sensitivity analysis - December 2018

Impact on net interest income of +/-100 basis points changes in rates over a one year (N'000)

	Cash flow interest rate risk	
Time Band	**100 basis points decline in rates**	**100 basis points increase in rates**
Less than 3 months	4,002,856	(4,002,856)
6 months	474,683	(474,683)
12 months	(2,287,183)	2,287,183
	2,190,356	**(2,190,356)**

Interest sensitivity analysis - December 2017

Impact on net interest income of +/-100 basis points changes in rates over a one year (N'000)

	Cash flow interest rate risk	
Time Band	**100 basis points decline in rates**	**100 basis points increase in rates**
Less than 3 months	(266,110)	266,110
6 months	105,710	(105,710)
12 months	2,338,170	(2,338,170)
	2,177,770	**(2,177,770)**

The table above sets out the impact on net interest income of a 100 basis points parallel fall or rise in all yields. A parallel increase in yields by 100 basis points would lead to an increase in net interest income while a parallel fall in yields by 100 basis points would lead to a decline in net interest income. The interest rate sensitivities are based on simplified scenarios and assumptions, including that all positions will be retained and rolled over upon maturity. The figures represent the effect of movements in net interest income based on the 100 basis point shift in interest rate and subject to the current interest rate exposures. However, the effect has not taken into account the possible risk management measures undertaken by the Bank to mitigate interest rate risk. In practice, the Assets and Liability Committee, ALCO seeks proactively to change the interest rate risk profile to minimize losses and optimise net revenues. The projections also assume that interest rates on various maturities will move within similar ranges, and therefore do not reflect any potential effect on net interest income in the event that some interest rates may change and others remain unchanged.

Price sensitivity analysis on bonds and treasury bills

The table below shows the impact of likely movement in yields on the value of bonds and treasury bills. This relates to the positions held for trade and available for sale. Since an increase in yields would lead to decline in market values of bonds and treasury bills, the analysis was carried out to show the likely impact of 50 and 100 basis points increase in market yields. The impact of held for trading investments is on the income statement while the impact of available for sale instruments is on the statement of other comprehensive income.

Group

December 2018	**Carrying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive			
Investment under management T-Bills			
Fair value through profit or loss: Bonds	59,075	31,325	3,576
Fair value through profit or loss: T-bills	579,666	336,690	93,663
Fair value through profit or loss: Bonds - Pledged	14,556	8,056	1,556
Fair value through profit or loss: T-bills - Pledged	139,544	71,748	3,955
	792,841	447,819	102,750
Impact on Other Comprehensive Income			
-Financial assets at FVOCI-Bonds	(4,456,367)	(4,587,415)	(4,718,463)
-Financial assets at FVOCI-Tbills	(595,682)	(1,036,127)	(1,579,315)
Financial assets at FVOCI - Bonds - Pledged	(1,234,741)	(1,284,491)	(1,334,241)
Financial assets at FVOCI - T-Bills - Pledged	(7,595,927)	(7,999,478)	(8,419,370)
	(13,882,717)	(14,907,511)	(16,051,389)
TOTAL	**(13,089,877)**	**(14,459,692)**	**(15,948,639)**

December 2017	**Carrying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive			
Investment under management T-Bills			
Held for trading Bonds	9,050,894	(2,123)	(3,313)
Held for trading T-bills	37,743,819	(8,374)	(16,748)
Pledged assets: Bonds	188,441,589	(118,783)	(185,378)
Pledged assets: T-bills	258,672,815	(124,203)	(248,405)
	493,909,118	(253,483)	(453,844)
Impact on Other Comprehensive Income			
Available for sale investments	84,056,819	(1,359,839)	(2,260,317)
TOTAL	**577,965,936**	**(1,613,322)**	**(2,714,160)**

Bank

December 2018	**Carrying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive Income			
Fair value through profit or loss: Bonds	579,666	336,690	93,663
Fair value through profit or loss: T-bills	638,741	368,016	97,239
Fair value through profit or loss: Bonds - Pledged	139,544	71,748	3,955
Fair value through profit or loss: T-bills - Pledged	-	-	-
	1,357,951	776,454	194,857
Impact on Other Comprehensive Income			
-Financial assets at FVOCI-Bonds	(595,682)	(1,036,127)	(1,579,315)
-Financial assets at FVOCI-Tbills	-	-	-
Financial assets at FVOCI - Bonds - Pledged	(7,595,927)	(7,999,478)	(8,419,370)
Financial assets at FVOCI - T-Bills - Pledged	-	-	-
	(8,191,609)	(9,035,605)	(9,998,685)
TOTAL	**(6,833,658)**	**(8,259,151)**	**(9,803,828)**

December 2017	**Carrying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive Income			
Held for trading Bonds	9,050,894	(2,106)	(3,287)
Held for trading T.bills	33,906,748	(7,473)	(14,946)
Pledged assets: Bonds	188,441,589	(118,800)	(185,404)
Pledged assets: T-bills	252,061,738	(125,104)	(250,207)
	483,460,969	(253,483)	(453,844)
Impact on Other Comprehensive Income			
Available for sale investments	37,665,031	(1,359,839)	(2,260,317)
TOTAL	**521,126,000**	**(1,613,322)**	**(2,714,161)**

Foreign currency sensitivity analysis
The Group's principal foreign currency exposure is to US Dollars, as it constitutes a significant portion of the Group's foreign currency exposure as at 31 December 2018. The table below illustrates the hypothetical sensitivity of the Group and Bank's reported profit to a 5% increase in the US Dollar/Naira exchange rates at the year end, assuming all other variables remain unchanged. The sensitivity rate of 5% increase represents the directors' assessment of a reasonable possible change based on historic volatility.

Group

In thousands of naira	**Impact on statement of comprehensive income December 2018**
Naira weakens by 5%	3,823,153

In thousands of naira	**Impact on statement of comprehensive income December 2017**
Naira weakens by 5%	(6,311,437)

Bank

In thousands of naira	**Impact on statement of comprehensive income December 2018**
Naira weakens by 5%	4,990,024

	Impact on statement of comprehensive income December 2017
Naira weakens by 5%	(5,318,294)

The NGN/USD exchange rate applied in the conversion of balances as at year end is N358.79/USD1 (2017: N331/USD1). The strengthening or weakening of Naira may not produce symmetrical results depending on the proportion and nature of balance sheet and the impact of derivatives.

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

Financial instruments by currency
Group

In thousands of Naira **December 2018**	**Total**	**Naira**	**US**	**GBP**	**Euro**	**Others**
Cash and balances with banks	740,926,362	86,855,201	396,726,292	168,761,216	38,823,993	49,759,660
Investment under management	23,839,393	21,437,209	2,402,184	-	-	-
Non-pledged trading assets						
Treasury bills	38,465,116	36,230,640	-	-	-	2,234,476
Bonds	292,684	291,070	1,614	-	-	-
Equity	59,348	59,348	-	-	-	-
Derivative financial instruments	128,440,342	128,133,789	229,557	39,048	361	37,588
Loans and advances to banks	142,489,543	1,149,279	141,340,264	-	-	-
Loans and advances to customers						
Auto Loan	15,641,868	6,289,605	-	-	-	9,352,262
Credit Card	5,431,274	647,425	4,034,353	257	-	749,238
Finance Lease	1,150,691	802,898	-	-	-	347,793
Mortgage Loan	115,558,862	9,939,008	13,124	-	-	105,606,729
Overdraft	132,813,921	86,992,173	33,200,262	-	-	12,621,485
Personal Loan	34,735,999	18,746,089	1,024,598	-	-	14,965,313
Term Loan	1,356,254,958	831,155,033	470,654,961	-	-	54,444,964
Time Loan	332,018,660	85,867,828	234,944,471	486,228	7,133,022	3,587,111
Pledged assets						
-Financial assets at FVOCI						
Treasury bills	170,118,776	170,118,776	-	-	-	-
Bonds	10,000,146	10,000,146	-	-	-	-
-Financial assets at amortised cost						
Treasury bills	192,208,928	192,208,928	-	-	-	-
Bonds	162,033,050	162,033,050	-	-	-	-
-Financial assets at FVPL						
Treasury bills	18,361,112	18,361,112	-	-	-	-
Bonds	1,330,944	1,330,944	-	-	-	-
Investment securities						
-Financial assets at FVOCI						
Treasury bills	195,218,225	48,881,703	142,043,437	-	-	4,293,085
Bonds	44,791,007	15,083,521	29,707,485	-	-	-
-Financial assets at FVPL						
Equity	109,419,574	108,870,593	-	511,486	-	37,496
-Financial assets at amortised cost						
Treasury bills	102,564,048	60,166,222	-	-	-	42,397,826
Bonds	49,079,627	23,786,430	1,785,027	-	-	23,508,171
Other assets	685,924,555	591,880,891	21,749,738	1,897,741	154,822	70,241,363
	4,809,169,012	**2,717,318,911**	**1,479,857,368**	**171,695,976**	**46,112,198**	**394,184,560**
Deposits from financial institutions	994,572,845	116,387	966,512,343	9,749,403	17,509,713	684,999
Deposits from customers	2,564,908,384	1,601,698,493	580,301,187	162,775,637	18,195,989	201,937,077
Derivative financial instruments	5,206,001	5,185,870	1,965	14,874	202	3,090
Other liabilities	168,516,337	107,552,540	34,553,513	1,027,095	6,213,806	19,169,383
Debt securities issued	251,251,383	-	251,251,383	-	-	-
Interest bearing borrowings	387,035,747	218,871,012	165,273,814	-	2,429,794	461,127
	4,371,490,698	**1,933,424,302**	**1,997,894,206**	**173,567,009**	**44,349,504**	**222,255,676**
Off balance sheet exposures:						
Transaction related bonds and guarantees	452,083,539	199,952,507	111,079,958	-	55,073,042	85,978,032
Clean line facilities for letters of credit and other commitments	307,761,666	794,215	281,322,639	2,223,269	22,254,295	1,167,248
	759,845,205	**200,746,722**	**392,402,597**	**2,223,269**	**77,327,337**	**87,145,280**

*Included in Others are balances the group has in other currencies which includes South Africa Rand, Japanese Yen, Ghanaian Cedis, Dirham, Australian dollars, Canadian dollars, Swiss franc, Chinese Yuan etc.

Financial instruments by currency

[1] **Group**
In thousands of Naira

December 2017	Total	Naira	US	GBP	Euro	Others
[2] Cash and balances with banks	547,134,326	129,827,833	163,776,193	143,200,181	9,623,913	100,706,205
Investment under management	20,257,131	20,257,131	-	-	-	-
Non-pledged trading assets						
Treasury bills	37,743,819	33,906,748	-	-	-	3,837,071
Bonds	9,050,894	9,012,553	38,342	-	-	-
Equity	59,348	59,348	-	-	-	-
Derivative financial instruments	93,419,294	92,390,219	-	871,060	4,656	153,358
Loans and advances to banks	68,114,076	1,317,297	66,796,779	-	-	-
Loans and advances to customers						
Auto Loan	3,450,060	3,243,530	-	-	-	206,530
Credit Card	3,410,923	619,453	2,717,400	260	-	73,810
Finance Lease	4,642,101	3,486,368	-	-	-	1,155,733
Mortgage Loan	43,622,936	4,127,122	35,745	-	-	39,460,069
Overdraft	184,889,416	125,726,416	16,334,492	-	-	42,828,508
Personal Loan	17,137,948	13,684,111	929,085	-	-	2,524,752
Term Loan	1,239,240,649	821,599,652	383,765,648	-	-	33,875,350
Time Loan	499,593,594	161,146,171	326,038,284	52,976	3,972,146	8,384,016
Pledged assets						
Treasury bills	258,672,815	252,061,737	-	-	-	6,611,078
Bonds	188,441,589	188,441,589	-	-	-	-
Investment securities						
- Available for sale						
Treasury bills	29,977,451	9,598,737	20,378,714	-	-	-
Bonds	54,079,368	27,714,194	25,827,939	-	-	537,235
Equity	69,581,098	69,181,956	-	-	-	399,142
- Held to Maturity						
Treasury bills	88,203,365	5,837,568	-	-	-	82,365,797
Bonds	36,590,582	7,051,661	2,888,292	-	-	26,650,629
Other assets	456,279,368	439,449,096	12,286,475	2,094,409	68,109	2,381,279
	3,953,592,149	**2,419,740,488**	**1,021,813,390**	**146,218,886**	**13,668,825**	**352,150,562**
Deposits from financial institutions	450,196,971	-	395,997,362	10,254,479	12,759,626	31,185,503
Deposits from customers	2,244,879,076	1,567,707,471	357,139,781	154,965,544	14,087,735	150,978,544
Derivative financial instruments	5,332,176	4,455,736	-	871,060	4,656	725
Other liabilities	240,038,852	110,966,926	117,132,975	2,725,726	3,448,905	5,764,320
Debt securities issued	302,106,706	70,984,362	231,122,344	-	-	-
Interest bearing borrowings	311,617,188	224,994,913	85,925,654	-	-	696,620
	3,554,170,967	**1,979,109,408**	**1,187,318,116**	**168,816,809**	**30,300,922**	**188,625,712**
Off balance sheet exposures						
Transaction related bonds and guarantees	541,895,104	166,026,065	200,431,845	104,644,938	55,460,234	15,332,023
Clean line facilities for letters of credit and other commitments	293,267,039	21,774	205,359,311	42,762,220	17,491,992	27,631,742
	835,162,143	**166,047,839**	**405,791,156**	**147,407,158**	**72,952,226**	**42,963,765**

[1] Futures, swaps and forward contracts are disclosed in Note 21, therefore the contingent liabilities for 2017 have been restated

[2] The Group reclassified Cash reserve requirement, classified as restricted deposits with Central banks and special reserve intervention funds, from Cash and cash equivalents to Other assets for financial reporting purposes.

5.2.3 The table below summaries the Bank's financial instruments at carrying amount, categorised by currency:

Financial instruments by currency

Bank
In thousands of Naira

December 2018	Total	Naira	US	GBP	Euro	Others
Cash and balances with banks	338,289,912	86,855,201	223,861,757	5,517,980	20,731,967	1,323,006
Investment under management	23,839,394	21,437,209	2,402,185	-	-	-
Non-pledged trading assets						
Treasury bills	36,230,640	36,230,640	-	-	-	-
Bonds	291,070	291,070	-	-	-	-
Equity	59,348	59,348	-	-	-	-
Derivative financial instruments	128,133,789	128,133,789	-	-	-	-
Loans and advances to banks	100,993,103	1,149,279	99,843,824	-	-	-
Loans and advances to customers						
Auto Loan	6,289,605	6,289,605	-	-	-	-
Credit Card	4,028,064	647,425	3,380,382	257	-	-
Finance Lease	802,898	802,898	-	-	-	-
Mortgage Loan	9,952,132	9,939,008	13,124	-	-	-
Overdraft	120,192,436	86,992,173	33,200,262	-	-	-
Personal Loan	19,770,687	18,746,089	1,024,598	-	-	-
Term Loan	1,196,055,020	831,155,033	364,899,987	-	-	-
Time Loan	324,671,020	85,867,828	230,510,765	486,228	7,133,022	673,177
Pledged assets						
-Financial assets at FVOCI						
Treasury bills	170,118,776	170,118,776	-	-	-	-
Bonds	10,000,146	10,000,146	-	-	-	-
-Financial assets at amortised cost						
Treasury bills	192,208,928	192,208,928	-	-	-	-
Bonds	162,033,050	162,033,050	-	-	-	-
-Financial assets at FVPL						
Treasury bills	18,361,112	18,361,112	-	-	-	-
Bonds	1,330,944	1,330,944	-	-	-	-
Investment securities						
-Financial assets at FVOCI						
Treasury bills	48,881,703	48,881,703	-	-	-	-
Bonds	15,090,313	15,083,521	6,791	-	-	-
-Financial assets at FVPL						
Equity	108,870,593	108,870,593	-	-	-	-
-Financial assets at amortised cost						
Treasury bills	60,166,222	60,166,222	-	-	-	-
Bonds	25,571,456	23,786,430	1,785,027	-	-	-
Other assets	612,737,652	591,880,891	20,692,474	11,494	152,793	-
	3,734,970,012	**2,717,318,911**	**981,621,177**	**6,015,959**	**28,017,782**	**1,996,183**
Deposits from financial institutions	616,644,611	116,387	608,295,541	164,393	7,599,483	468,807
Deposits from customers	2,058,738,930	1,601,698,493	442,094,624	7,549,080	7,396,415	318
Derivative financial instruments	5,185,870	5,185,870	-	-	-	-
Other liabilities	145,106,507	107,552,540	31,248,606	47,023	6,213,806	44,532
Debt securities issued	251,251,383	-	251,251,383	-	-	-
Interest bearing borrowings	363,682,441	218,871,012	144,811,429	-	-	-
	3,440,609,742	**1,933,424,302**	**1,477,701,582**	**7,760,496**	**21,209,704**	**513,657**
Off balance sheet exposures:						
Transaction related bonds and guarantees	358,862,448	199,952,507	105,195,343	-	53,714,598	-
Clean line facilities for letters of credit and other commitments	205,997,841	794,215	193,037,849	604,404	10,599,358	962,014
	564,860,289	**200,746,722**	**298,233,192**	**604,404**	**64,313,956**	**962,014**

Financial instruments by currency

Bank
In thousands of Naira

December 2017	**Total**	**Naira**	**US**	**GBP**	**Euro**	**Others**
[2] Cash and balances with banks	657,144,247	536,637,684	107,413,980	2,762,465	9,623,913	706,205
Investment under management	20,257,131	18,271,131	1,986,000	-	-	-
Non-pledged trading assets						
Treasury bills	33,906,748	33,906,748	-	-	-	-
Bonds	9,050,894	9,012,553	38,342	-	-	-
Equity	59,348	59,348	-	-	-	-
Derivative financial instruments	92,390,219	92,390,219	-	-	-	-
Loans and advances to banks	101,429,001	1,295,927	100,133,074	-	-	-
Loans and advances to customers						
Auto Loan	3,243,530	3,243,530	-	-	-	-
Credit Card	3,263,598	619,453	2,643,885	260	-	-
Finance Lease	3,486,368	3,486,368	-	-	-	-
Mortgage Loan	4,162,867	4,127,123	35,745	-	-	-
Overdraft	142,060,909	125,726,417	16,334,492	-	-	-
Personal Loan	14,613,195	13,684,110	929,085	-	-	-
Term Loan	1,165,111,472	821,599,653	343,511,819	-	-	-
Time Loan	435,340,801	161,146,172	268,931,936	52,976	2,909,240	2,300,476
Pledged assets						
Treasury bills	252,061,738	252,061,738	-	-	-	-
Bonds	188,441,589	188,441,589	-	-	-	-
Investment securities						
Available for sale						
Treasury bills	9,598,737	9,598,737	-	-	-	-
Bonds	28,066,294	27,714,194	352,100	-	-	-
Equity	69,181,956	69,181,956	-	-	-	-
Held to Maturity						
Treasury bills	5,837,568	5,837,568	-	-	-	-
Bonds	9,116,855	7,051,661	2,065,194	-	-	-
Other assets	441,236,328	436,687,738	4,542,711	4,887	992	-
	3,689,061,392	**2,821,781,615**	**848,918,362**	**2,820,588**	**12,534,145**	**3,006,681**
Deposits from financial institutions	276,140,835	-	267,588,985	-	6,482,044	2,069,806
Deposits from customers	1,910,773,713	1,577,026,973	323,377,322	5,700,968	4,668,185	265
Derivative financial instruments	5,306,450	5,306,450	-	-	-	-
Other liabilities	223,963,436	106,714,552	113,189,353	279,505	3,778,831	1,195
Debt securities issued	302,106,706	70,984,362	231,122,344	-	-	-
Interest bearing borrowings	282,291,141	224,994,913	57,296,228	-	-	-
	3,000,582,281	**1,985,027,250**	**992,574,232**	**5,980,473**	**14,929,060**	**2,071,266**
Off balance sheet exposures						
Transaction related bonds and guarantees	306,494,255	187,719,787	55,450,869	22,338	63,301,261	-
Clean line facilities for letters of credit and other commitments	200,918,666	-	181,761,573	1,004,791	17,484,858	667,443
Future, swap and forward contracts [1]	-	-	-	-	-	-
	507,412,920	187,719,787	237,212,442	1,027,129	80,786,119	667,443

[1] Futures, swaps and forward contracts are disclosed in Note 21, therefore the contingent liabilities for 2017 have been restated

[2] The Group reclassified Cash reserve requirement, classified as restricted deposits with Central banks and special reserve intervention funds, from Cash and cash equivalents to Other assets for financial reporting purposes.

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

The amounts in the table below have been compiled as follows:

Type of financial instrument	Basis on which amounts are compiled
Non-derivative financial liabilities and financial assets	Undiscounted cash flows, which include estimated interest payments.
Issued financial guarantee contracts, and unrecognised loan commitments	Earliest possible contractual maturity. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest year in which the guarantee could be called.
Derivative financial liabilities and financial assets held for risk management purposes	Contractual undiscounted cash flows. The amounts shown are the gross nominal inflows and outflows for derivatives that have simultaneous gross settlement (e.g. forward exchange contracts and currency swaps) and the net amounts for derivatives that are net settled.
Trading derivative liabilities and assets forming part of the Group's proprietary trading operations that are expected to be closed out before contractual maturity	Fair values at the date of the statement of financial position. This is because contractual maturities are not reflective of the liquidity risk exposure arising from these positions. These fair values are disclosed in the 'less than one month' column.
Trading derivative liabilities and assets that are entered into by the Group with its customers	Contractual undiscounted cash flows. This is because these instruments are not usually closed out before contractual maturity and so the Group believes that contractual maturities are essential for understanding the timing of cash flows associated with these derivative positions.

The Group's expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. For example, demand deposits from customers are expected to remain stable or increase and unrecognised loan commitments are not all expected to be drawn down immediately. As part of the management of liquidity risk arising from financial liabilities, the Group holds liquid assets comprising Cash and balances with banks and debt securities issued by federal government, which can be readily sold to meet liquidity requirements.
In addition, the Group maintains agreed lines of credit with other banks and holds unencumbered assets eligible for use as collateral.

5.3.1 Residual contractual maturities of financial assets and liabilities

Group **December 2018** *In thousands of Naira*	**Carrying amount**	**Gross nominal inflow/(outflow)**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
Cash and balances with banks	740,926,362	791,239,520	741,603,025	-	-	-	49,636,495
Investment under management	23,839,394	23,839,394	7,378,561	16,460,834	-	-	-
Non-pledged trading assets							
Treasury bills	38,465,116	41,472,112	2,431,630	1,822,344	37,218,138	-	-
Bonds	292,684	1,207,007	381,118	-	20,822	155,427	649,640
Derivative financial instruments	128,440,342	128,440,343	5,093,050	10,068,119	63,267,939	50,011,235	-
Loans and advances to banks	142,489,543	142,569,748	28,184,320	68,455,381	45,930,047	-	-
Loans and advances to customers							
Auto Loan	15,641,867	15,917,853	2,206,865	3,038,489	2,225,667	8,446,832	-
Credit Card	5,431,274	6,003,432	4,433,123	31,470	1,538,839	-	-
Finance Lease	1,150,691	1,301,445	110,503	229,914	334,882	626,146	-
Mortgage Loan	115,558,862	116,838,670	11,443,548	17,155,888	7,780,506	25,481,130	54,977,599
Overdraft	132,813,921	146,653,587	91,182,207	5,884,672	49,586,708	-	-
Personal Loan	34,736,000	37,186,909	8,357,106	7,035,104	8,630,004	12,728,053	436,642
Term Loan	1,356,254,958	1,364,910,910	100,794,774	100,045,006	156,056,497	705,615,013	302,399,620
Time Loan	332,018,660	392,958,221	154,243,166	53,131,435	185,583,621	-	-
Pledged assets							
-Financial instruments at FVOCI							
Treasury bills	170,118,776	182,579,034	83,151,528	1,200,000	98,227,506	-	-
Bonds	10,000,146	16,003,573	-	2,957,605	1,426,636	-	11,619,332
-Financial instruments at amortised cost							
Treasury bills	192,208,928	193,494,586	64,044,586	-	129,450,000	-	-
Bonds	162,033,050	361,840,023	-	1,031,605	15,473,218	24,543,228	320,791,972
-Financial instruments at FVPL							
Treasury bills	18,361,112	20,379,600	4,910,000	-	15,469,600	-	-
Bonds	1,330,944	3,111,587	-	-	-	-	3,111,587
Investment securities							
-Financial assets at FVOCI							
Treasury bills	195,218,225	195,883,469	123,599,529	13,389,359	58,894,580	-	-
Bonds	44,791,006	50,085,433	-	26,066	491,623	7,177,669	42,390,076
-Financial assets at amortised cost							
Treasury bills	102,564,048	116,539,684	21,226,653	24,229,142	71,083,890	-	-
Bonds	49,096,996	83,286,886	985,686	582,103	22,227,568	16,529,983	42,961,547
Other assets	683,991,854	638,739,241	103,450,307	1,924,347	53,545,081	215,918	479,603,588
	4,697,774,759	**5,072,482,267**	**1,559,211,285**	**328,698,883**	**1,024,463,372**	**851,530,634**	**1,308,578,098**
Deposits from financial institutions	994,572,845	1,031,713,049	693,439,062	151,046,478	187,227,509	-	-
Deposits from customers	2,564,908,384	2,686,564,048	1,954,204,133	526,129,705	121,539,349	84,690,861	-
Derivative financial instruments	5,206,001	5,206,003	4,572,615	572,504	60,884	-	-
Other liabilities	168,516,337	169,676,937	115,404,512	29,997,461	23,496,452	778,513	-
Debt securities issued	251,251,383	318,154,189	-	-	-	318,154,189	-
Interest bearing borrowings	388,416,734	391,318,138	89,058	102,655	3,087,029	24,356,955	363,682,441
	4,372,871,684	**4,602,632,364**	**2,767,709,380**	**707,848,803**	**335,411,223**	**427,980,518**	**363,682,441**
Gap (asset - liabilities)	324,903,076	469,849,903	(1,208,498,094)	(379,149,920)	689,052,148	423,550,116	944,895,660
Cumulative liquidity gap			(1,208,498,094)	(1,587,648,015)	(898,595,866)	(475,045,750)	469,849,909
Off-balance sheet							
Transaction related bonds and guarantees	452,083,539	452,083,539	100,609,847	44,854,892	38,995,149	238,232,808	29,390,843
Clean line facilities for letters of credit and other commitments	307,761,666	307,761,666	183,182,413	80,663,203	40,548,330	3,367,720	-
	759,845,205	**759,845,205**	**283,792,260**	**125,518,095**	**79,543,479**	**241,600,528**	**29,390,843**

[1] **Group** **December 2017** *In thousands of Naira*	**Carrying amount**	**Gross nominal inflow/(outflow)**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
[2] Cash and balances with banks	547,134,325	547,202,325	330,005,037	261,873,783	-	-	(44,676,495)
Investment under management	20,257,131	16,923,280	13,877,216	3,046,063	-	-	-
Non-pledged trading assets							
Treasury bills	37,743,819	36,591,854	5,754,587	7,808,409	23,028,858		
Bonds	9,050,894	24,667,877	509,156	114,088	609,408	5,268,742	18,166,483
Derivative financial instruments	93,419,293	93,419,293	12,695,471	629,958	80,093,864		
Loans and advances to banks	68,114,076	68,176,739	26,588,489	26,256,691	8,224,312	7,107,247	-
Loans and advances to customers							
Auto Loan	3,450,060	3,498,729	128,961	108,498	194,929	3,066,341	-
Credit Card	3,410,923	3,472,919	3,181,972	44,542	121,679	87,725	37,001
Finance Lease	4,642,101	4,846,987	510,124	535,534	1,049,267	2,752,062	-
Mortgage Loan	43,622,936	43,704,482	8,433,901	10,406,234	11,429,466	11,602,742	1,832,139
Overdraft	184,889,416	202,794,013	140,774,170	15,154,432	39,101,674	-	7,763,737
Personal Loan	17,137,948	17,615,989	1,661,804	1,275,024	5,378,942	9,266,259	33,960
Term Loan	1,239,240,650	1,275,906,615	72,618,866	84,098,691	309,187,788	550,403,024	259,598,246
Time Loan	499,593,593	507,912,180	213,775,524	116,977,559	160,313,843	16,845,254	-
Pledged assets							
Treasury bills	258,672,815	266,032,828	119,642,449	70,466,824	75,923,555	-	-
Bonds	188,441,589	333,593,205	5,843,214	2,481,750	8,821,729	90,449,224	225,997,288
Investment securities							
Available for sale							
Treasury bills	29,977,451	32,529,011	6,000,297	24,578,714	1,950,000	-	-
Bonds	54,079,368	111,384,906	2,693,868	1,617,346	4,319,922	53,212,754	49,541,016
Held to Maturity							
Treasury bills	88,203,365	92,202,918	8,064,301	32,074,308	52,064,309	-	-
Bonds	36,590,581	42,510,708	1,018,325	18,032,767	6,269,123	10,101,940	7,088,551
Other assets	456,279,368	486,040,934	46,162,812	3,161,155	9,355,050	17,881,745	409,480,172
	3,883,951,702	**4,211,027,791**	**1,019,940,544**	**680,742,371**	**797,437,718**	**778,045,060**	**934,862,098**
Deposits from financial institutions	450,196,970	492,753,085	290,787,768	191,532,855	10,432,462	-	-
Deposits from customers	2,244,879,075	2,526,911,645	1,322,388,754	882,033,700	28,665,196	293,823,995	-
Derivative financial instruments	5,332,177	5,332,177	4,433,573	650,884	247,719	-	-
Other liabilities	235,786,478	237,574,121	144,535,406	69,146,396	23,891,209	1,110	-
Debt securities issued	302,106,706	321,682,651	17,697,737	26,535,721	277,449,193		-
Interest bearing borrowings	311,617,187	298,207,558	828,707	2,580,269	23,035,123	244,997,208	26,766,250
	3,549,918,593	**3,882,461,237**	**1,780,671,945**	**1,172,479,825**	**363,720,902**	**538,822,313**	**26,766,250**
Gap (asset - liabilities)	331,362,789	325,896,233	(760,731,401)	(491,737,453)	433,716,816	239,222,745	905,425,529
Cumulative liquidity gap			(760,731,401)	(1,252,468,854)	(818,752,038)	(579,529,293)	325,896,236
Off-balance sheet							
Transaction related bonds and guarantees	541,895,104	541,895,105	123,143,883	75,739,824	172,961,001	170,050,398	-
Clean line facilities for letters of credit and other commitments	293,267,039	293,267,039	167,575,246	98,015,062	27,676,731	-	-
	835,162,143	**835,162,144**	**290,719,128**	**173,754,886**	**200,637,732**	**170,050,398**	**-**

[1] Futures, swaps and forward contracts are disclosed in Note 21, therefore the contingent liabilities for 2017 have been restated

[2] The Group reclassified Cash reserve requirement, classified as restricted deposits with Central banks and special reserve intervention funds, from Cash and cash equivalents to Other assets for financial reporting purposes.

5.3.1 Residual contractual maturities of financial assets and liabilities

Bank **December 2018** *In thousands of Naira*	**Carrying amount**	**Gross nominal inflow/(outflow)**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
Cash and balances with banks	338,289,912	388,603,070	338,966,575	-	-	-	49,636,495
Investment under management	23,839,394	23,839,394	7,378,561	16,460,834	-	-	-
Non-pledged trading assets							
Treasury bills	36,230,640	41,472,112	2,431,630	1,822,344	37,218,138	-	-
Bonds	291,070	825,888	-	-	20,822	155,427	649,640
Derivative financial instruments	128,133,789	128,133,790	4,974,003	10,068,119	63,267,939	49,823,729	-
Loans and advances to banks	100,993,116	101,073,308	28,184,320	26,958,941	45,930,047	-	-
Loans and advances to customers							
Auto Loan	6,289,605	6,557,097	1,270,789	885,515	634,338	3,766,455	-
Credit Card	4,028,064	4,598,341	4,433,123	31,470	133,748	-	-
Finance Lease	802,898	926,430	73,002	98,659	181,126	573,644	-
Mortgage Loan	9,952,132	10,613,999	821,080	1,222,187	2,469,273	4,236,195	1,865,263
Overdraft	120,192,436	133,791,635	91,182,207	5,884,672	36,724,757	-	-
Personal Loan	19,770,687	22,201,996	6,109,369	1,790,384	2,935,737	10,929,864	436,642
Term Loan	1,196,055,020	1,196,082,834	83,828,094	77,988,321	118,729,799	620,781,611	294,755,009
Time Loan	324,671,020	385,104,209	150,316,160	51,325,012	183,463,038	-	-
Pledged assets							
-Financial instruments at FVOCI	170,118,776	182,579,034	83,151,528	1,200,000	98,227,506	-	-
Treasury bills	10,000,146	16,003,573	-	2,957,605	1,426,636	-	11,619,332
Bonds							
-Financial instruments at amortised cost							
Treasury bills	192,208,928	193,494,586	64,044,586	-	129,450,000	-	-
Bonds	162,033,050	361,840,023	-	1,031,605	15,473,218	24,543,228	320,791,972
-Financial instruments at FVPL							
Treasury bills	18,361,112	49,340,032	15,920,966	-	33,419,066	-	-
Bonds	1,330,944	50,085,433	-	26,066	491,623	7,177,669	42,390,076
Investment securities							
-Financial assets at FVOCI							
Treasury bills	48,881,703	193,494,586	64,044,586	-	129,450,000	-	-
Bonds	15,090,313	361,840,023	-	1,031,605	15,473,218	24,543,228	320,791,972
-Financial assets at amortised cost							
Treasury bills	60,166,222	20,379,600	4,910,000	-	15,469,600	-	-
Bonds	25,588,823	3,111,587	-	-	-	-	3,111,587
Other assets	610,904,300	528,868,648	15,920,966	-	33,419,066	-	479,528,617
	3,624,224,100	**4,404,861,228**	**967,961,545**	**200,783,339**	**964,008,695**	**746,531,050**	**1,525,576,605**
Deposits from financial institutions	616,644,611	622,777,118	341,756,064	149,020,612	132,000,442	-	-
Deposits from customers	2,058,738,930	2,180,405,544	1,743,460,872	408,228,277	28,661,426	54,968	-
Derivative financial instruments	5,185,870	5,185,871	4,552,483	572,504	60,884	-	-
Other liabilities	145,106,507	145,106,506	113,978,288	21,051,596	10,076,622	-	-
Debt securities issued	251,251,383	318,154,189	-	-	-	318,154,189	-
Interest bearing borrowings	363,682,441	363,682,441	-	-	-	-	363,682,441
	3,440,609,742	3,635,311,669	2,203,747,707	578,872,989	170,799,374	318,209,157	363,682,441
Gap (asset - liabilities)	183,614,357	769,549,558	(1,235,786,162)	(378,089,650)	793,209,321	428,321,893	1,161,894,165
Cumulative liquidity gap			(1,235,786,162)	(1,613,875,812)	(820,666,491)	(392,344,598)	769,549,567
Off balance-sheet							
Transaction related bonds and guarantees	358,862,448	226,442,125	113,978,288	21,051,596	10,076,622	-	-
Clean line facilities for letters of credit and other commitments	205,997,841	363,682,441	-	-	-	-	363,682,441
	564,860,289	**590,124,566**	**113,978,288**	**21,051,596**	**10,076,622**	**-**	**363,682,441**

[1] **Bank** **December 2017** *In thousands of Naira*	**Carrying amount**	**Gross nominal inflow/(outflow)**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
[2] Cash and balances with banks	252,521,543	253,201,543	269,040,476	28,837,562	-	-	(44,676,495)
Investment under management	20,257,131	20,257,131	15,248,944	2,664,746	2,343,441	-	-
Non-pledged trading assets							
Treasury bills	33,906,748	36,591,854	5,754,587	7,808,409	23,028,858		
Bonds	9,050,894	24,667,877	509,156	114,088	609,408	5,268,742	18,166,483
Derivative financial instruments	92,390,219	92,390,219	12,695,471	629,958	79,064,790		
Loans and advances to banks	101,429,001	101,470,508	35,270,508	24,825,000	41,375,000	-	-
Loans and advances to customers							
Auto Loan	3,243,530	3,292,199	79,394	54,800	139,166	3,018,839	-
Credit Card	3,263,598	3,324,216	3,153,636	-	91,869	41,710	37,001
Finance Lease	3,486,368	3,684,811	254,252	244,990	712,494	2,473,076	-
Mortgage Loan	4,162,867	4,230,374	143,777	143,106	377,137	1,734,215	1,832,139
Overdraft	142,060,909	156,902,433	121,336,888	-	27,801,808	-	7,763,737
Personal Loan	14,613,195	15,085,225	1,205,845	591,838	4,418,034	8,835,548	33,960
Term Loan	1,165,111,472	1,197,454,857	57,453,678	59,296,709	289,574,849	531,531,376	259,598,246
Time Loan	435,340,801	443,414,730	192,556,762	102,184,076	139,554,312	9,119,579	-
Pledged assets							
Treasury bills	252,061,738	260,032,828	119,642,449	64,466,824	75,923,555	-	-
Bonds	188,441,589	333,593,205	5,843,214	2,481,750	8,821,729	90,449,224	225,997,288
Investment securities							
Available for sale							
Treasury bills	9,598,737	10,150,297	4,000,297	4,200,000	1,950,000	-	-
Bonds	28,066,294	55,692,453	1,346,934	808,673	2,159,961	26,606,377	24,770,508
Held to Maturity							
Treasury bills	5,837,568	5,957,035	-	-	5,957,035	-	-
Bonds	9,116,855	10,889,048	1,776,941	910,662	557,673	6,396,217	1,247,555
Other assets	441,236,328	471,336,927	46,024,737	-	835,486	17,757,889	406,718,814
	3,215,197,384	**3,503,619,771**	**893,337,946**	**300,263,190**	**705,296,607**	**703,232,791**	**901,489,237**
Deposits from financial institutions	276,140,835	287,106,829	156,414,526	110,592,932	20,038,675	60,695	-
Deposits from customers	1,910,773,713	1,923,543,742	1,577,123,251	325,858,014	20,473,680	88,797	-
Derivative financial instruments	5,306,450	5,306,450	4,433,548	625,183	247,719	-	-
Other liabilities	223,963,436	223,963,436	132,508,400	14,656,236	76,798,800	-	-
Debt securities issued	302,106,706	321,682,651	17,697,737	26,535,721	277,449,193	-	-
Interest bearing borrowings	282,291,141	295,636,255	123,648,978	65,728,142	46,536,781	32,239,324	27,483,030
	3,000,582,281	3,057,239,363	2,011,826,440	543,996,228	441,544,848	32,388,816	27,483,030
Gap (asset - liabilities)	212,518,993	444,284,294	(1,118,488,495)	(243,733,037)	263,751,756	670,843,975	871,910,096
Cumulative liquidity gap			(1,118,488,495)	(1,362,221,532)	(1,098,469,776)	(427,625,801)	444,284,294
Off balance-sheet							
Transaction related bonds and guarantees	306,494,255	306,494,255	34,704,433	36,797,208	69,058,480	165,934,134	-
Clean line facilities for letters of credit and other commitments	200,918,665	200,918,665	111,792,227	79,466,674	9,659,764	-	-
	507,412,920	**507,412,920**	**146,496,660**	**116,263,882**	**78,718,244**	**165,934,134**	**-**

[1] Futures, swaps and forward contracts are disclosed in Note 21, therefore the contingent liabilities for 2017 have been restated

[2] The Group reclassified Cash reserve requirement, classified as restricted deposits with Central banks and special reserve intervention funds, from Cash and cash equivalents to Other assets for financial reporting purposes.

5.3.2 Financial instruments below and above 1 year's maturity

Group	December 2018			December 2017[2]		
In thousands of Naira	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Cash and balances with banks	740,926,362	-	**740,926,362**	596,770,820	(49,636,495)	**547,134,325**
Investments under management	20,709,989	3,129,405	**23,839,394**	20,257,131	-	**20,257,131**
Non pledged trading assets						
Treasury bills	38,465,116	-	**38,465,116**	37,743,819	-	**37,743,819**
Bonds	-	292,684	**292,684**	8,986	9,041,908	**9,050,894**
Derivative financial instruments	29,845,656	98,594,686	**128,440,342**	38,459,025	54,960,268	**93,419,293**
Loans and advances to banks	142,489,543	-	**142,489,543**	61,006,828	7,107,247	**68,114,075**
Loans and advances to customers						
Auto Loan	5,503,495	10,138,372	**15,641,867**	408,955	3,041,105	**3,450,060**
Credit Card	5,431,274	-	**5,431,274**	3,324,249	86,674	**3,410,923**
Finance Lease	340,535	810,157	**1,150,691**	1,154,202	3,487,899	**4,642,101**
Mortgage Loan	31,717,346	83,841,516	**115,558,862**	29,596,182	14,026,754	**43,622,936**
Overdraft	132,813,921	-	**132,813,921**	184,889,416	-	**184,889,416**
Personal Loan	20,109,908	14,626,092	**34,736,001**	5,649,586	11,488,361	**17,137,947**
Term Loan	141,073,286	1,215,181,672	**1,356,254,958**	152,172,678	1,087,067,972	**1,239,240,650**
Time Loan	332,018,660	-	**332,018,660**	476,937,485	22,656,108	**499,593,593**
Pledged assets						
Treasury bills	380,688,816	-	**380,688,816**	258,672,815	-	**258,672,815**
Bonds	41,846,749	131,517,391	**173,364,139**	20,724,258	167,717,331	**188,441,589**
Investment securities						
-Financial assets at FVOCI						
Treasury bills	195,218,225	-	**195,218,225**	-	-	-
Bonds	18,818,255	25,972,750	**44,791,006**	-	-	-
Available for sale						
Treasury bills	-	-	**-**	29,977,451	-	**29,977,451**
Bonds	-	-	**-**	28,634,329	25,445,039	**54,079,368**
-Financial assets at amortised cost						
Treasury bills	102,564,048	-	**102,564,048**	-	-	**-**
Bonds	4,309,700	44,787,296	**49,096,996**	-	-	**-**
Held to Maturity						
Treasury bills	-	-	**-**	87,380,268	823,097	**88,203,365**
Bonds	-	-	**-**	26,689,749	9,900,833	**36,590,583**
Other assets	-	683,991,853	**683,991,853**	42,985,834	3,813,362	**46,799,196**
	2,938,943,840	**2,312,883,875**	**4,697,774,758**	**2,103,444,066**	**1,371,027,463**	**3,474,471,530**
Deposits from financial institutio	994,572,845	-	**994,572,845**	450,196,970	-	**450,196,970**
Deposits from customers	2,560,549,969	4,358,414	**2,564,908,383**	2,177,811,215	67,067,860	**2,244,879,074**
Derivative financial instruments	5,206,001	-	**5,206,001**	5,332,177	-	**5,332,177**
Debt securities issued	-	251,251,383	**251,251,383**	70,722,788	231,383,918	**302,106,706**
Other liabilities	-	168,516,338	**168,516,338**	221,897,540	13,888,938	**235,786,479**
Interest-bearing borrowings	237,804,414	150,612,320	**388,416,734**	79,240,285	232,376,902	**311,617,187**
	3,798,133,229	**574,738,455**	**4,372,871,684**	**3,005,200,975**	**544,717,618**	**3,549,918,593**

Bank	**December 2018** Within 12 months	After 12 months	Total	**December 2017** [2] Within 12 months	After 12 months	Total
In thousands of Naira						
Cash and balances with banks	338,289,912	-	**338,289,912**	302,158,038	(49,636,495)	**252,521,543**
Investment under management	20,709,989	3,129,405	**23,839,394**	20,257,131	-	**20,257,131**
Non pledged trading assets						
Treasury bills	36,230,640	-	**36,230,640**	33,906,748	-	**33,906,748**
Bonds	-	291,070	**291,070**	8,986	9,041,908	**9,050,894**
Derivative financial instruments	29,539,103	98,594,686	**128,133,789**	92,390,219	-	**92,390,218**
Loans and advances to banks	100,993,103	-	**100,993,103**	101,429,001	-	**101,429,002**
Loans and advances to customers						
Auto Loan	827,364	5,462,241	**6,289,605**	249,927	2,993,603	**3,243,530**
Credit Card	4,028,064	-	**4,028,064**	3,222,595	41,003	**3,263,598**
Finance Lease	41,432	761,466	**802,898**	275,845	3,210,523	**3,486,368**
Mortgage Loan	35,327	9,916,805	**9,952,132**	1,131	4,161,737	**4,162,867**
Overdraft	120,192,436	-	**120,192,436**	142,060,909	-	**142,060,909**
Personal Loan	6,940,432	12,830,254	**19,770,687**	3,554,042	11,059,153	**14,613,195**
Term Loan	68,983,314	1,127,071,706	**1,196,055,020**	95,834,502	1,069,276,969	**1,165,111,472**
Time Loan	324,671,020	-	**324,671,020**	420,395,028	14,945,773	**435,340,801**
Pledged assets						
Treasury bills	380,688,816	-	**380,688,816**	252,061,738	-	**252,061,738**
Bonds	47,411,088	125,953,052	**173,364,139**	20,724,258	167,717,331	**188,441,589**
Investment securities						
-Financial assets at FVOCI						
Treasury bills	48,881,703	-	**48,881,703**	-	-	-
Bonds	5,521,836	9,568,477	**15,090,313**	-	-	-
Available for sale						
Treasury bills	-	-	-	9,598,737	-	**9,598,737**
Bonds	-	-	-	4,307	28,061,987	**28,066,295**
-Financial assets at amortised cost						
Treasury bills	60,166,222	-	**60,166,222**	-	-	-
Bonds	2,437,601	23,151,224	**25,588,825**	-	-	-
Held to Maturity						
Treasury bills	-	-	-	5,837,568	-	**5,837,568**
Bonds	-	-	-	2,597,072	6,519,783	**9,116,856**
Other assets	-	560,591,142	**560,591,142**	30,395,439	4,122,075	**34,517,513**
	2,150,642,357	**1,977,321,529**	**3,573,910,930**	**1,536,963,221**	**1,271,515,350**	**2,808,478,572**
Deposits from financial institutio	616,644,610	-	**616,644,610**	276,140,835	-	**276,140,835**
Deposits from customers	2,052,874,849	5,864,082	**2,058,738,931**	1,910,693,995	79,718	**1,910,773,713**
Derivative financial instruments	5,185,871	-	**5,185,871**	5,306,450	-	**5,306,450**
Debt securities issued	-	251,251,383	**251,251,383**	70,931,375	231,175,331	**302,106,706**
Other liabilities	145,106,506	-	**145,106,506**	223,963,436	-	**223,963,436**
Interest-bearing borrowings	222,661,079	141,021,360	**363,682,440**	69,822,064	212,469,076	**282,291,141**
	3,042,472,916	**398,136,825**	**3,440,609,742**	**2,556,858,155**	**443,724,125**	**3,000,582,281**

[2] The Group reclassified Cash reserve requirement, classified as restricted deposits with Central banks and special reserve intervention funds, from Cash and cash equivalents to Other assets for financial reporting purposes.

6 Capital management

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:
i) To comply with the capital requirements set by the Central Bank;
ii) To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
iii) To maintain a strong capital base to support the development of its business.

The capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's risk weighted asset base. In accordance with Central Bank of Nigeria regulations, a minimum ratio of 16% (15% + additional 1%) is to be maintained for deposit money banks designated as significant financial institutions. Following the CBN guideline on regulatory capital computation, the Regulatory Risk Reserve has been excluded from the capital computation. Standardised approach has been adopted in computing the risk weighted assets for Credit, Operational, and Market Risk. The following table provides an overview of the development of the capital ratios and risk-weighted assets (RWA):

The regulatory capital requirements are strictly observed when managing capital. The Bank's regulatory capital is managed by its Bank Treasury and comprises two tiers:
- Tier 1 capital: This includes ordinary share capital, share premium, retained earnings and other reserves excluding regulatory reserves. Intangible assets, deferred tax assets and investment in subsidiaries were also deducted from Tier I capital for capital adequacy purposes; and
- Tier 2 capital: This includes fair value reserves, foreign currency translation reserves with adjustments for investments in subsidiaries.

IFRS 9 Regulatory Transition Arrangement

The Central Bank of Nigeria, in its circular on transitional arrangements on treatment of IFRS 9 expected credit loss for regulatory purposes by banks in Nigeria dated 18 October 2018, has recommended transitional arrangements to cushion the impact of IFRS 9 implementation on tier 1 regulatory capital. The Bank advised that the balance in regulatory risk reserve should be applied to retained earnings to reduce the additional ECL provisions on opening retained earnings. Where the additional ECL provision is higher than the regulatory risk reserve transfer, the excess shall be amortised in line with the transitional arrangements. The regulatory arrangement for amortization of the impact is as detailed in the table below:

Period	**Provisions to be written back**
Year 0 (January 1, 2018)	4/5 of Adjusted Day One Impact
Year 1 (December 31, 2018)	3/5 of Adjusted Day One Impact
Year 2 (December 31, 2019)	2/5 of Adjusted Day One Impact
Year 3 (December 31, 2020)	1/5 of Adjusted Day One Impact
Year 4 (December 31, 2021)	NIL

Therefore, the bank has computed Capital Adequacy Ratio based on the full impact of IFRS 9 and in line with regulatory provision described above

In thousands of Naira	**Group December 2018**	***Restated Group December 2017**	**Bank December 2018**	***Restated Bank December 2017**
Tier 1 capital with adjusted ECL impact				
Ordinary share capital	14,463,986	14,463,986	14,463,986	14,463,986
Share premium	197,974,816	197,974,816	197,974,816	197,974,816
Retained earnings	155,592,892	117,701,679	148,238,575	120,218,603
Add back IFRS impact(adjusted day one impact)	23,046,552	30,728,736	23,046,552	30,728,736
Other reserves	114,609,701	178,399,413	80,122,380	136,833,692
Non-controlling interests	7,870,360	6,907,515	-	-
	513,558,307	**546,176,144**	**463,846,307**	**500,219,832**
Add/(Less):				
Fair value reserve for available-for-sale	5,622,402	(36,111,322)	6,601,426	(35,267,471)
Foreign currency translation reserves	(15,586,697)	(26,813,500)	-	-
Other reserves	(1,725,386)	(2,031,978)	(1,725,385)	(2,031,978)
Total Tier 1	**501,868,626**	**481,219,344**	**468,722,348**	**462,920,383**
Add/(Less):				
50% Investments in subsidiaries	-	-	(55,601,748)	(43,897,316)
Deferred tax assets	(922,660)	(740,402)	-	-
Regulatory risk reserve	(19,942,296)	(43,420,287)	(9,483,000)	(35,058,266)
Intangible assets	(9,752,498)	(8,295,855)	(8,231,197)	(5,981,905)
Adjusted Tier 1	**471,251,172**	**428,762,800**	**395,406,403**	**377,982,897**

Tier 2 capital				
Debt securities issued	57,406,400	79,440,000	57,406,400	79,440,000
Fair value reserve for available-for-sale securities	(5,622,402)	36,111,322	(6,601,426)	35,267,471
Foreign currency translation reserves	15,586,697	26,813,500	-	-
Other reserves	1,725,386	2,031,978	1,725,385	2,031,978
50% Investments in subsidiaries	-	-	(55,601,748)	(43,897,316)
Total Tier 2	**69,096,081**	**144,396,800**	**(3,071,388)**	**72,842,135**
Adjusted Tier 2 capital (33% of Tier 1)	**69,096,081**	**142,906,641**	**(3,071,388)**	**72,842,135**
Total regulatory capital	**540,347,253**	**571,669,442**	**392,335,015**	**450,825,031**
Risk-weighted assets	**2,600,099,302**	**2,645,011,975**	**2,278,400,034**	**2,311,370,698**
Capital ratios				
Total regulatory capital expressed as a percentage of total risk-weighted assets	20.78%	21.61%	17.22%	19.50%
Total tier 1 capital expressed as a percentage of risk-weighted assets	18.12%	16.21%	17.35%	16.35%
IFRS 9 Regulatory Transition Arrangement computation				
IFRS 9 impact	(73,469,186)	(73,469,186)	(73,469,186)	(73,469,186)
Transfer from regulatory risk reserve	35,058,266	35,058,266	35,058,266	35,058,266
Net impact	(38,410,920)	(38,410,920)	(38,410,920)	-38,410,920
Provision basis	0.60	0.80	0.60	0.80
IFRS 9 Regulatory Transition Arrangement	**23,046,552**	**30,728,736**	**23,046,552**	**30,728,736**

Capital adequacy ratio without adjustment

This is the presentation of the capital adequacy ratio without IFRS 9 Regulatory Transition Arrangement computation☐

In thousands of Naira	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
Tier 1 capital without adjusted ECL impact				
Ordinary share capital	14,463,986	14,463,986	14,463,986	14,463,986
Share premium	197,974,816	197,974,816	197,974,816	197,974,816
Retained earnings	155,592,892	117,701,679	148,238,575	120,218,603
Other reserves	114,609,701	178,399,413	80,122,380	136,833,692
Non-controlling interests	7,870,360	6,907,515	-	-
	490,511,755	**515,447,409**	**440,799,756**	**469,491,097**
Add/(Less):				
Fair value reserve for available-for-sale	5,622,402	(36,111,322)	6,601,426	(35,267,471)
Foreign currency translation reserves	(15,586,697)	(26,813,500)	-	-
Other reserves	(1,725,386)	(2,031,978)	(1,725,385)	(2,031,978)
Total Tier 1	**478,822,074**	**450,490,609**	**445,675,796**	**432,191,648**
Add/(Less):				
50% Investments in subsidiaries	-	-	(55,601,748)	(43,897,316)
Deferred tax assets	(922,660)	(740,402)	-	-
Regulatory risk reserve	(19,942,296)	(43,420,287)	(9,483,000)	(35,058,266)
Intangible assets	(9,752,498)	(8,295,855)	(8,231,197)	(5,981,905)
Adjusted Tier 1	**448,204,620**	**398,034,066**	**372,359,854**	**347,254,162**
Tier 2 capital				
Debt securities issued	57,406,400	79,440,000	57,406,400	79,440,000
Fair value reserve for available-for-sale securities	(5,622,402)	36,111,322	(6,601,426)	35,267,471
Foreign currency translation reserves	15,586,697	26,813,500	-	-
Other reserves	1,725,386	2,031,978	1,725,385	2,031,978
50% Investments in subsidiaries	-	-	(55,601,748)	(43,897,316)
Total Tier 2	**69,096,081**	**144,396,800**	**(3,071,389)**	**72,842,133**
Adjusted Tier 2 capital (33% of Tier 1)	**69,096,081**	**132,664,754**	**(3,071,389)**	**72,842,133**
Total regulatory capital	**517,300,701**	**530,698,820**	**369,288,465**	**420,096,293**
Risk-weighted assets	**2,600,099,302**	**2,645,011,975**	**2,278,400,034**	**2,311,370,698**
Capital ratios				
Total regulatory capital expressed as a percentage of total risk-weighted assets	19.90%	20.06%	16.21%	18.18%
Total tier 1 capital expressed as a percentage of risk-weighted assets	17.24%	15.05%	16.34%	15.02%

7 Operating segments

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

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

- **Corporate and Investment Banking -** The division provides bespoke comprehensive banking products and a full range of services to multinationals, large domestic corporates and other institutional clients. The division focuses on customers in key industry sector with minimum annual turnover of N20Billion. It also provides innovative finance solutions to meet the short, medium and long-term financing needs for the Bank's clients as well as relationship banking services to the Bank's financial institutions customers.
- **Commercial banking** - The commercial banking division has presence in all major cities in the country. It provides commercial banking products and services to the non-institutional clients, medium and small corporate segments of the Nigerian market whose annual turnover is above N1bn. The division also provides financial services to public sector, commercial institutions and oriental corporates.
- **Personal banking** – The personal banking division is the retail arm of the bank which provides financial products and services to individuals (personal and inclusive segments) and private banking segment. The private banking segment focuses on offering bespoke services to High Net worth Individuals (HNI) and Ultra High Net worth Individuals (UHNI) by handling their wealth portfolio needs both locally and abroad.
- **Business Banking** - The Business banking division is a hybrid of Commercial and Personal Banking Divisions. It focuses on small and medium scale enterprises providing them with business solutions to support their growing business needs. The division delivers commercial banking products and services to SME customers with annual turnover of less than 1billion.

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

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

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

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

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

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

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

Material total assets and liabilities	**Group December 2018**	**Group December 2017**
In thousands of Naira		
Other Assets	704,326,780	82,753,431
Deferred tax (net)	922,660	740,402
Assets Held for Sale	12,241,824	9,479,967
Goodwill	681,007	681,007
	718,172,271	**93,654,807**
Other liabilities	246,438,951	253,914,174
Debt Securities issued	251,251,383	302,106,706
Interest-bearing loans and borrowings	388,416,734	311,617,187
Deferred tax	6,456,840	8,764,262
Retirement Benefit Obligation	2,336,183	2,495,274
Total liabilities	**894,900,091**	**878,897,603**

Material revenue and expenses

	Group December 2018	**Group December 2017**
Interest expense on debt securities issued		
Interest expense on eurobond	(32,378,560)	(26,928,587)
(Less interest expense on commercial papers)	8,965,763	12,421,401
	(23,412,797)	**(14,507,186)**

7a Operating segments (continued)

December 2018

In thousands of Naira	**Corporate & Investment Banking**	**Commercial Banking**	**Business Banking**	**Personal Banking**	**Unallocated Segments**	**Total continuing operations**	**Total**
Revenue:							
Derived from external customers	196,655,222	155,691,375	81,221,356	95,176,625	-	528,744,578	528,744,578
Derived from other business segments	-	-	-	-	-	-	-
Total Revenue	196,655,222	155,691,375	81,221,356	95,176,625	-	528,744,578	528,744,578
Interest Income	149,238,807	163,442,123	32,440,103	35,793,888	-	380,914,921	380,914,921
Interest expense	(98,396,524)	(83,499,734)	(12,911,356)	(12,529,146)	-	(207,336,762)	(207,336,762)
Impairment Losses	(3,486,559)	(8,054,177)	(1,422,502)	(1,693,486)	-	(14,656,724)	(14,656,724)
Profit/(Loss) on ordinary activities before taxation	86,306,491	27,873,432	5,419,308	7,001,269	(23,412,797)	103,187,703	103,187,703
Income tax expense	(6,465,792)	(1,309,960)	311,383	145,158		(7,319,211)	(7,319,211)
Profit after tax	62,019,506	18,107,398	4,298,457	5,714,192		95,868,492	95,868,492
Assets and liabilities:							
Loans and Advances to banks and customers	790,973,600	1,237,109,268	61,916,872	46,096,036	-	2,136,095,776	2,136,095,776
Goodwill	-	-	-	-	-	-	-
Tangible segment assets	1,570,206,470	2,566,144,002	92,632,615	57,314,739	-	4,286,297,826	4,286,297,826
Unallocated segment assets	-	-	-	-	718,172,271	718,172,271	718,172,271
Total assets	1,570,206,470	2,566,144,002	92,632,615	57,314,739	718,172,271	5,004,470,096	5,004,470,097
Deposits from customers	1,008,307,962	805,578,353	331,112,159	435,250,133	-	2,580,248,607	2,580,248,607
Segment liabilities	1,504,557,085	1,164,929,723	370,069,506	544,529,001	-	3,584,085,315	3,584,085,315
Unallocated segment liabilities	-	-	-	-	894,900,091	894,900,091	894,900,091
Total liabilities	1,504,557,085	1,164,929,723	370,069,506	544,529,001	894,900,091	4,478,985,406	4,478,985,406
Net assets	65,649,385	1,401,214,279	(277,436,891)	(487,214,262)	(176,727,820)	525,484,689	525,484,689

December 2017
Operating segments (continued)

In thousands of Naira	Corporate & Investment Banking	Commercial Banking	Business Banking	Personal Banking	Unallocated Segments	Total continuing operations	Total
Revenue:							
Derived from external customers	221,648,200	137,382,662	34,774,110	65,270,807	-	459,075,779	459,075,779
Derived from other business segments	-	-	-	-	-	-	-
Total Revenue	221,648,200	137,382,662	34,774,110	65,270,807	-	459,075,779	459,075,779
Interest Income	91,910,500	154,101,363	31,066,986	42,775,553	-	319,854,402	319,854,402
Interest expenses	(37,453,265)	(64,996,071)	(11,733,835)	(15,291,099)	(26,928,587)	(156,402,857)	(156,402,857)
Impairment Losses	(27,669,368)	(6,086,968)	578,891	(1,289,423)	-	(34,466,868)	(34,466,868)
Profit/(Loss) on ordinary activities before taxation	74,573,146	26,177,424	1,667,521	4,582,976	(26,928,587)	80,072,480	80,072,480
Income tax expense						(18,081,628)	(18,081,628)
Profit after tax						61,990,852	61,990,852
Assets and liabilities:							
Loans and Advances to banks and customers	817,361,325	1,118,643,435	73,969,035	54,127,908	-	2,064,101,703	2,064,101,703
Goodwill	-	-	-	-	681,007	681,007	681,007
Tangible segment assets	1,753,082,355	1,972,389,897	163,483,992	119,631,769	-	4,008,588,013	4,008,588,013
Unallocated segment assets	-	-	-	-	93,654,807	93,654,807	93,654,807
Total assets	1,753,082,355	1,972,389,897	163,483,992	119,631,769	93,654,807	4,102,242,820	4,102,242,820
Deposits from customers	397,529,002	976,398,417	311,944,929	559,006,727	-	2,244,879,075	2,244,879,075
Segment liabilities	493,234,417	1,170,538,200	373,969,733	670,155,458	-	2,707,897,808	2,707,897,808
Unallocated segment liabilities	-	-	-	-	878,897,603	878,897,603	878,897,603
Total liabilities	493,234,417	1,170,538,200	373,969,733	670,155,458	878,897,603	3,586,795,411	3,586,795,411
Net assets	1,259,847,938	801,851,697	(210,485,741)	(550,523,689)	(785,242,796)	515,447,410	515,447,410

7b Geographical segments

The Group operates in three geographic regions, being:

- Nigeria
- Rest of Africa
- Europe

December 2018 *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Intercompany elimination**	**Total**
Derived from external customers	435,743,037	62,417,720	32,777,851	(2,194,027)	528,744,579
Derived from other segments	-	-	-	-	-
Total revenue	435,743,037	62,417,720	32,777,851	(2,194,027)	528,744,579
Interest income	313,074,156	44,047,914	25,986,879	(2,194,027)	380,914,922
Impairment losses	(10,702,144)	(3,825,139)	(129,445)		(14,656,728)
Interest expense	(184,857,410)	(17,412,616)	(7,260,762)	2,194,027	(207,336,761)
Net fee and commission income	38,489,971	7,465,754	6,538,929		52,494,653
Operating income	250,885,627	45,005,104	25,517,089	-	321,407,819
Profit before income tax	75,248,146	12,797,673	15,141,884	-	103,187,703
Assets and liabilities:					
Loans and advances to customers and banks	1,782,754,978	97,592,515	403,312,846	(147,564,563)	2,136,095,778
Non current assets					
Goodwill	-	681,007	-		681,007
Total assets	3,968,114,609	409,930,108	882,599,681	(306,487,459)	4,954,156,939
Deposit from customers	2,058,738,930	284,401,954	221,767,500		2,564,908,383
Total liabilities	3,527,314,852	340,358,312	788,535,687	(199,904,699)	4,456,304,154
Net assets	440,799,757	69,571,796	94,063,994	(106,582,761)	497,852,786

December 2017	**Nigeria**	**Rest of Africa**	**Europe**		**Total**
Derived from external customers	398,161,575	38,759,457	22,154,747		459,075,778
Derived from other segments	-	-	-		-
Total revenue	398,161,575	38,759,457	22,154,747		459,075,779
Interest income	274,670,641	28,223,362	16,960,399		319,854,401
Impairment losses	(29,149,849)	(5,317,020)	-		(34,466,870)
Interest expense	(143,133,607)	(6,302,975)	(6,966,275)		(156,402,858)
Net fee and commission income	45,785,985	5,819,745	4,991,587		56,597,316
Operating income	255,027,968	32,456,482	15,188,472		302,672,921
Profit before income tax	67,043,501	3,993,736	9,035,244	-	80,072,480
Assets and liabilities:					
Loans and advances to customers and banks	1,872,711,740	95,388,270	96,001,693		2,064,101,702
Non current assets					
Goodwill	-	681,007	-		681,006
Total assets	3,499,683,979	(67,809,612)	670,368,454		4,102,242,819
Deposit from customers	1,910,773,713	130,741,584	203,363,778		2,244,879,074
Total liabilities	3,034,445,256	(39,075,909)	595,678,438		3,591,047,784
Net assets	465,238,723	(28,733,703)	74,690,016	-	511,195,037

No revenue from transaction with a single external customer or a group of connected economic entities or counterparty amounted to 10% or more of the Group's total revenue in year ended 31 December 2018 and for the year ended 31 December 2017. Information on revenue from external customers for each product and service had not been disclosed as the information is not readily available to the chief operating decision maker and the cost to develop is considered excessive.

8 Interest income

In thousands of Naira	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
Interest income				
Cash and balances with banks	15,029,042	3,478,085	3,504,556	2,385,767
Loans and advances to banks	2,233,049	2,322,596	-	112,345
Loans and advances to customers	259,837,000	230,824,330	225,556,145	202,309,037
Investment securities				
-Financial assets at FVOCI	59,208,544	-	49,509,633	-
-Financial assets at amortised cost	23,999,981	-	15,020,430	-
	360,307,616	236,625,011	293,590,764	204,807,149
-Financial assets at FVPL	20,607,306		19,483,392	
-Available for sale	-	31,226,746	-	29,005,464
-Held for trading	-	25,493,287	-	25,493,287
-Held to maturity	-	26,509,358	-	15,364,741
	380,914,922	**319,854,402**	**313,074,156**	**274,670,641**
Interest expense				
Deposit from financial institutions	39,104,528	16,715,851	36,619,294	14,788,823
Deposit from customers	125,109,214	91,365,483	105,973,086	81,326,332
Debt securities issued	32,378,560	35,947,693	32,378,560	35,947,693
Interest bearing borrowings and other borrowed funds	10,744,458	12,373,830	9,886,470	11,070,759
	207,336,761	**156,402,857**	**184,857,410**	**143,133,607**
Net interest income	**173,578,161**	**163,451,545**	**128,216,747**	**131,537,034**

Interest income for the year ended 31 December 2018 includes interest accrued on impaired financial assets of Group: N4.70Bn (31 December 2017: N5.26Bn) and Bank: N736Mn (31 December 2017: N1.80Bn).

Increase in interest expense is due to growth in deposit volume and increasing trade related transactions. The increase in interest income is attributable to increase in the volume of investment securities during the period.

9 Net impairment charge on financial assets

In thousands of Naira	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
Allowance for impairment on loans and advance to banks (note 22)	(23,521)	-	(23,521)	-
Allowance for impairment on loans and advance to customers (note 23) (a)	(14,160,142)	-	(10,372,480)	-
Allowance for impairment on financial assets in other assets (see note 26)	(72,368)	(549,920)	94,550	315,930
Allowance for impairment on off balance sheet items	(445,632)	-	(445,632)	-
Allowance/(write Back) of impairment on money market placement	(8,402)	-	(8,402)	-
Allowance/(write Back) of impairment on investment securities	53,341	-	53,341	-
Additional collective impairment charges on loans and advances to banks(note 22)	-	(18,120)	-	(18,120)
Additional collective impairment charges on loans and advances to customers (note 23)	-	(1,132,010)	-	(81,718)
Additional specific impairment charges on loans and advances to customers (see note 23) (a)	-	(32,766,818)	-	(29,365,940)
	(14,656,723)	(34,466,868)	(10,702,144)	(29,149,849)

10 (a) Fee and commission income

In thousands of Naira	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
Credit related fees and commissions	31,688,763	24,453,050	24,184,629	21,072,063
Account maintenance charge and handling commission	6,426,482	6,454,479	5,838,171	5,859,439
Commission on bills and letters of credit	2,248,154	3,499,032	2,005,225	3,499,032
Commissions on collections	264,553	155,278	211,348	155,278
Commission on other financial services	4,755,157	10,043,893	2,820,762	5,506,027
Commission on virtual products	5,782,255	2,155,190	3,013,108	2,155,190
Commission on foreign currency denominated transactions	2,403,634	3,977,588	1,638,929	1,611,177
Channels and other E-business income	8,382,158	5,790,931	7,866,462	5,782,886
Retail account charges	144,388	144,893	5,806	144,893
	62,095,546	**56,674,334**	**47,584,441**	**45,785,986**

Credit related fees and commissions are fees charged to corporate customers other than fees included in determining the effective interest rates relating to loans and advances carried at amortized cost. These fees are accounted for in accordance with the Group's revenue accounting policy.

Channels and other E-business income include income from electronic channels, card products and related services.

10 (b) Fee and commission expense

In thousands of Naira	Group December 2018	*Restated Group December 2017	Bank December 2018	*Restated Bank December 2017
Bank and electronic transfer charges	1,443,066	767,654	936,696	767,654
E-banking expense	8,157,827	6,486,801	8,157,775	6,409,784
	9,600,893	**7,254,455**	**9,094,470**	**7,177,439**

Fees and commissions expenses are fees charged for the provision of services to customers transacting on alternate channels platform of the Bank and on the various debit and credit cards issued for the purpose of these payments. They are charged to the Bank on services rendered on internet banking, mobile banking and online purchasing platforms. The corresponding income lines for these expenses include the income on cards (both foreign and local cards), online purchases and bill payments

* See Note 46 - Restatement of prior year financial information

11 Net gain/(loss) on investment securities

a Net gain/(loss) on financial instruments at fair value through profit or loss

In thousands of Naira	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
Fixed income securities	23,609,225	-	22,683,251	-
Derivative instruments	35,844,532	-	35,732,387	-
Fair value gain on equity investments	35,706,213	-	35,706,213	-
Net gain/(loss) on financial instruments designated as held for trading				
Fixed income securities	-	5,642,926	-	5,354,665
Derivative instruments	-	(39,272,532)	-	(38,413,712)
	95,159,970	**(33,629,606)**	**94,121,851**	**(33,059,046)**

b (i) Net gains on financial instruments held as fair value through other comprehensive income

In thousands of Naira	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
Fixed income securities	1,164,380	-	1,164,380	-
b (ii) Net gains on financial instruments held as available for sale				
Fixed income securities	-	226,381	-	226,381
	1,164,380	**226,381**	**1,164,380**	**226,381**
Total	**96,324,350**	**(33,403,225)**	**95,286,231**	**(32,832,665)**

Net gains/(loss) on financial instruments classified as fair value through profit or loss includes the gains and losses arising both on the purchase and sale of trading instruments and from changes in fair value.

Fair value gain on equity investments is from investments in which the Bank has interests. As required by IFRS 9, the Bank measures changes in fair value of equity investments through profit or loss.

Gain on derivative instruments are from transactions to which the Bank is a party in the normal course of business and are held at fair value. Derivative financial instruments consist of forward, swap and future contracts.

12 Net foreign exchange(loss)/income

In thousands of Naira

In thousands of Naira	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
Foreign exchange trading (loss)/income	15,727,261	120,262,351	6,258,807	116,147,446
Unrealised foreign exchange loss on revaluation	(39,496,188)	(12,330,254)	(37,472,664)	(12,526,107)
	(23,768,927)	**107,932,097**	**(31,213,857)**	**103,621,339**

Net Foreign exchange loss includes loss arising from the spot leg of derivatives with corresponding gains in note 11.

13 Other operating income

In thousands of Naira	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
Dividends on equity securities	2,747,925	2,357,175	2,747,925	2,357,175
Gain on disposal of property and equipment	81,797	10,090	57,210	902
Rental income	21,357	23,973	9,372	23,973
Bad debt recovered	2,191,390	606,397	1,205,722	575,787
Cash management charges	249,891	269,671	249,891	269,671
Income from agency and brokerage	385,385	105,231	385,383	105,231
Income from asset management	2,452,936	3,274,157	2,452,936	3,274,157
Income from other investments	815,425	1,221,834	-	159,736
Income from other financial services	4,232,582	149,643	3,903,626	149,643
	13,178,688	**8,018,171**	**11,012,065**	**6,916,275**

14 Personnel expenses

In thousands of Naira	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
Wages and salaries	54,209,260	51,643,332	38,147,096	39,220,187
Increase in liability for defined benefit obligation (see note 37 (a) (i))	621,593	753,058	621,593	753,058
Contributions to defined contribution plans	1,477,026	1,239,712	820,967	776,407
Restricted share performance plan (b)	836,160	1,170,693	836,160	1,023,860
	57,144,039	**54,806,795**	**40,425,816**	**41,773,512**

(a) Under the Restricted Share Performance Plan (RSPP), shares of the Bank are awarded to employees based on their performance at no cost to them. Under the terms of the plan, the shares vest over a 3 year year from the date of award. The scheme applies to only employees of the Bank that meet the stipulated performance criteria irrespective of where they work within the Group. Some members of the Group also have a similar scheme, which has a vesting year of 7 years. The RSPP is an equity-settled scheme, where the Bank recognizes an expense and a corresponding increase in equity. Initial estimates of the number of equity settled instruments that are expected to vest are adjusted to current estimates and ultimately to the actual number of equity settled instruments that vest unless differences are due to market conditions.

By the resolution of the Board and Shareholders, the Bank sets aside an amount not exceeding twenty (20) per cent of the aggregate emoluments of the Bank's employees in each financial year to purchase shares of the Bank from the floor of the Nigerian Stock Exchange for the purpose of the plan. The Bank has also established a Structured Entity (SE) to hold shares of the Bank purchased. Upon vesting, the SE transfers the shares to the employee whose interest has vested. The SE is consolidated in the Group's financial statements.

(i) The shares allocated to staff has a contractual vesting year of three to seven years commencing from the year of purchase/allocation to the staff. The Group has no legal or constructive obligation to repurchase or settle on a cash basis.

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

Group

Description of shares		December 2018 Number of Shares	December 2018 Weighted Share Price per Share - Naira	December 2017 Number of Shares	December 2017 Weighted Share Price per Share - Naira
(i)	Shares allocated to staff at start of the year;	646,955,092	5.80	503,879,845	5.90
(ii)	Shares allocated during the year	144,652,055	9.22	161,489,590	9.51
(iii)	Forfeited during the year;	(163,285,300)	6.35	(52,308,223)	4.97
(iv)	Exercised during the year;	(158,935,735)	5.94	(3,935,409)	6.22
(v)	Shares allocated to staff at end of the year;	469,386,113	8.01	609,125,803	6.94
	Shares under the scheme at the end of the year	522,296,572	7.93	646,955,092	5.80
		Naira ('000)	**Price per Share - Naira**	**Naira ('000)**	**Price per Share - Naira**
Share based expense recognised during the year		836,160	8.01	1,170,693	6.94

Outstanding allocated shares to staff at the end of the year have the following maturity dates

	Vesting year	Expiry date	Shares
Outstanding allocated shares for the 2016 - 2019 vesting period	2016 - 2019	1 Jan 2019	166,008,973
Outstanding allocated shares for the 2016 - 2019 vesting period	2016 - 2019	1 Jul 2019	28,304,435
Outstanding allocated shares for the 2017 - 2020 vesting period	2017 - 2020	1 Dec 2020	231,066,247
Outstanding allocated shares for the 2018 - 2021 vesting period	2018 - 2021	1 Jul 2021	44,006,457
			469,386,112

Bank

Description of shares		December 2018 Number of Shares	December 2018 Weighted Share Price per Share - Naira	December 2017 Number of Shares	December 2017 Weighted Share Price per Share - Naira
(i)	Shares allocated to staff at start of the year;	583,799,951	5.80	470,756,837	5.93
(ii)	Shares allocated during the year	137,405,535	10.04	132,468,162	10.00
(iii)	Forfeited during the year;	(163,285,300)	6.35	(52,308,223)	5.14
(iv)	Exercised during the year;	(158,935,735)	5.94	(3,935,409)	6.19
(v)	Shares allocated to staff at end of the year;	398,984,452	9.11	546,981,368	7.25
(vi)	Shares under the scheme at the end of the year	451,894,911	8.04	583,799,951	5.93
		Naira ('000)	**Price per Share - Naira**	**Naira ('000)**	**Price per Share - Naira**
Share based expense recognised during the year		836,160	9.11	1,023,860	7.25

Outstanding allocated shares to staff at the end of the year have the following maturity dates

	Vesting year	Expiry date	Shares
Outstanding allocated shares for the 2016 - 2019 vesting period	2016 - 2019	1 Jan 2019	166,008,973
Outstanding allocated shares for the 2016 - 2019 vesting period	2016 - 2019	1 Jul 2019	16,570,825
Outstanding allocated shares for the 2017 - 2020 vesting period	2017 - 2020	1 Dec 2020	207,599,027
Outstanding allocated shares for the 2018 - 2021 vesting period	2018- 2021	1 Jul 2021	8,805,626
			398,984,451

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

	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
	years	years	years	years
Weighted average contractual life of remaining shares	2.33	1.70	1.08	1.32

ii. The average number of persons other than directors, in employment at the Group level during the year comprise:

	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
	Number	Number	Number	Number
Managerial	275	337	224	237
Other staff	3,998	3,805	3,175	2,945
	4,273	4,142	3,399	3,182

iii. Employees, other than directors, earning more than N900,000 per annum, whose duties were wholly or mainly discharged in Nigeria, received remuneration (excluding pension contributions and certain benefits) in the following ranges:

	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
	Number	Number	Number	Number
Below N900,000	-	-	-	-
N900,001 - N1,990,000	10	11	10	11
N1,990,001 - N2,990,000	-	-	-	-
N2,990,001 - N3,910,000	-	-	-	-
N3,910,001 - N4,740,000	1,636	1,423	1,411	1,201
N4,740,001 - N5,740,000	-	-	-	-
N5,740,001 - N6,760,000	792	818	587	625
N6,760,001 - N7,489,000	-	-	-	-
N7,489,001 - N8,760,000	628	619	452	428
N8,760,001 - N9,190,000	466	464	340	341
N9,190,001 - N11,360,000	-	-	-	-
N11,360,001 - N14,950,000	466	471	375	339
N14,950,001 - N17,950,000	-	-	-	-
N17,950,001 - N21,940,000	199	224	164	170
N21,940,001 - N26,250,000	41	57	30	37
N26,250,001 - N30,260,000	-	-	-	-
N30,261,001 - N45,329,000	35	55	30	30
	4,273	4,142	3,399	3,182

15 Other operating expenses

In thousands of Naira	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
Premises and equipment costs	9,532,943	9,950,906	7,174,790	8,033,103
Professional fees	4,236,696	5,679,646	2,639,753	5,513,453
Insurance	1,245,924	1,332,628	953,585	1,068,010
Business travel expenses	6,879,188	6,766,599	5,955,652	6,303,654
Asset Management Corporation of Nigeria (AMCON) surcharge (see note (a) below)	20,035,484	17,378,165	20,035,484	17,378,165
Bank charges	1,454,543	876,330	1,158,287	726,079
Deposit insurance premium	7,848,190	5,952,588	7,848,190	5,952,588
Auditor's remuneration	612,978	529,006	420,000	380,000
Administrative expenses	20,289,826	18,086,651	17,859,791	17,113,547
Board expenses	1,175,100	671,633	870,680	521,268
Communication expenses	3,130,746	4,263,329	1,832,276	3,031,550
IT and e-business expenses	11,398,827	9,668,152	8,920,506	7,149,356
Outsourcing costs	8,685,836	8,276,028	7,519,388	7,303,920
Advertisements and marketing expenses	4,861,978	6,038,146	3,964,028	4,812,368
Recruitment and training	2,502,933	2,424,516	2,098,668	2,207,928
Events, charities and sponsorship	4,679,921	5,462,666	4,504,584	4,106,144
Periodicals and subscriptions	702,583	441,094	449,183	283,016
Security expenses	2,817,740	3,518,297	2,272,817	3,201,277
Cash processing and management cost	2,295,077	2,148,653	2,069,935	1,846,990
Stationeries, postage and printing	1,201,748	1,532,751	870,475	1,330,451
Office provisions and entertainment	561,230	694,447	302,486	303,389
Net litigations claims	-	152,923	-	152,924
	116,149,491	111,845,153	99,720,558	98,719,181

(a) This represents the Group's contribution to AMCON's sinking fund for the year ended 31 December 2018. All deposit money banks in Nigeria are required to contribute 0.5% of total assets including contingent assets as at the preceding year end to AMCON's sinking fund in line with existing guidelines. It is non-refundable and does not represent any ownership interest nor does it confer any rights or obligations (save to pay the levy) on the contributor.

16 Income tax

In thousands of Naira	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
Current tax expense				
Corporate income tax	10,982,608	9,124,521	4,369,339	5,640,954
Minimum tax	-	-	-	-
IT tax	752,431	670,435	752,431	670,435
Education tax	371	1,081,841	-	1,081,841
Capital gains tax	17,772	11,145	17,772	11,145
Prior year's under provision	-	1,841,940	-	1,841,940
	11,753,182	12,729,882	5,139,542	9,246,315
Deferred tax expense				
Origination of temporary differences	(3,546,565)	5,351,746	(3,487,691)	4,558,361
Income tax expense	8,206,617	18,081,628	1,651,851	13,804,676
Items included in OCI	145,140	188,399	145,140	188,399
Total income tax expense	**8,351,758**	**18,270,027**	**1,796,991**	**13,993,075**

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

	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
Balance at the beginning of the year	7,489,584	5,938,662	4,547,920	5,004,160
Tax paid	(14,961,654)	(9,458,675)	(6,747,660)	(7,860,615)
Income tax charge	11,753,182	10,887,942	5,139,541	7,404,375
Prior year's under provision	5,176	1,841,940	-	1,841,940
Withholding tax utilization		(1,841,940)	-	(1,841,940)
Translation adjustments	(228,426)	121,657	-	-
Balance at the end of the year	**4,057,862**	**7,489,586**	**2,939,801**	**4,547,920**

Income tax liability is to be settled within one year

Income tax for the Bank has been assessed under the minimum tax regulation.

In thousands of Naira	Group December 2018	Group December 2018	Group December 2017	Group December 2017
Profit before income tax		103,187,703		80,072,480
Income tax using the domestic tax rate	30%	30,956,311	30%	24,021,744
Effect of tax rates in foreign jurisdictions	-2%	(2,070,999)	-1%	(444,737)
Information technology tax	1%	752,431	1%	670,435
Capital allowance utilised for the year	0%	423	0%	-
Non-deductible expenses	40%	41,620,328	33%	26,198,636
Tax exempt income	-58%	(59,547,482)	-47%	(37,323,381)
Tax losses unutilised	0%	-	0%	-
Education tax levy	0%	-	1%	1,081,841
Capital gain tax	0%	17,166	0%	11,145
Capital allowance	-8%	(7,856,009)	0%	-
Under provided in prior years	0%	-	2%	1,841,940
Minimum tax effect	4%	4,339,196	3%	2,024,004
Effective tax rate	**8%**	**8,211,363**	**23%**	**18,081,627**

In thousands of Naira	Bank December 2018	Bank December 2018	Bank December 2017	Bank December 2017
Profit before income tax		75,248,146		67,043,501
Income tax using the domestic tax rate	30%	22,574,444	30%	20,113,050
Information technology tax	1%	752,431	1%	670,435
Non-deductible expenses	55%	41,043,328	37%	25,140,338
Tax exempt income	-79%	(59,214,565)	-55%	(37,078,075)
Education tax levy	0%	-	2%	1,081,841
Capital gain tax	0%	17,772	0%	11,145
Capital allowance	-10%	(7,856,009)	3%	1,841,940
Minimum tax effect	0	4,339,196	3%	2,024,004
Effective tax rate	**2%**	**1,656,597**	**21%**	**13,804,678**
Classified as:				
Current	4,057,862	7,489,586	2,939,801	4,547,920
Non current	-	-	-	-

17 Earnings per share

(a) Basic from continuing operations

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the company and held as treasury shares.

In thousands of Naira	Group December 2018	*Restated Group December 2017	Bank December 2018	*Restated Bank December 2017
Profit for the year from continuing operations	94,018,241	60,074,401	73,596,295	51,335,460
Weighted average number of ordinary shares in issue	28,927,972	28,927,972	28,927,972	28,927,972
Weighted average number of treasury Shares	(522,297)	(509,006)	-	-
	28,405,675	28,418,966	28,927,972	28,927,972
In kobo per share				
Basic earnings per share from continuing operations	331	211	254	177

Potential Diluted EPS

Diluted earnings per share is calculated by considering the impact of the treasury shares in weighted average number of ordinary shares outstanding

In thousands of Naira	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
Profit for the year from continuing operations	94,018,241	61,977,762	73,596,295	53,238,822
Weighted average number of ordinary shares in issue	28,927,972	28,927,972	28,927,972	28,927,972
In kobo per share				
Diluted earnings per share from continuing operations	325	214	254	184

18 Cash and balances with banks

In thousands of Naira	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
Cash on hand and balances with banks (see note (i))	414,228,673	217,912,766	208,113,599	177,809,307
Unrestricted balances with central banks	29,366,693	28,837,649	6,759,948	7,976,547
Money market placements	220,309,727	261,805,783	46,392,634	28,157,562
Other deposits with central banks (see note (iii))	77,024,474	38,578,127	77,024,474	38,578,127
	740,929,567	**547,134,325**	**338,290,655**	**252,521,543**
ECL on Placements	(3,205)	-	(742)	-
	740,926,362	**547,134,325**	**338,289,912**	**252,521,543**

(i) Included in cash on hand and balances with banks is an amount of N23.30Bn (31 Dec 2017: N33.045Bn) representing the Naira value of foreign currencies held on behalf of customers to cover letter of credit transactions. The corresponding liability is included in customer's deposit for foreign trade reported under other liabilities (see Note 34). This has been excluded for cash flow purposes.

Movement in ECL on Placements

	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
Opening balance under IAS 39	-		-	
Impact of IFRS 9 application	4,118		1,653	
Restated opening balance (see note 3.9c)	4,118	-	1,653	-
Charge for the year	8,402	-	8,402	-
Write back	(9,314)		(9,313)	
Closing balance	**3,205**	**-**	**742**	**-**

19 Investment under management

In thousands of Naira	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
Relating to unclaimed dividends:				
Government bonds	727,220	357,441	727,220	357,441
Placements	7,378,561	6,283,077	7,378,561	6,283,077
Commercial paper	3,200,134	6,992,904	3,200,134	6,992,904
Nigerian treasury bills	7,468,814	1,972,963	7,468,814	1,972,963
Mutual funds	2,662,480	2,664,746	2,662,480	2,664,746
Others				
Eurobonds	2,402,185	1,986,000	2,402,185	1,986,000
	23,839,395	**20,257,131**	**23,839,394**	**20,257,131**

The Bank entrusted the sum transferred to it by the Registrars in respect of unclaimed dividends with select Asset Managers who will ensure safekeeping and manage the funds for the benefit of the Bank. The investments by the Asset Managers are as listed above (the corresponding liability which is due to the Registrar is reported as "unclaimed dividend" in Other liabilities.

20 Non pledged trading assets

In thousands of Naira	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
Government bonds	292,684	9,031,525	291,070	9,031,525
Eurobonds	-	19,369	-	19,369
Treasury bills	38,465,116	37,743,819	36,230,640	33,906,748
Equity securities	59,347	59,348	59,348	59,348
	38,817,147	**46,854,061**	**36,581,058**	**43,016,990**

21 Derivative financial instruments

In thousands of Naira	Notional amount	Fair Value Assets/ (Liabilities)	Notional amount	Fair Value Assets/ (Liabilities)
	December 2018		December 2017	
Group				
Foreign exchange derivatives				
Total derivative assets	**806,828,923**	**128,440,342**	**426,342,495**	**93,419,293**
Non-deliverable Future contracts	65,051,416	367,238	280,403,522	8,311,492
Forward and Swap contracts	741,777,509	128,073,104	145,938,973	85,107,801
Total derivative liabilities	**128,420,522**	**(5,206,001)**	**237,298,924**	**(5,332,177)**
Non-deliverable Future contracts	-	(259,483)	145,200,611	(1,314,399)
Forward and Swap contracts	128,420,522	(4,946,520)	92,098,313	(4,017,778)

	Notional amount	Fair Value Assets/ (Liabilities)	Notional amount	Fair Value Assets/ (Liabilities)
	December 2018		December 2017	
Bank				
Foreign exchange derivatives				
Total derivative assets	**741,777,511**	**128,133,789**	**390,798,265**	**92,390,219**
Non-deliverable Future contracts	-	367,238	145,938,973	8,311,492
Forward and Swap contracts	741,777,511	127,766,551	244,859,292	84,078,727
Total derivative liabilities	**122,769,600**	**(5,185,870)**	**233,911,428**	**(5,306,450)**
Non-deliverable Future contracts	-	(259,483)	145,200,611	(1,314,399)
Forward and Swap contracts	122,769,600	(4,926,387)	88,710,817	(3,992,051)

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

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

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

22 Loans and advances to banks

In thousands of Naira	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
Loans and advances to banks	142,569,748	68,155,582	101,073,321	101,470,507
Less allowance for impairment losses	(80,205)	(41,506)	(80,205)	(41,506)
	142,489,543	**68,114,076**	**100,993,116**	**101,429,001**

Group

Impairment allowance for loans and advances to banks
In thousands of Naira

	December 2018			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade:				
Investment	5,054	-	-	5,054
Standard grade	30,124	-	-	30,124
Non Investment	-	-	45,027	45,027
Total	**35,177**	**-**	**45,027**	**80,205**

	December 2018			
	Stage 1	Stage 2	Stage 3	Total ECL
Restated ECL allowance as at 1 January 2 (see note 3.9c)	41,481	25	55,643	97,148
Modification of contractual cash flows of financial assets	-	-	-	-
-Charge for the period:				
Changes in PDs/LGDs/EADs	(6,296)	-	1,713	(4,583)
New financial assets originated or purchased	12	-	-	12
Transfers to Stage 1	-	(25)	28,135	28,111
Transfers to Stage 2	(19)	-	-	(19)
Transfers to Stage 3	-	-	-	-
Total net P&L charge during the period	(6,303)	(25)	29,849	23,521
Amounts written off	-	-	(40,465)	(40,465)
At 31 December 2018	**35,178**	**-**	**45,026**	**80,205**

Bank

Impairment allowance for loans and advances to banks
In thousands of Naira

	December 2018			
	Stage 1	Stage 2	Stage 3	Total ECL
Internal rating grade:				
Investment	5,054	-	-	5,054
Standard grade	30,124	-	-	30,124
Non Investment	-	-	45,027	45,027
Total	**35,178**	**-**	**45,027**	**80,205**

	December 2018			
	Stage 1	**Stage 2**	**Stage 3**	**Total ECL**
Restated ECL allowance as at 1 January 2 (see note 3.9c)	41,481	25	10,803	52,309
-Charge for the period:				
Changes in PDs/LGDs/EADs	(6,296)	-	1,714	(4,580)
- Charge for the year	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-
New financial assets originated or purchased	12	-	-	12
Transfers to Stage 1	-	(25)	28,135	28,111
Transfers to Stage 2	(19)	-	-	(19)
Transfers to Stage 3	-	-	-	-
Total net P&L charge during the period	(6,303)	(25)	29,850	23,522
Changes to contractual cash flows due to modifications not resulting in			4,375	4,375
Amounts written off	-	-	-	-
At 31 December 2018	**35,178**	**-**	**45,027**	**80,205**

Collective allowances for impairment on loans and advances to banks

In thousands of Naira	**Group December 2017**	**Bank December 2017**
Balance beginning of year	23,386	23,386
- Charge for the year	18,120	18,120
Balance end of year	41,506	41,506

23 Loans and advances to customers

a Group

In thousands of Naira	**December 2018**
Loans to individuals	
Retail Exposures	
Auto Loan	11,848,394
Credit Card	5,568,720
Finance Lease (note 23c)	95,408
Mortgage Loan	69,839,910
Overdraft	3,736,911
Personal Loan	37,186,909
Term Loan	849,267
Time Loan	2,226,840
	131,352,359
Less Alowance for ECL/Impairment losses	(5,674,532)
	125,677,827
Loans to corporate entities and other organizations	
Non-Retail Exposures	
Auto Loan (note 23c)	4,069,458
Credit Card	434,712
Finance Lease (note 23c)	1,206,037
Mortgage Loan	46,998,760
Overdraft	142,916,676
Term Loan	1,419,262,917
Time Loan	335,530,108
	1,950,418,668
Less Alowance for ECL/Impairment losses	(82,490,262)
	1,867,928,406
Loans and advances to customers (Individual and corporate entities and other organizations)	2,081,771,027
Less Allowance for ECL/Impairment losses	(88,164,794)
	1,993,606,233

Group

December 2017 *In thousands of Naira*	**Gross amount**	**Specific impairment allowance**	**Collective impairment allowance**	**Total impairment allowance**	**Carrying amount**
Loans to individuals					
Retail Exposures					
Auto Loan (note 23c)	1,878,145	-	(28,513)	(28,513)	1,849,632
Credit Card	3,019,121	(4,573)	(49,438)	(54,011)	2,965,110
Finance Lease (note 23c)	1,226,099	(5,475)	(2,528)	(8,003)	1,218,096
Mortgage Loan	33,118,619	-	(78,340)	(78,340)	33,040,279
Overdraft	2,494,735	(138,278)	(181,960)	(320,238)	2,174,497
Personal Loan	17,615,988	(224,442)	(253,600)	(478,042)	17,137,946
Term Loan	7,175,548	(40,237)	(68,982)	(109,219)	7,066,329
Time Loan	902,195	-	(17,426)	(17,426)	884,769

Loans to corporate entities and other organizations

Non-Retail Exposures					
Auto Loan (note 23c)	1,620,583	-	(20,156)	(20,156)	1,600,427
Credit Card	453,502	(1,036)	(6,654)	(7,690)	445,812
Finance Lease (note 23c)	3,620,889	(142,940)	(53,943)	(196,883)	3,424,006
Mortgage Loan	10,584,856	-	(2,199)	(2,199)	10,582,657
Overdraft	199,670,621	(11,268,914)	(5,686,787)	(16,955,701)	182,714,920
Term Loan	1,269,478,525	(23,972,545)	(13,331,658)	(37,304,203)	1,232,174,322
Time Loan	506,996,017	(5,987,075)	(2,300,117)	(8,287,192)	498,708,825
	2,059,855,443	**(41,785,515)**	**(22,082,301)**	**(63,867,816)**	**1,995,987,627**

ECL allowance on loans and advances to customers

Loans to Individuals

In thousands of Naira	December 2018			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Internal rating grade				
Standard grade	526,454	381,447	571,051	1,478,951
Non-Investment	16,052	108,893	4,070,636	4,195,581
Total	**542,505**	**490,339**	**4,641,687**	**5,674,532**

	Stage 1	**Stage 2**	**Stage 3**	**Total ECL**
ECL allowance as at 1 January 2018	244,214	209,499	2,095,061	2,548,774
- Charge for the year				-
New assets originated or purchased	460,971	349,298	-	810,269
Changes in PDs/LGDs/EADs	107,246	(175,494)	3,900,042	3,831,795
Transfers to Stage 1	-	130,329	139,494	269,823
Transfers to Stage 2	(39,483)	-	79,150	39,667
Transfers to Stage 3	(230,443)	(23,293)	-	(253,736)
Total net P&L charge during the period	298,291	280,840	4,118,686	4,697,818
Amounts written off	-		(1,572,060)	(1,572,060)
Foreign exchange adjustments			-	-
At 31 December 2018	**542,505**	**490,338**	**4,641,687**	**5,674,532**

Loans to corporate entities and other organizations

In thousands of Naira	December 2018			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Internal rating grade				
Investment	1,834,633	32,660	-	1,867,294
Standard grade	24,323,693	28,849,910	82,357	53,255,960
Non-Investment	-	11,420,758	15,946,251	27,367,009
Total	**26,158,327**	**40,303,328**	**16,028,608**	**82,490,262**

	Stage 1	**Stage 2**	**Stage 3**	**Total ECL**
ECL allowance as at 1 January 2018	26,379,157	41,408,971	72,545,073	140,333,201
- Charge for the year				
New assets originated or purchased	5,659,467	4,888,777	-	10,548,244
Changes in PDs/LGDs/EADs	(3,658,351)	1,096,533	6,604,650	4,042,832
Modification of contractual cash flows of financial assets	(1,417,143)	(11,130,712)	(2,428,154)	(14,976,009)
Transfers to Stage 1	-	7,817,971	1,983,758	9,801,729
Transfers to Stage 2	(693,667)	-	1,588,354	894,687
Transfers to Stage 3	(111,137)	(738,021)	-	(849,158)
Total net P&L charge during the period	(220,831)	1,934,549	7,748,608	9,462,325
Amounts written off	-	(3,040,191)	(64,265,073)	(67,305,264)
Foreign exchange adjustments	-	-	-	-
At 31 December 2018	**26,158,326**	**40,303,328**	**16,028,609**	**82,490,262**

Impairment on loans and advances to customers

In thousands of Naira	**Specific allowances December 2017**	**Collective allowances December 2017**
Balance beginning of year	14,755,727	20,950,565
Impairment loss for the year:		
- Charge for the year	32,766,818	1,132,010
Write-offs	(5,737,030)	(274)
Balance end of year	**41,785,515**	**22,082,301**

21 Derivative financial instruments

In thousands of Naira	Notional amount	Fair Value Assets/ (Liabilities)	Notional amount	Fair Value Assets/ (Liabilities)
	December 2018		December 2017	
Group				
Foreign exchange derivatives				
Total derivative assets	**806,828,923**	**128,440,342**	**426,342,495**	**93,419,293**
Non-deliverable Future contracts	-	367,238	280,403,522	8,311,492
Forward and Swap contracts	806,828,924	128,073,104	145,938,973	85,107,801
Total derivative liabilities	**128,420,522**	**(5,206,001)**	**237,298,924**	**(5,332,177)**
Non-deliverable Future contracts	-	(259,483)	145,200,611	(1,314,399)
Forward and Swap contracts	128,420,522	(4,946,520)	92,098,313	(4,017,778)

	Notional amount	Fair Value Assets/ (Liabilities)	Notional amount	Fair Value Assets/ (Liabilities)
	December 2018		December 2017	
Bank				
Foreign exchange derivatives				
Total derivative assets	**741,777,511**	**128,133,789**	**390,798,265**	**92,390,219**
Non-deliverable Future contracts	-	367,238	145,938,973	8,311,492
Forward and Swap contracts	741,777,511	127,766,551	244,859,292	84,078,727
Total derivative liabilities	**122,769,600**	**(5,185,870)**	**233,911,428**	**(5,306,450)**
Non-deliverable Future contracts	-	(259,483)	145,200,611	(1,314,399)
Forward and Swap contracts	122,769,600	(4,926,387)	88,710,817	(3,992,051)

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

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

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

22 Loans and advances to banks

In thousands of Naira	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
Loans and advances to banks	142,569,748	68,155,582	101,073,321	101,470,507
Less allowance for impairment losses	(80,205)	(41,506)	(80,205)	(41,506)
	142,489,543	**68,114,076**	**100,993,116**	**101,429,001**

Group

Impairment allowance for loans and advances to banks
In thousands of Naira

	December 2018			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Internal rating grade:				
Investment	5,054	-	-	5,054
Standard grade	30,124	-	-	30,124
Non Investment	-	-	45,027	45,027
Total	**35,177**	**-**	**45,027**	**80,205**

	December 2018			
	Stage 1	**Stage 2**	**Stage 3**	**Total ECL**
Restated ECL allowance as at 1 January 2 (see note 3.9c)	41,481	25	55,643	97,148
Modification of contractual cash flows of financial assets	-	-	-	-
-Charge for the period:				
Changes in PDs/LGDs/EADs	(6,296)	-	1,713	(4,583)
New financial assets originated or purchased	12	-	-	12
Transfers to Stage 1	-	(25)	28,135	28,111
Transfers to Stage 2	(19)	-	-	(19)
Transfers to Stage 3	-	-	-	-
Total net P&L charge during the period	(6,303)	(25)	29,849	23,521
Amounts written off	-	-	(40,465)	(40,465)
At 31 December 2018	**35,178**	**-**	**45,026**	**80,205**

Bank

Impairment allowance for loans and advances to banks
In thousands of Naira

	December 2018			
	Stage 1	**Stage 2**	**Stage 3**	**Total ECL**
Internal rating grade:				
Investment	5,054	-	-	5,054
Standard grade	30,124	-	-	30,124
Non Investment	-	-	45,027	45,027
Total	**35,178**	**-**	**45,027**	**80,205**

Loans to corporate entities and other organizations
In thousands of Naira

	December 2018			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Internal rating grade				
Investment	1,306,523	32,660	-	1,339,184
Standard grade	22,211,258	28,849,910	82,357	51,143,525
Non-Investment	-	8,807,436	10,719,606	19,527,042
Total	**23,517,781**	**37,690,006**	**10,801,963**	**72,009,750**

	Stage 1	**Stage 2**	**Stage 3**	**Total ECL**
ECL allowance as at 1 January 2018	20,147,733	38,217,265	68,882,212	127,247,210
- Charge for the year				
Changes in PDs/LGDs/EADs	(1,297,687)	1,096,533	1,869,336	1,668,182
Modification of contractual cash flows of financial assets	(658,179)	(10,747,617)	(2,428,154)	(13,833,950)
New financial assets originated or purchased	5,659,466	4,743,154	-	10,402,620
Transfers to Stage 1	-	6,237,259	817,464	7,054,723
Transfers to Stage 2	(234,871)	-	1,439,379	1,204,508
Transfers to Stage 3	(98,681)	(72,542)	-	(171,222)
Total net P&L charge during the period	3,370,048	1,256,788	1,698,026	6,324,862
Amounts written off	-	(1,784,046)	(59,778,274)	(61,562,320)
At 31 December 2018	**23,517,781**	**37,690,006**	**10,801,963**	**72,009,751**

Impairment on loans and advances to customers

In thousands of Naira	**Specific allowances December 2017**	**Collective allowances December 2017**
Balance beginning of year	10,084,316	20,191,198
Impairment loss for the year:		
- Charge for the year	29,365,940	81,718
Write-offs	(3,433,497)	(273)
Balance end of year	**36,016,759**	**20,272,643**

23(c) Advances under finance leases

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

In thousands of Naira	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
Gross investment in finance lease, receivable	21,218,184	10,199,511	9,729,975	8,389,355
Unearned finance income on finance leases	(3,309,446)	(1,853,795)	(1,557,007)	(1,412,345)
Net investment in finance leases	17,908,738	8,345,716	8,172,968	6,977,010
Gross investment in finance leases, receivable:				
Less than one year	10,101,778	965,517	4,357,673	929,601
Between one and five years	11,116,407	9,013,294	5,372,302	7,319,275
Later than five years	-	136,735	-	140,479
	21,218,185	10,115,546	9,729,975	8,389,355
Unearned finance income on finance leases	(3,309,446)	(1,769,831)	(1,557,007)	(1,412,345)
Present value of minimum lease payments	17,908,739	8,345,714	8,172,968	6,977,010
Present value of minimum lease payments may be analysed				
- Less than one year	8,210,325	784,328	3,342,439	874,224
- Between one and five years	9,698,414	7,468,946	4,830,528	5,992,296
- Later than five years	-	92,443	-	110,489

24 Pledged assets

In thousands of Naira	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
-Financial instruments at FVOCI				
Treasury bills	170,118,776	-	170,118,776	-
Government bonds	10,000,146	-	10,000,146	-
	180,118,922	-	180,118,922	-
-Financial instruments at amortised cost				
Treasury bills	192,208,928	-	192,208,928	-
Government bonds	162,033,050	-	162,033,050	-
	354,241,978	-	354,241,978	-
-Financial instruments at FVPL				
Treasury bills	18,361,112	-	18,361,112	-
Government bonds	1,330,944	-	1,330,944	-
	19,692,056	-	19,692,056	-
Treasury bills	-	258,672,815	-	252,061,738
Government bonds	-	188,441,589	-	188,441,589
	-	447,114,404	-	440,503,327
	554,052,956	**447,114,404**	**554,052,956**	**440,503,327**
The related liability for assets pledged as collateral include:				
Bank of Industry (BOI)	43,343,284	18,309,954	43,343,284	18,309,954

(i) The assets pledged as collateral include assets pledged to third parties under secured borrowing with the related liability disclosed above. Pledged assets includes pledges to counterparties for total return swap of N 167.37 bn (31 December 2017: N200.29bn). The pledges have been made in the normal course of business of the Bank. In the event of default, the pledgee has the right to realise the pledged assets.

25 Investment securities

At fair value through other comprehensive income *In thousands of Naira*	**Group December 2018**	**Group December 2017**	**Bank December 2018**	**Bank December 2017**
Debt securities				
Government bonds	37,314,997	-	7,614,303	-
Treasury bills	195,218,225	-	48,881,703	-
Eurobonds	6,791	-	6,791	-
Corporate bonds	6,855,934	-	6,855,934	-
State government bonds	613,284	-	613,284	-
	240,009,231	**-**	**63,972,015**	**-**

Available For Sale *In thousands of Naira*	**Group December 2018**	**Group December 2017**	**Bank December 2018**	**Bank December 2017**
Debt securities				
Government bonds	-	34,112,643	-	9,319,691
Treasury bills	-	29,977,451	-	9,598,737
Eurobonds	-	1,572,222	-	352,100
Corporate bonds	-	3,744,387	-	3,744,387
State government bonds	-	14,650,116	-	14,650,116
	-	**84,056,819**	**-**	**37,665,031**
At fair value through profit or loss *In thousands of Naira*				
Equity securities				
Equity securities at fair value through profit or loss (see note (i) below)	109,419,574	-	108,870,593	-
	109,419,574	-	108,870,593	-
Equity securities				
Equity securities with readily determinable fair values (i) (see note below)	-	69,581,098	-	69,181,956
Unquoted equity securities at cost	-	3,145,697	-	3,145,697
	-	72,726,795	-	72,327,653
Specific allowance for impairment on available for sale investments	-	(3,409,804)	-	(3,409,804)
	-	**153,373,811**	**-**	**106,582,879**
At Amortised cost *In thousands of Naira*				
Debt securities				
Treasury bills	102,564,048	-	60,166,222	-
Federal government bonds	39,106,004	-	16,423,669	-
State government bonds	6,917,600	-	6,917,600	-
Corporate bonds	462,530	-	462,528	-
Eurobonds	2,610,861	-	1,785,027	-
Gross amount	151,661,043	-	85,755,046	-
ECL on financial assets at amortized cost	(17,368)		(17,368)	
Carrying amount	151,643,675	-	85,737,678	-
Held to maturity investment securities *In thousands of Naira*				
Debt securities				
Treasury bills	-	88,203,365	-	5,837,568
Federal government bonds	-	30,127,895	-	2,654,168
State government bonds	-	3,786,715	-	3,786,715
Corporate bonds	-	610,777	-	610,777
Eurobonds	-	2,065,195	-	2,065,195
	-	124,793,947	-	14,954,423
Total	**501,072,480**	**278,167,758**	**258,580,286**	**121,537,302**

ECL allowance on investments at fair value through other comprehensive income

In thousands of Naira	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
Opening balance under IAS 39 as at 1 January 2018	3,359,927		3,359,927	
Changes under IFRS 9 application	49,877		49,877	
Restated Balance, beginning of year (see note 3.9c)	3,409,804	-	3,409,804	-
Allowance written off	(3,409,804)	-	(3,409,804)	-
Balance, end of year	-	-	-	-

Specific allowance for impairment on available for sale investment securities

In thousands of Naira	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
Balance, beginning of year	-	3,389,059	-	3,389,059
Revaluation difference	-	20,745	-	20,745
Balance, end of year	-	**3,409,804**	-	**3,409,804**

ECL on financial assets at fair value through OCI are in OCI

ECL allowance on investments at amortized cost

In thousands of Naira	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
Opening balance under IAS 39 as at 1 January 2018	-		-	
Changes under IFRS 9 application	36,401		36,401	
Restated Balance, beginning of year (see note 3.9c)	36,401	-	36,401	-
Additional allowance	6,582	-	6,582	-
Allowance written back	(25,614)	-	(25,614)	-
Balance, end of year	**17,369**	-	**17,369**	-

(i) Equity securities at FVPL (carrying amount)

MTN Nigeria	10,226,096	8,760,176	10,226,096	8,760,176
Central securities clearing system limited	2,727,258	1,343,868	2,727,258	1,343,868
Nigeria interbank settlement system plc.	4,953,845	3,396,757	4,953,845	3,396,757
Unified payment services limited	4,812,950	3,130,451	4,812,950	3,130,451
Africa finance corporation	84,025,549	50,882,911	84,025,549	50,882,911
E-Tranzact	906,435	1,147,387	906,435	1,147,387
African export-import bank	17,044	14,984	17,044	14,984
FMDQ OTC Plc	204,740	130,610	204,740	130,610
Nigerian mortage refinance company plc.	313,229	93,186	313,229	93,186
Credit reference company	380,106	281,628	380,106	281,626
NG Clearing Limited	303,340	-	303,340	-
Others	548,981	399,140	-	-
	109,419,573	**69,581,098**	**108,870,592**	**69,181,956**

25 (b) Debt instruments other than those designated at fair value through profit or loss

The table below shows the fair value of the Bank's debt instruments measured at FVOCI and amortized cost by credit risk, based on the Bank's internal credit rating system and year end- stage classificaton.

Group — **December 2018**

At fair value through other comprehensive income
In thousands of Naira

	Fair value	ECL
Debt securities		
Government bonds	37,314,997	-
Treasury bills	195,218,225	-
Eurobonds	6,791	-
Corporate bonds	6,855,934	1,554
State government bonds	613,284	123
Total	**240,009,231**	**1,677**

At amortised cost
In thousands of Naira

	Amortized cost	ECL	Carrying Amount
Debt securities			
Government bonds	39,106,004	-	39,106,004
Treasury bills	102,564,048	-	102,564,048
Eurobonds	2,610,861	370	2,610,491
Corporate bonds	462,530	15,735	446,795
State government bonds	6,917,600	1,263	6,916,337
Total	**151,661,043**	**17,368**	**151,643,677**

Bank

At fair value through other comprehensive income
In thousands of Naira

	Fair value	ECL
Debt securities		
Government bonds	7,614,303	-
Treasury bills	48,881,703	-
Eurobonds	6,791	-
Corporate bonds	6,855,934	1,554
State government bonds	613,284	123
Total	**63,972,015**	**1,677**

At amortised cost
In thousands of Naira

	Amortized cost	ECL	Carrying Amount
Debt securities			
Government bonds	16,423,669	-	16,423,669
Treasury bills	60,166,222	-	60,166,222
Eurobonds	1,785,027	370	1,784,657
Corporate bonds	462,528	15,735	446,793
State government bonds	6,917,600	1,263	6,916,337
Total	**85,755,046**	**17,368**	**85,737,678**

Group

Financial instruments at fair value through other comprehensive income

December 2018

In thousands of Naira

	stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Investment	240,009,230	-	-	240,009,230
Total	**240,009,230**	**-**	**-**	**240,009,230**

	stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2018	49,506	371	264,107	313,984
- Charge for the year		-	-	-
Assets derecognised or matured (excluding write offs	(47,829)	-	-	(47,829)
Amounts written off	-	(371)	(264,107)	(264,478)
At 31 December 2018	**1,677**	**-**	**-**	**1,677**

Financial instruments at amortised cost
In thousands of Naira

	stage 1	Stage 2	Stage 3	Total
Internal rating grade				-
Investment	149,533,307	-	-	149,533,307
Standard grade	-	2,127,737	-	2,127,737
Non-Investment	-	-	-	-
Sub-standard grade	-	-	-	-
Total	**149,533,307**	**2,127,737**	**-**	**151,661,043**

	stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2018	27,923	8,477	-	36,399
New assets originated or purchased	(26,660)	-	-	(26,660)
- Charge for the year	-	7,628	-	7,628
At 31 December 2018	**1,263**	**16,105**	**-**	**17,368**

December 2018

Bank

Financial instruments at fair value through other comprehensive income
In thousands of Naira

	stage 1	Stage 2	Stage 3	Total
Internal rating grade			-	-
Investment	63,972,015	-	-	63,972,015
Total	**63,972,015**	**-**	**-**	**63,972,015**

	stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2018	49,506	371	264,107	313,984
- Charge for the year	-	-	-	-
Assets derecognised or matured (excluding write offs	(47,829)	-	-	(47,829.28)
Amounts written off	-	(371)	(264,107)	(264,478)
At 31 December 2018	**1,677**	**-**	**-**	**1,677**

Financial instruments at amortised cost
In thousands of Naira

	stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Investment	83,627,310	-	-	83,627,309
Standard grade	-	2,127,737	-	2,127,737
Non-Investment	-	-	-	-
Sub-standard grade	-	-	-	-
Total	**83,627,310**	**2,127,737**	**-**	**85,755,046**

	stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2018	27,923	8,478	-	36,400
- Charge for the year	-	7,628	-	7,628
Assets derecognised or matured (excluding write offs	(26,660)	-	-	(26,660)
At 31 December 2018	**1,263**	**16,105**	**-**	**17,368**

26 Other assets

In thousands of Naira	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
Financial assets				
Accounts receivable	71,001,487	29,153,379	54,420,090	15,988,773
Receivable on E-business channels	28,319,140	16,502,776	28,020,763	16,502,776
Receivable from disposal of non-current asset	768,354	-	768,354	-
Deposit for investment in AGSMEIS (i)	5,863,248	3,201,307	5,863,248	3,201,307
Subscription for investment (ii)	733,905	612,055	733,905	920,768
Restricted deposits with central banks (see note (iii))	579,238,421	406,809,851	522,931,292	404,622,704
	685,924,555	456,279,368	612,737,652	441,236,328

(iii) Restricted deposits with central banks comprises of the regulatory cash reserve requirement and the special intervention fund with the Central Bank of Nigeria of N49.6Bn introduced in January 2016 as a reduction in the cash reserve ratio with a view of channeling the reduction to financing the real sector. The special intervention fund is restricted and not available for day to day use by the Bank.

	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
Non-financial assets				
Prepayments	19,253,420	34,611,075	14,152,424	29,329,124
Inventory	1,081,505	1,343,160	756,452	1,343,159
	20,334,926	35,954,235	14,908,876	30,672,283
Gross other assets	706,259,481	492,233,603	627,646,528	471,908,611
Allowance for impairment on financial assets				
Accounts receivable	(1,907,699)	(2,645,320)	(1,808,351)	(2,071,109)
Subscription for investment	(25,002)	(25,001)	(25,001)	(25,001)
	704,326,780	**489,563,282**	**625,813,176**	**469,812,501**
Classified as:				
Current	685,073,360.49	454,952,207	611,660,753.19	440,483,377
Non current	19,253,420	34,611,075	14,152,424	29,329,124
	704,326,780	**489,563,282**	**625,813,178**	**469,812,501**

Movement in allowance for impairment on other assets:

In thousands of Naira	Group Accounts Receivable	Group subscription for investments	Bank Accounts Receivable	Bank subscription for investments
Balance as at 1 January 2017	2,942,856	25,001	2,942,857	25,001
Impairment loss for the year:				
- Additional provision/(Writeback)	549,920	-	(315,930)	-
Net impairment	549,920	-	(315,930)	-
Allowance written off	(847,456)	-	(555,818)	-
Revaluation difference	-	-	-	-
Balance as at 31 December 2017/1 January 2018	2,645,320	25,001	2,071,109	25,001
Impact of IFRS 9 Adoption	-	-	-	-
Restated Balance as at 31 December 2017/1 January 2018	2,645,320	25,001	2,071,109	25,001
ECL allowance for the year:				
- Additional provision	1,101,453	-	934,535	-
- Writeback	(1,029,085)	-	(1,029,085)	-
Net ECL allowance	72,368	-	(94,550)	-
Allowance written off	(809,989)	-	(168,207)	-
Balance as at 31 December 2018	1,907,699	25,001	1,808,352	25,001

(i) Deposit for investment in AGSMEIS represents the Bank's deposit as equity investment in Agri-business/Small and Medium Enterprises Investment Scheme. As approved by the Bankers' Committee on 9th February 2017, all Deposit Money Banks are required to invest 5% of prior year's Profit After Tax as equity investment in the scheme.

(ii) Subscription for investment balance relates to deposits paid for the acquisition of equity investments for which shares have not been issued to the Bank. During the year the bank made a deposit for investment in a proposed African subsidiary

Inventory consists of blank debit cards, cheque leaves, computer consumables and other stationery held by the Bank.
Increase in prepayments resulted from services that have been paid in advance for the year for which the amortization will be over the relevant year of service. These include rents and advertisements.

(iii) 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.

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

Set out below are the group's subsidiaries as at 31 December 2018. Unless otherwise stated, the subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the group and the proportion of ownership interests held equals to the voting rights held by the group. The country of incorporation is also their principal place of business.

There are no significant restrictions on the Group’s ability to access or use the assets and settle the liabilities of any member of the Group to the extent that regulation does not inhibit the group from having access, and in liquidation scenario, this restriction is limited to its level of investment in the entity.
There are no significant restrictions on the ability of subsidiaries to transfer funds to the Group in the form of cash dividends or repayment of loans and advances

	Nature of business	Country of incorporation	Ownership interest December 2018	Ownership interest December 2017
Access Bank Gambia Limited	Banking	Gambia	88%	88%
Access Bank Sierra Leone Limited	Banking	Sierra Leone	97%	97%
Access Bank Rwanda Limited	Banking	Rwanda	75%	75%
Access Bank Zambia	Banking	Zambia	70%	70%
The Access Bank UK	Banking	United Kingdom	100%	100%
Access Bank R.D. Congo	Banking	Congo	100%	100%
Access Bank Ghana	Banking	Ghana	93%	91%

Subsidiaries (with discontinued operations)
(ii) Group entity

	Nature of business	Country of incorporation	December 2018	December 2017
Access Finance B.V.	Banking	Netherlands	100%	100%

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

The transaction for which the entity was set up matured in 2017. The entity has been deregistered from The Netherlands chamber of commerce business register following its liquidation on the 28th of December 2018.

(iii) Structured entities:

	Nature of business	Country of incorporation	Ownership interest December 2018	Ownership interest December 2017
Restricted Share Performance Plan (RSPP)	Financial services	Nigeria	100%	100%

27(b) Investment in subsidiaries

In thousands of Naira	Bank December 2018	Bank December 2017
Subsidiaries with continuing operations		
Access Bank, UK	47,903,661	40,500,598
Access Bank, Ghana	32,195,607	15,558,107
Access Bank Rwanda	1,578,825	1,578,825
Access Bank, Congo	13,205,190	13,205,189
Access Bank, Zambia	4,274,925	4,274,925
Access Bank, Gambia	7,061,501	7,061,501
Access Bank, Sierra Leone	1,582,486	1,582,486
Investment in RSPP scheme	3,401,301	4,028,908
Access Bank Finance B.V.	-	4,092
Balance, end of year	**111,203,496**	**87,794,631**

Based on the contractual arrangements between the Group and the shareholders in each of the entities, the Group has the power to appoint and remove the majority of the board of Directors of each entity.

The relevant activities of each of the listed subsidiaries are determined by the Board of Directors of each entity based on simple majority shares. Therefore, the directors of the Group concluded that the Group has control over each of the above listed entities and were consolidated in the group financial statements.

27 (c) Condensed results of consolidated entities
(i) The condensed financial data of the consolidated entities as at December 2018 are as follows:

Condensed profit and loss *In thousands of naira*	The Access Bank UK	Access Bank Ghana	Access Bank Rwanda	Access Bank (R.D. Congo)	Access Bank Zambia	Access Bank Gambia	Access Bank Sierra Leone	Access Bank Investment in RSPP
Operating income	25,427,859	27,847,984	5,742,342	5,182,290	3,732,627	1,222,191	860,479	-
Operating expenses	(10,156,530)	(15,220,304)	(4,539,459)	(4,152,288)	(2,398,544)	(848,867)	(805,642)	-
Net impairment loss on financial assets	(129,445)	(3,286,805)	(184,488)	(36,637)	(307,339)	(12,551)	2,680	-
Profit before tax	15,141,884	9,340,875	1,018,395	993,365	1,026,744	360,773	57,517	-
Income tax expense	(2,977,393)	(2,804,202)	(447,688)	(260,576)	-	(47,835)	(17,072)	-
Profit for the year	12,164,491	6,536,673	570,707	732,789	1,026,744	312,938	40,445	-
Assets								
Cash and cash equivalents	329,099,749	113,402,968	19,715,147	23,215,649	11,699,664	2,976,573	1,303,156	-
Non pledged trading assets	-	2,234,476	-	-	1,614	-	-	-
Pledged assets	-	-	-	-	-	-	-	-
Derivative financial instruments	510,980	-	223,102	-	-	-	-	-
Loans and advances to banks	189,060,990	-	-	-	-	-	-	-
Loans and advances to customers	214,251,856	64,586,197	12,920,101	15,352,043	3,241,978	587,348	904,848	-
Investment securities	142,554,923	62,535,013	4,058,888	-	23,165,024	6,820,584	3,357,762	-
Other assets	2,870,099	14,917,107	573,287	1,374,265	1,979,501	1,851,671	742,792	-
Investment in subsidiaries	-	-	-	-	-	-	-	3,401,302
Property and equipment	639,802	9,425,036	1,477,611	2,032,408	669,452	748,916	282,952	-
Intangible assets	209,980	304,616	-	95,293	107,560	104,944	17,901	-
Deferred tax assets	-	188,071	-	-	681,721	-	52,869	-
	879,198,379	267,593,484	38,968,136	42,069,658	41,546,514	13,090,036	6,662,280	3,401,302
Financed by:								
Deposits from banks	558,373,348	8,315,075	-	-	1,273,701	-	-	-
Deposits from customers	221,767,500	180,579,728	31,773,786	27,389,833	30,996,845	8,909,316	4,752,447	-
Derivative Liability	447,659	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-
Retirement benefit obligations	384	12,463	-	-	3,629	-	-	-
Current tax liabilities	1,463,959	505,709	54,958	456,876	-	-	-	-
Other liabilities	6,432,929	5,432,174	1,093,640	12,340,057	381,485	505,273	309,500	-
Interest-bearing loans and borrowings	-	22,578,807	1,791,918	-	363,568	-	-	-
Deferred tax liabilities	49,908	331,668	198,197	-	-	7,660	-	-
Equity	90,662,691	49,837,860	4,055,638	1,882,892	8,527,286	3,667,788	1,600,333	3,401,302
	879,198,379	267,593,484	38,968,136	42,069,658	41,546,514	13,090,036	6,662,280	3,401,302
Net cashflows from investing activities	(81,938,861)	214,395	309,552	(164,592)	(2,422,966)	(576,654)	(406,628)	-
Net cashflows from financing activities	7,366,176	(7,861,804)	(586,884)	-	(26,651)	-	-	-
Increase in cash and cash equivalents	30,552,410	37,129,923	4,877,380	2,518,266	606,164	308,572	689,823	-
Cash and cash equivalent, beginning of year	298,552,691	80,410,323	13,293,774	20,589,848	11,093,500	2,673,856	558,765	-
Effect of exchange rate fluctuations on cash held	-	312,449	-	-	-	-	-	-
Cash and cash equivalent, end of year	329,105,101	117,852,695	18,171,154	23,108,114	11,699,664	2,982,428	1,248,588	-

27 (d) Condensed results of consolidated entities
(i) The condensed financial data of the consolidated entities as at December 2017 are as follows:

Condensed profit and loss *In thousands of naira*	The Access Bank UK	Access Bank Ghana	Access Bank Rwanda	Access Bank (R.D. Congo)	Access Bank Zambia	Access Bank Gambia	Access Bank Sierra Leone	Access Bank Investment in RSPP	Access Bank B.V.
Operating income	14,962,209	21,529,191	3,084,907	4,172,949	1,686,079	1,028,016	986,333	-	118,255
Operating expenses	(6,048,057)	(14,070,445)	(2,773,919)	(3,410,831)	(2,428,083)	(798,685)	(718,476)	-	(28,157)
Net impairment loss on financial assets	-	(3,062,381)	(14,651)	(393)	(1,157,400)	(22,008)	(5,475)	-	-
Profit before tax	8,914,152	4,396,365	296,337	761,725	(1,899,404)	207,323	262,382	-	90,098
Taxation	(1,810,740)	(2,175,631)	(189,704)	-	-	(25,970)	(76,147)	-	1,243
Profit for the year	7,103,412	2,220,734	106,633	761,725	(1,899,404)	181,353	186,235	-	91,342
Statement of financial position as at 31 December 2017									
Assets									
Cash and cash equivalents	311,472,705	86,741,693	15,134,815	20,494,593	13,555,223	1,958,940	1,191,427	-	502,841
Non pledged trading assets	-	3,837,071	-	-	-	-	-	-	-
Derivative financial instruments	876,441	-	152,633	-	-	-	-	-	-
Loans and advances to banks	163,088,579	-	-	-	-	-	-	-	-
Loans and advances to customers	129,404,746	69,137,927	12,701,441	8,895,050	3,389,900	561,819	702,133	-	-
Pledged assets	-	-	-	-	-	6,611,077	-	-	-
Investment securities	63,926,977	67,369,279	4,916,259	-	16,873,602	762,287	2,782,050	4,028,910	-
Other assets	2,178,222	12,335,432	779,994	1,064,059	1,952,200	1,133,583	551,709	-	-
Investment in subsidiaries	-	-	-	-	-	-	-	-	-
Property and equipment	183,100	9,540,301	447,829	1,355,224	802,356	813,711	295,397	-	-
Intangible assets	324,125	330,471	635,960	108,950	117,500	84,665	31,270	-	-
Deferred tax assets	-	197,789	-	-	482,534	-	60,079	-	-
	671,454,895	**249,489,963**	**34,768,931**	**31,917,876**	**37,173,315**	**11,926,082**	**5,614,065**	**4,028,910**	**502,841**
Financed by:									
Deposits from banks	387,555,089	14,810,633	-	-	2,136,129	18,579	-	-	-
Deposits from customers	203,729,763	167,004,704	28,071,794	18,694,179	25,324,734	7,672,977	3,738,792	-	-
Derivative Liability	25,727	-	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-	-
Retirement benefit obligations	-	-	-	-	-	-	13,358	-	-
Current tax liabilities	1,195,829	1,540,259	45,738	130,601	-	-	-	-	29,239
Other liabilities	4,625,682	1,842,876	606,838	8,825,132	639,747	761,165	140,223	-	47,737
Interest-bearing loans and borrowings	-	26,819,317	2,156,640	-	350,090	-	-	-	-
Deferred tax liability	58,656	641,257	154,059	-	-	61,775	-	-	-
Equity	74,264,149	36,830,917	3,733,862	4,267,964	8,722,615	3,411,586	1,721,692	4,028,910	425,865
	671,454,895	**249,489,963**	**34,768,931**	**31,917,876**	**37,173,315**	**11,926,082**	**5,614,065**	**4,028,910**	**502,841**
Net cashflows from investing activities	(31,154,411)	(2,020,906)	(3,548,214)	(387,615)	567,561	120,490	-	-	68,162,205
Net cashflows from financing activities	10,255,390	7,247,347	(114,281)	-	(17,799)	-	(57,088)	-	(67,394,003)
Increase/(Decrease) in cash and cash equivalents	47,114,822	61,467,964	505,117	17,133,014	17,141,349	697,018	(367,610)	-	855,278
Cash and cash equivalent, beginning of year	192,853,632	33,677,911	8,240,384	2,523,369	9,360,900	810,868	1,144,498	-	152,390,477
Effect of exchange rate fluctuations on cash held	-	-	-	-	-	-	-	-	(863,274)
Cash and cash equivalent, end of year	239,968,454	95,145,875	8,745,501	19,656,383	26,502,249	1,507,886	776,888	-	152,382,481

28 Property and equipment

Group

In thousands of Naira

	Leasehold improvement and building	Leasehold Land	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Cost							
Balance at 1 January 2018	60,283,321	9,742,073	24,921,719	46,819,583	15,213,972	8,633,948	165,614,616
Acquisitions	4,353,010	1,370,934	1,591,983	5,659,099	3,675,459	2,361,032	19,011,517
Disposals	(467,930)	(962)	(111,561)	(263,029)	(829,741)	-	(1,673,224)
Transfers	1,746,582	-	11,170	275,170	-	(2,032,922)	-
Write-offs	-	-	(182,198)	(86,440)	-	(4,339)	(272,978)
Translation difference	2,526,836	-	(1,471,264)	1,750,655	268,175	(1,395,082)	1,679,320
Balance at 31 December 2018	**68,441,819**	**11,112,045**	**24,759,848**	**54,155,039**	**18,327,865**	**7,562,637**	**184,359,252**
Balance at 1 January 2017	55,996,220	9,742,073	24,028,522	35,303,353	11,615,441	5,491,263	142,176,872
Acquisitions	3,052,577	-	824,948	12,003,579	4,016,068	3,989,340	23,886,512
Disposals	(134,651)	-	(142,057)	(379,433)	(298,209)	-	(954,350)
Transfers	1,359,946	-	79,880	33,632	12,132	(1,485,590)	-
Translation difference	9,229	-	130,426	(141,548)	(131,460)	638,935	505,582
Balance at 31 December 2017	60,283,321	9,742,073	24,921,719	46,819,583	15,213,972	8,633,948	165,614,616

Depreciation and impairment losses	Leasehold improvement and building	Leasehold Land	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Balance at 1 January 2018	12,870,312	-	18,285,808	28,723,668	8,620,188	-	68,499,976
Charge for the year	1,976,568	-	3,119,887	6,301,844	2,137,047	-	13,535,345
Disposal	(56,783)	-	(77,118)	(320,165)	(952,213)	-	(1,406,278)
Write-Offs	-	-	-	-	-	-	(1)
Translation difference	50,537	(0)	(29,425)	35,013	5,363	-	61,489
Balance at 31 December 2018	**14,840,635**	**(0)**	**21,299,152**	**34,740,360**	**9,810,386**	**-**	**80,690,532**
Balance at 1 January 2017	11,193,974	-	15,046,823	24,636,684	7,190,340	-	58,067,820
Charge for the year	2,474,675	-	3,296,435	3,829,132	1,637,709	-	11,237,950
Disposal	(14,752)	-	(136,531)	(377,275)	(257,232)	-	(785,790)
Translation difference	(783,585)	-	79,081	635,127	49,371	-	(20,008)
Balance at 31 December 2017	12,870,312	-	18,285,808	28,723,668	8,620,188	-	68,499,972
Carrying amounts:							
Balance at 31 December 2018	**53,601,184**	**11,112,045**	**3,460,696**	**19,414,679**	**8,517,479**	**7,562,637**	**103,668,720**
Balance at 31 December 2017	47,413,009	9,742,073	6,635,911	18,095,915	6,593,784	8,633,948	97,114,642
Classified as:							
Current	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Non current	**53,601,184**	**11,112,045**	**3,460,696**	**19,414,679**	**8,517,479**	**7,562,637**	**103,668,721**
	53,601,184	**11,112,045**	**3,460,696**	**19,414,679**	**8,517,479**	**7,562,637**	**103,668,721**

28 Property and equipment
Bank

In thousands of Naira	Leasehold improvement and buildings	Leasehold Land	Computer hardware	Furniture & fittings	Motor vehicles	Capital work-in - progress	Total
Cost							
Balance at 1 January 2018	51,303,794	9,742,075	21,053,274	42,145,881	13,106,383	5,276,504	142,627,911
Acquisitions	3,354,056	1,370,934	1,328,716	5,491,964	3,453,042	1,659,803	16,658,515
Disposals	(467,930)	-	(59,226)	(201,500)	(705,788)	-	(1,434,444)
Transfers	818,225	(962)	-	-	-	(817,263)	-
Balance at 31 December 2018	**55,008,145**	**11,112,047**	**22,322,764**	**47,436,345**	**15,853,637**	**6,119,044**	**157,851,981**
Balance at 1 January 2017	47,904,498	9,742,075	20,614,356	30,775,870	9,694,750	3,216,721	121,948,270
Acquisitions	2,916,884	-	574,556	11,715,864	3,619,689	2,680,626	21,507,619
Disposals	(134,651)	-	(135,822)	(348,908)	(208,597)	-	(827,978)
Transfers	617,063	-	184	3,055	541	(620,843)	-
Balance at 31 December 2017	51,303,794	9,742,075	21,053,274	42,145,881	13,106,383	5,276,504	142,627,911

Depreciation and impairment losses	Leasehold improvement and buildings	Leasehold Land	Computer hardware	Furniture & fittings	Motor vehicles	Capital work-in - progress	Total
Balance at 1 January 2018	10,679,838	-	15,445,371	25,370,434	7,455,546	-	58,951,189
Charge for the year	1,577,415	-	2,503,447	5,586,305	1,716,719	-	11,383,886
Disposal	(34,083)	-	(58,576)	(190,035)	(592,944)	-	(875,638)
Balance at 31 December 2018	**12,223,170**	**-**	**17,890,242**	**30,766,704**	**8,579,321**	**-**	**69,459,437**
Balance at 1 January 2017	9,700,946	-	12,997,503	21,259,586	6,165,759	-	50,123,794
Charge for the year	993,644	-	2,578,761	4,455,043	1,471,732	-	9,499,180
Disposal	(14,752)	-	(130,893)	(344,195)	(181,945)	-	(671,785)
Balance at 31 December 2017	10,679,838	-	15,445,371	25,370,434	7,455,546	-	58,951,189
Carrying amounts:							
Balance at 31 December 2018	**42,784,975**	**11,112,047**	**4,432,522**	**16,669,642**	**7,274,316**	**6,119,044**	**88,392,546**
Balance at 31 December 2017	40,623,956	9,742,075	5,607,903	16,775,448	5,650,837	5,276,504	83,676,723

(a) The amount of contractual commitments for the acquisition of property and equipment as at 31 December 2018 is N879.80Mn (31 Dec 2017: N322.2Mn)
(b) Estimates of useful life and residual value, and the method of depreciation, are reviewed at a minimum at each reporting year. Any changes are accounted for prospectively as a change in estimate.

Classified as:							
Current	-	-	-	-	-	-	-
Non current	**42,784,975**	**11,112,047**	**4,432,522**	**16,669,642**	**7,274,316**	**6,119,044**	**88,392,546**
	42,784,975	**11,112,047**	**4,432,522**	**16,669,642**	**7,274,316**	**6,119,044**	**88,392,546**

29 Intangible assets

Group

In thousands of Naira	**Goodwill**	**WIP**	**Purchased Software**	**Total**
Cost				
December 2018				
Balance at 1 January 2018	681,007	1,112,943	17,955,681	19,749,631
Acquisitions	-	1,156,536	3,940,878	5,097,414
Transfer	-	(191,128)	-	(191,128)
Write off	-	-	(770,716)	(770,716)
Translation difference	-	-	14,856	14,856
Balance at 31 December 2018	**681,007**	**2,078,351**	**21,140,699**	**23,900,057**
December 2017				
Balance at 1 January 2017	681,007	286,724	14,858,925	15,826,656
Acquisitions	-	881,374	2,573,350	3,454,724
Transfer	-	(55,155)	55,155	-
Write off	-	-	(66,985)	(66,985)
Translation difference	-	-	535,236	535,236
Balance at 31 December 2017	681,007	1,112,943	17,955,681	19,749,631
Amortization and impairment losses				
Balance at 1 January 2018	-	-	11,453,776	11,453,776
Amortization for the year	-	-	2,799,133	2,799,133
Write off	-	-	(105,349)	(105,349)
Translation difference	-	-	-	-
Balance at 31 December 2018	-	-	**14,147,559**	**14,147,559**
Balance at 1 January 2017	-	-	8,887,101	8,887,101
Amortization for the year	-	-	2,407,886	2,407,886
Write off	-	-	(66,985)	(66,985)
Translation difference	-	-	225,774	225,774
Balance at 31 December 2017	-	-	11,453,776	11,453,776
Net Book Value				
Balance at 31 December 2018	**681,007**	**2,078,352**	**6,993,140**	**9,752,498**
Balance at 31 December 2017	681,007	1,112,943	6,501,905	8,295,855

Intangible assets
Bank

In thousands of Naira	**WIP**	**Purchased Software**	**Total**
Cost			
December 2018			
Balance at 1 January 2018	1,112,941	13,973,787	15,086,728
Acquisitions	1,156,536	3,418,069	4,574,605
Balance at 31 December 2018	**2,269,477**	**17,391,856**	**19,661,333**
December 2017			
Balance at 1 January 2017	231,567	12,167,422	12,398,989
Acquisitions	881,374	1,873,350	2,754,724
Write off	-	(66,985)	(66,985)
Balance at 31 December 2017	1,112,941	13,973,787	15,086,728
Amortization and impairment losses			
Balance at 1 January 2018	-	9,104,823	9,104,823
Amortization for the year	-	2,327,510	2,327,510
Write off	-	(2,199)	(2,199)
Balance at 31 December 2018	**-**	**11,430,134**	**11,430,134**
Balance at 1 January 2017	-	7,225,207	7,225,207
Amortization for the year	-	1,946,601	1,946,601
Write off	-	(66,985)	(66,985)
Balance at 31 December 2017	-	9,104,823	9,104,823
Carrying amounts			
Balance at 31 December 2018	**2,269,477**	**5,961,722**	**8,231,197**
Balance at 31 December 2017	1,112,941	4,868,964	5,981,905

There were no capitalised borrowing costs related to the internal development of software during the year under review, 31 December 2018 (2017: nil). Computer software has a definite useful life of not more than five years in line with the Bank's accounting policy, while Goodwill has an indefinite useful life and is annually assessed for impairment.

The work in progress relates to the cost of the CR2 Omnichannel Banking solution aimed at providing a unique experience to customers at every touch point and empowering the bank to create, manage and deliver personalized product offerings and services to each customers or customer group across all channels.

Amortization method used is straight line.

	Group December 2018	**Group December 2017**	**Bank December 2018**	**Bank December 2017**
Classified as:				
Current	-	-	-	-
Non current	9,752,498	8,295,855	8,231,197	5,981,905

29(b) Intangible assets

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

In thousands of Naira	December 2018	December 2017
Access Bank Rwanda	681,007	681,007
	681,007	681,007

The recoverable amount of Goodwill as at 31 December 2018 is greater than its carrying amount and is thus not impaired.

(ii) Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. Impairment assessment has been performed for the year, while no losses on goodwill were recognized during the year under review 31 December 2018 (31 December 2017: Nil)

The recoverable amount of Goodwill as at 31 December 2018 was greater than its carrying amount and is thus not impaired.
The recoverable amount was determined using a value-in-use computation as N21.94bn

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

	December 2018
Compound annual volume growth (i)	6.10%
Long term growth rate (ii)	6.10%
Discount rate (ii)	17.9%
Revenue Growth	8.97%

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

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

Discount Rate
Pre-tax discount rate of 17.90% was applied in determining the recoverable amounts for the only entity with goodwill (Access Bank Rwanda). This discount rate was estimated using the risk-free rate and the country risk premium for Rwanda.

Long-term term growth rate

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

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

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

Sensitivity analysis of key assumptions used

	10% increase	10% decrease
Impact of change in discount rate on value-in-use computation	814,723	571,603
Impact of change in growth rate on value-in-use computation	726,703	643,620
Impact of change in revenue growth on value-in-use computation	748,238	626,000

30 Deferred tax assets and liabilities

(a) Group

Deferred tax assets and liabilities are attributable to the following:

In thousands of Naira	December 2018			December 2017		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property and equipment, and software	6,341,076	(547,461)	5,793,615	9,608,714	(951,035)	8,657,679
Allowances/(Reversal) for loan losses	16,736,219	(1,363,442)	15,372,777	8,802,968	(2,460)	8,800,508
Tax loss carry forward	12,692,887	-	12,692,887	193,980	(86,571)	107,409
Exchange gain/(loss) unrealised	22,054	(39,419,985)	(39,397,933)	-	(24,809,276)	(24,809,276)
Employee benefits	-	-	-	63,438	-	63,438
Actuarial loss on retirement benefit obligation	-	(3,487)	(3,487)	-	-	-
Fair value gain on equity investments	7,959	-	7,959	-	(843,619)	(843,619)
Deferred tax assets (net)	35,800,195	(41,334,375)	(5,534,180)	18,669,100	(26,692,960)	(8,023,860)

(b) Bank

Deferred tax assets and liabilities are attributable to the following:

In thousands of Naira	December 2018			December 2017		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property and equipment, and software	6,289,256	-	6,289,256	9,508,714	-	9,508,714
Allowances/(Reversal) for loan losses	16,285,485	-	16,285,485	8,712,969	-	8,712,969
Tax loss carry forward	12,262,627	-	12,262,627	-	-	-
Exchange gain unrealised	-	(39,343,334)	(39,343,334)	-	(25,226,579)	(25,226,579)
Fair value gain on equity investments		-	-	-	-	-
Actuarial loss on retirement benefit obligation	-	-	-	-	(843,619)	(843,619)
Net deferred tax assets/(liabilities)	34,837,368	(39,343,334)	(4,505,966)	18,221,683	(26,070,198)	(7,848,515)

Deferred tax asset are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. After reviews of the medium-term profit forecasts, the Group considers that there will be sufficient profits in the future against which these losses will be offset.

There were no unrecognized deferred tax assets or liabilities as at 31 December 2018 (31 December 2017: nil)

	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
Deferred income tax assets				
– Deferred income tax asset to be recovered after more than 12 months	21,162,905	8,907,917	22,574,742	8,712,969
– Deferred income tax asset to be recovered within 12 months	14,637,290	9,761,183	12,262,627	9,508,714
	35,800,195	18,669,100	34,837,368	18,221,683
Deferred income tax liabilities				
– Deferred income tax liability to be recovered after more than 12 months	(1,910,903)	(27,433,363)	-	(26,070,198)
– Deferred income tax liability to be recovered within 12 months	(39,423,472)	-	(39,343,334)	-
	(41,334,375)	(27,433,363)	(39,343,334)	(26,070,198)

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

In thousands of Naira	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
Balance, beginning of year	(8,023,860)	(2,434,236)	(7,848,516)	(3,101,753)
Tax charge	3,546,565	(5,351,746)	3,487,691	(4,558,364)
Translation adjustments	(911,744)	(49,479)	-	-
Items included in OCI	(145,140)	(188,399)	(145,140)	(188,399)
Net deferred tax assets/(liabilities)	(5,534,180)	(8,023,860)	(4,505,966)	(7,848,516)
Out of which				
Deferred tax assets	35,800,195	18,669,100	34,837,368	18,221,683
Deferred tax liabilities	(41,334,375)	(26,692,960)	(39,343,334)	(26,070,198)

Temporary difference relating to the Group's Investment in subsidiaries as at 31 December 2018 is N39.40billion (Dec 2017: N42.1billion). As the Group exercises control over the subsidiaries, it has the power to control the timing of the reversals of the temporary difference arising from its investments in them. The Group has determined that the subsidiaries' profits and reserves will not be distributed in the foreseeable future and that the subsidiaries will not be disposed of. Hence, the deferred tax arising from the temporary differences above will not be recognised.

Items included in Other Comprehensive Income

In thousands of Naira	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
Actuarial gain/loss on retirement benefit obligation				
Gross loss on retirement benefit obligation	483,801	627,995	483,801	627,995
Deferred tax @ 30%	(145,140)	(188,399)	(145,140)	(188,399)
Net balance loss after tax	338,661	439,596	338,661	439,596

31 Assets classified as held for sale

The Bank obtains properties by taking possession of collaterals held as security against loans. The value of the collaterals repossessed during the year was N3.83bn (2017: N9.4bn). The Group's policy is to pursue timely realisation of the collateral in an orderly manner. The Group does not generally use the non-cash collateral for its own operations. This amount has been included in Note 7 as unallocated segment in accordance with IFRS 8.

Assets held for sale

In thousands of Naira	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
Balance at 1 January	9,479,967	140,727	9,479,967	140,727
Additions	3,826,834	9,369,240	3,826,834	9,369,240
Disposals	(1,064,979)	(30,000)	(1,064,979)	(30,000)
Balance	**12,241,823**	**9,479,967**	**12,241,823**	**9,479,967**
Classified as:				
Current	-	-	-	-
Non current	12,241,823	9,479,967	12,241,823	9,479,967

32 Deposits from financial institutions

In thousands of Naira	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
Money market deposits	519,042,681	165,366,714	482,229,916	107,484,428
Trade related obligations to foreign banks	475,530,164	284,830,256	134,414,695	168,656,407
	994,572,845	**450,196,970**	**616,644,611**	**276,140,835**

33 Deposits from customers

In thousands of Naira	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
Term deposits	1,287,048,284	1,172,733,890	990,096,832	1,035,810,196
Demand deposits	1,010,791,291	860,560,595	834,563,080	691,144,436
Saving deposits	267,068,809	211,584,590	234,079,018	183,819,081
	2,564,908,384	**2,244,879,075**	**2,058,738,930**	**1,910,773,713**

34 Other liabilities

In thousands of Naira		Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
Financial liabilities					
Certified and bank cheques		2,192,963	1,614,507	1,648,744	1,537,858
E-banking payables	(see (a) below)	28,859,357	14,750,651	28,679,005	16,386,812
Collections account balances	(see (b) below)	59,183,957	113,274,691	58,117,410	110,802,951
Due to subsidiaries		-	-	771,314	347,385
Accruals		1,324,568	841,230	-	841,230
Creditors		22,676,791	14,773,251	8,176,483	3,838,501
Amcon Payable		1,128,825	4,252,374	1,128,825	4,252,374
Customer deposits for foreign exchange	(see (c) below)	25,508,441	64,067,288	25,511,918	64,067,288
Agency services		23,594	51,446	21,211	51,446
Unclaimed dividend	(see (d) below)	14,595,639	13,888,938	14,595,639	13,888,938
Other financial liabilities		11,539,271	12,524,476	4,973,027	12,201,027
ECL on contingents	(see (e) below)	1,482,931	-	1,482,931	-
		168,516,337	240,038,852	145,106,507	228,215,810
Non-financial liabilities					
Litigation claims provision	(see (f) below)	945,372	766,809	945,372	766,809
Other current non-financial liabilities		76,977,242	17,360,888	75,994,264	13,965,441
Total other liabilities		**246,438,951**	**258,166,549**	**222,046,143**	**242,948,060**
Classified as:					
Current		169,461,709	240,805,661	146,051,879	228,982,619
Non current		76,977,242	17,360,888	75,994,264	13,965,441
		246,438,951	**258,166,549**	**222,046,143**	**242,948,060**

(a) E-banking payables represent settlements due to other banks use of their electronic channels by the Group's customers. The Group's Receivables from other banks is contained in Note 26.

(b) Collections are balances held in trust on behalf of customers for various transactions. These include escrows, collection for remittances, payments, etc.

(c) Customer deposits for foreign exchange represents deposits that customers have made to fulfil foreign currency obligations. The Group's process requires that customers with foreign currency obligations deposit foreign currency to back the transactions. The corresponding balance is in Other deposits with central banks - Cash and balances with banks.

(d) Unclaimed dividend is the balance of dividend declared by the Bank but yet to be claimed by shareholders. The amount relates to the portion that has been transferred to the Bank by the Registrar in accordance with Securities and Exchange Commission guidelines on Return of Unclaimed Dividends (See Note 19) for the corresponding assets with Asset Managers. The amount is payable on demand to shareholders.

(e)	Movement in ECL on contingents	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
	Opening balance under IAS 39 as at 1 January 2018	-	-	-	-
	Changes under IFRS 9 application	1,450,688	-	1,037,299	-
	Restated Balance, beginning of year (see note 3.9c)	1,450,688	-	1,037,299	-
	Charge for the year	445,632	-	445,632	-
	Foreign exchange translation	(413,389)	-	-	-
	Closing balance	**1,482,931**	**-**	**1,482,931**	**-**

(f)	Movement in litigation claims provision	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
	Opening balance	766,809	613,886	766,809	613,886
	(Write back)/additions	178,563	152,923	178,563	152,923
	Closing balance	**945,372**	**766,809**	**945,372**	**766,809**

35	Debt securities issued	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
	In thousands of Naira				
	Debt securities at amortized cost:				
	Eurobond debt security (see (i) below)	251,251,383	231,122,344	251,251,383	231,122,344
	Commercial Papers	-	70,984,362	-	70,984,362
		251,251,383	**302,106,706**	**251,251,383**	**302,106,706**

Movement in Debt securities issued:

In thousands of Naira	Group December 2018	Bank December 2018
Net debt as at 1 January 2018	302,106,706	302,106,706
Debt securities issued	51,289,056	51,289,056
Repayment of debt securities issued	(118,691,111)	(118,691,111)
Total changes from financing cash flows	234,704,649	234,704,649
The effect of changes in foreign exchange rates	18,409,244	18,409,244
Other changes		
Interest expense	32,378,560	32,378,560
Interest paid	(34,241,071)	(34,241,071)
Balance as at 31 December 2018	**251,251,382**	**251,251,382**

In thousands of Naira	Group December 2017	Bank December 2017
Net debt as at 1 January 2017	316,544,502	243,952,418
Debt securities issued	121,486,981	121,486,981
Repayment of debt securities issued	(151,694,953)	(79,102,869)
Total changes from financing cash flows	286,336,530	286,336,530
The effect of changes in foreign exchange rates	18,173,205	18,173,205
Other changes		
Interest expense	35,947,693	35,947,693
Interest paid	(38,350,722)	(38,350,722)
Balance as at 31 December 2017	**302,106,706**	**302,106,706**

(i) This refers to US$400,000,000 subordinated notes of 9.25% resettable interest issued on 24 December 2014 with a maturity date of 24 December 2021 and US$300,000,000 notes of 10.5% interest issued on 19 October 2016 with a maturity date of 19 October 2021. These represent an amortized cost of N251.28bn.

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

36 Interest bearing borrowings

In thousands of Naira	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
African Development Bank (see note (a))	27,073,280	28,575,578	25,281,362	26,418,938
Netherlands Development Finance Company (see note (b))	37,690,644	989,655	37,690,644	989,655
French Development Finance Company (see note (c))	17,893,836	14,479,796	3,806,669	8,045,056
European Investment Bank (see note (d))	23,893,472	41,880,625	15,576,731	21,842,579
Deutsche Investitions- und Entwicklungsgesellschaft (DEG) (see note (e))	5,434,262	-	5,434,262	-
Mashreq Bank PSC Syndicated Trade Finance Facility (see note (f))	57,021,761		57,021,761	
Central Bank of Nigeria under the Commercial Agriculture Credit Scheme (see note (f))	7,330,283	17,641,231	7,330,283	17,641,231
Bank of Industry-Intervention Fund for SMEs (see note (g))	1,972,547	2,186,572	1,972,547	2,186,572
Bank of Industry-Power & Airline Intervention Fund (see note (h))	8,457,111	10,975,439	8,457,111	10,975,439
Special Refinancing & Restructuring Intervention fund (SRRIF) see note (i)	6,485,718	6,260,348	6,485,718	6,260,348
Central Bank of Nigeria - Salary Bailout facilities (see note (j))	63,614,642	65,230,347	63,614,642	65,230,347
Central Bank of Nigeria - Excess Crude Account (see note (k))	118,248,041	122,585,415	118,248,041	122,585,415
Real Sector And Support Facility (RSSF) (l)	7,145,736	-	7,145,736	-
Development Bank of Nigeria (DBN) (see note (n))	5,544,448		5,544,448	
Other loans and borrowings	610,954	812,181	72,486	115,561
	388,416,735	**311,617,187**	**363,682,441**	**282,291,141**

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

(a) The amount of N25,281,362,153 (USD 70,462,839) represents the outstanding balance in the on-lending facility granted to the Bank by AFDB (Africa Development Bank) in two tranches. The first tranche of USD35 million has matured and was fully paid out in August 2016. The second tranche was disbursed in August 2014 (USD 90m) for a year of 10years, while the third tranche came in June 2016 for (USD 10m) for a year of 9 years. The principal amount is repayable semi-annually starting from February 2017 for both tranches. Interest is paid semi annually at 3% above 6 months LIBOR. From this creditor, the bank has nil undrawn balance as at 31 December 2018.

(b) The amount of N37,690,643,587 (USD 105,049,315) represents the outstanding balance in the on-lending facility granted to the Bank by the Netherlands Development Finance Company effective from 15 December 2012 and disbursed in February 2013 (USD 10m) and March 2018 (USD 100m) for a year of 6.5 years and 5 years respectively. The principal amount is repayable semi-annually from December 2015 and July 2019 respectively while interest is paid semi annually at 3% and 5.5% above 6 months LIBOR. From this creditor, the bank has nil undrawn balance as at 31 December 2018.

(c) The amount of N3,806,669,286 (USD 10,609,742) represents the outstanding balance in the on-lending facility granted to the Bank by the French Development Finance Company effective from 15 December 2012 and disbursed in four tranches; February 2013 (USD 6m) , October 2013 (USD 15m) , October 2013 (USD 9m) and November 2014 (USD 30m) for a year of 6.5 years for the first three tranches and 5 years for the fourth tranche. The principal amount is repayable semi-annually from December 2014 with the fourth tranche repayable from January 2016 while interest is paid semi annually at 3% above 6 months LIBOR. From this creditor, the bank has nil undrawn balance as at 31 December 2018.

(d) The amount of N15,576,730,843(USD 43,414,618) represents the outstanding balance on five on-lending facilities granted to the Bank by the European Investment Bank (EIB) in May 2013(USD 25m), September 2013 (USD 26.75m) , June 2014 (USD 14.7m) , September 2015 (USD 27.9m) and March 2016 (USD 27.1m) for a year of 6 years each for the first three and year of 8 years each for the last two. Interest is paid semi-annually at 2.6%, 2.6% , 2.93%, 2.6% and 2.6% respectively above 6 months LIBOR. From this creditor, the bank has nil undrawn balance as at 31 December 2018.

(e) The amount of N5,434,261,885 (USD 15,146,080) represents the outstanding balance on the on-lending facility of USD 15mn granted to the Bank by the Deutsche Investitions- und Entwicklungsgesellschaft (DEG) in December 2017 (USD 15m) for a year of 7 and a half years. The principal amount will be repayable semi-annually from May 2019 while interest is paid semi annually at 7.69% above 6months LIBOR. From this creditor, the bank has nil undrawn balance as at 31 December 2018.

(f) The amount of N57,021,760,809 (USD 158,927,955) represents the outstanding balance on the on-lending facility of USD 158mn granted to the Bank by the MashreqBank PSC in May 2018 for a year. The principal amount will be bullet at maturity May 2019 while interest is paid semi annually at 3.00% above 6months LIBOR. From this creditor, the bank has nil undrawn balance as at 31 December 2018.

(g) The amount of N7,330,282,504 represents the outstanding balance on the on-lending facility granted to the Bank by Central Bank of Nigeria in collaboration with the Federal Government of Nigeria (FGN) in respect of Commercial Agriculture Credit Scheme (CACS) established by both CBN and the FGN for promoting commercial agricultural enterprises in Nigeria. The facility is for a maximum year of 7 years at a zero percent interest rate to the Bank however, a management fee of 1% deductible at source is paid by the Bank under the on-lending agreement. The Bank did not provide security for this facility. From this creditor, the bank has nil undrawn balance as at 31 December 2018.

(h) The amount of N1,972,547,290 represents an outstanding balance on the intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria for the purpose of refinancing or restructuring existing loans to Small and Medium Scale Enterprises (SMEs) and manufacturing companies. The total facility has a tenor of 10 years. A management fee of 1% deductible at source is paid by the Bank under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. Though the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 31 December 2018.

(i) The amount of N8,457,111,069 represents the outstanding balance on intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria, to be applied to eligible power and airline projects. The total facility has a maximum tenor of 13.5 years. A management fee of 1% deductible at source is paid by the Bank under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. Though the facility is meant for on-lending to borrowers within the power and aviation sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 31 December 2018.

(i) The amount of N6,485,718,363 represents the outstanding balance on intervention credit granted to the bank by the Bank of Industry (BOI) under the Special refinancing and Restructuring intervention fund, with a 10 year tenor which is due on the 31 August 2024. The bank has a 36 months moratorium on the facility after which principal repayment will be charged quarterly. Though the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 31 December 2018.

(k) The amount of N63,614,641,560 represents the outstanding balance on the state salary bailout facilities granted to the bank by the Central Bank of Nigeria for onward disbursements to state governments for payments of salary of workers of the states. The facility has a tenor of 20 years with a 2% interest payable to the CBN. The Bank is under obligation to on-lend to the states at an all-in interest rate of 9% per annum. From this creditor, the bank has nil undrawn balance as at 31 December 2018.

(l) The amount of N118,248,041,269 represents the outstanding balance on the excess crude account loans granted to the bank by the Central Bank of Nigeria for onward disbursements to state governments. The facility has a tenor of 20 years with a 2% interest payable to the CBN. The Bank is under obligation to on-lend to the states at an all-in interest rate of 9% per annum. From this creditor, the bank has nil undrawn balance as at 31 December 2018.

(m) The amount of N7,145,735,702 represents the outstanding balance on the on-lending facility granted to the Bank by Central Bank of Nigeria in respect of the Real Sector Support Facility (RSSF) established by CBN supporting Reddington Multi-specialist Hospital and Dangote Oil Refining Company Limited. The facility is for a maximum year of 10 yearst inclusive of 24 months moratorium for Dangote and a maximum year of 7 years inclusive of 12 months moratorium for Reddington at a 3% interest rate to the Bank. From this creditor, the bank has nil undrawn balance as at 31 December 2018.

(n) The amount of N5,544,447,832 represents the outstanding balance on two on-lending facilities granted to the Bank by the Development Bank of Nigeria in two series in respect of the Micro, Small and Medium Scale Enterprises (MSMEs) and Small Corporates. The facilities are for a maximum of 3 years at a 9.6% interest rate to the Bank. From this creditor, the bank has nil undrawn balance as at 31 December 2018.

Movement in interest bearing loans and borrowings:

In thousands of Naira	**Group December 2018**	**Bank December 2018**
Balance as at 1 January 2018	311,617,187	282,291,141
Proceeds from interest bearing borrowings	121,570,297	113,475,865
Repayment of interest bearing borrowings	(48,712,386)	(37,429,722)
Total changes from financing cash flows	384,475,098	358,337,284
The effect of changes in foreign exchange rates	6,086,365	3,427,120
Other changes		
Interest expense	10,744,458	9,886,470
Interest paid	(12,889,187)	(7,968,433)
Balance as at 31 December 2018	**388,416,734**	**363,682,441**

	Group December 2017	**Bank December 2017**
Balance as at 1 January 2017	299,543,707	372,179,785
Proceeds from interest bearing borrowings	43,577,454	13,337,947
Repayment of interest bearing borrowings	(34,371,397)	(99,011,336)
Total changes from financing cash flows	308,749,764	286,506,396
The effect of changes in foreign exchange rates	4,664,912	4,319,234
Other changes		
Interest expense	12,373,830	11,070,759
Interest paid	(14,171,319)	(19,605,250)
Balance as at 31 December 2017	**311,617,187**	**282,291,139**

37 Retirement benefit obligation

In thousands of Naira	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
Recognised liability for defined benefit obligations (see note (a) below)	2,319,707	2,481,916	2,319,707	2,481,916
Liability for defined contribution obligations	16,476	13,358	-	-
	2,336,183	**2,495,274**	**2,319,707**	**2,481,916**

(a) Defined benefit obligations

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

In thousands of Naira	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
Post employment benefit plan (see note (i) below)	2,319,707	2,481,916	2,319,707	2,481,916
Recognised liability	**2,319,707**	**2,481,916**	**2,319,707**	**2,481,916**

(i) Post employment benefit plan

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

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

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

In thousands of Naira	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
Deficit on defined benefit obligations at 1 January	2,481,916	3,064,597	2,481,916	3,064,597
Charge for the year:				
-Interest costs	378,523	495,674	378,523	495,674
-Current service cost	243,070	257,384	243,070	257,384
-Benefits paid	(300,000)	(707,744)	(300,000)	(707,744)
Net actuarial gain/(loss) for the year remeasured in OCI:				
Remeasurements - Actuarial gains and losses arising from changes in demographic assumptions	(497,167)	(602,798)	(497,167)	(602,798)
Remeasurements - Actuarial gains and losses arising from changes in financial assumption	13,365	(25,197)	13,365	(25,197)
Balance, end of year	**2,319,707**	**2,481,916**	**2,319,707**	**2,481,916**
Expense recognised in income statement:				
Current service cost	243,070	257,384	243,070	257,384
Interest on obligation	378,523	495,674	378,523	495,674
Total expense recognised in profit and loss (see Note 14)	**621,593**	**753,058**	**621,593**	**753,058**

The weighted average duration of the defined benefit obligation is 6.8years. The information on the maturity profile of the defined benefit plan includes the maturity analysis and the distribution of the timing of payment. The estimated contribution to the plan for the next annual reporting year is: N618.94m.

Factors affecting sensitivity

The defined benefit pension plans valuation considers some factors for which sensitivity has been performed. The most significant of which are detailed below:

i) Changes in bond yields - A decrease in government bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

ii) Inflation risks - Some of the group's pension obligations are linked to salary inflation, and higher inflation will lead to higher liabilities.

iii) Life expectancy - The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities

The sensitivities below relates to Group and Bank.

December 2018

In thousands of Naira	Impact on defined benefit obligation		
	Decrease in assumption by 1%	**Liability changes to**	**Total comprehensive income**
Effect of changes in the assumption to the discount rate	Increase in liability by 5.3%	2,442,607	(122,900)
Effect of changes in assumption to the salary growth	Decrease in liability by 4.6%	2,212,272	107,435
Effect of changes in assumption to the mortality rate	Decrease in liability by 0.3%	2,313,455	6,252

	Impact on defined benefit obligation		
	Increase in assumption by 1%	**Liability changes to**	**Total comprehensive income**
Effect of changes in the assumption to the discount rate	Decrease in liability by 4.9%	2,205,666	114,041
Effect of changes in assumption to the salary growth	Increase in the liability by 4.9%	2,434,432	(114,725)
Effect of changes in assumption to the mortality rate	Increase in the liability by 0.3%	2,326,522	(6,815)

December 2017

In thousands of Naira	Impact on defined benefit obligation		
	Decrease in assumption by 1%	**Liability changes to**	**Total comprehensive income**
Effect of changes in the assumption to the discount rate	Increase in liability by 5.6%	2,621,835	(139,919)
Effect of changes in assumption to the salary growth	Decrease in liability by 4.9%	2,361,130	120,786
Effect of changes in assumption to the mortality rate	Decrease in liability by 0.2%	2,475,795	6,121

	Impact on defined benefit obligation		
	Increase in assumption by 1%	**Liability changes to**	**Total comprehensive income**
Effect of changes in the assumption to the discount rate	Increase in the liability by 5.2%	2,352,750	129,166
Effect of changes in assumption to the salary growth	Increase in the liability by 5.2%	2,611,416	(129,500)
Effect of changes in assumption to the mortality rate	Increase in the liability by 0.3%	2,488,587	(6,671)

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

Actuarial assumptions:
Principal actuarial assumptions at the reporting date (expressed as weighted averages):
The most recent valuation was performed by Alexander Forbes as at 31 December 2018.

	December 2018	December 2017
Discount rate	16.10%	14.70%
Future salary increases	5.00%	5.00%
Retirement age for both male and female	60 years	60 years
Retirement rate: 50 – 59 (average rate)	3.40%	3.40%
Withdrawal rate: 18 – 29	4.50%	4.50%
Withdrawal rate: 30 – 44	6.00%	6.00%
Withdrawal rate: 45 – 50	5.00%	5.00%
Withdrawal rate: 51 – 59 (average rate)	3.75%	3.75%

Assumptions regarding future mortality before retirement are based on A49/52 ultimate table published by the Institute of Actuaries of United Kingdom. The rate used to discount post employment benefit obligations has been determined by reference to the yield on Nigerian Government bonds of medium duration. This converts into an effective yield of 16.10% as at 31 December 2018. For members in active service as at the valuation date, the projected unit credit method of valuation as required under the IFRS has been adopted.

38 Capital and reserves

A Share capital

In thousands of Naira	Bank December 2018	Bank December 2017
(a) Authorised:		
Ordinary shares:		
38,000,000,000 Ordinary shares of 50k each	19,000,000	19,000,000
Preference shares:		
2,000,000,000 Preference shares of 50k each	1,000,000	1,000,000
	20,000,000	20,000,000

In thousands of Naira	Bank December 2018	Bank December 2017
(b) Issued and fully paid-up :		
28,927,971,631 Ordinary shares of 50k each	14,463,986	14,463,986

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

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

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

In thousands of Naira	Bank December 2018	Bank December 2017
Balance, beginning of the year	14,463,986	14,463,986
Balance, end of the year	14,463,986	14,463,986

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

In thousands of units	Group December 2018	Group December 2017
Balance, beginning of the year	28,927,972	28,927,972
Balance, end of the year	28,927,972	28,927,972

B Share premium

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

In thousands of Naira	Group December 2018	Group December 2017
Balance, beginning of the year	197,974,816	197,974,816
Balance, end of the year	197,974,816	197,974,816

C Retained earnings

	Group December 2018	*Restated Group December 2017	Bank December 2018	*Restated Bank December 2017
Retained earnings	155,592,892	113,449,307	148,238,575	115,966,230

D Other components of equity

	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
Other regulatory reserves (see i(a) below)	82,889,946	70,562,156	72,026,340	60,986,896
Share Scheme reserve	1,725,386	2,031,978	1,725,385	2,031,978
Treasury Shares	(3,401,302)	(4,028,910)	-	-
Capital Reserve	3,489,080	3,489,080	3,489,081	3,489,081
Fair value reserve	(5,622,402)	36,111,322	(6,601,426)	35,267,471
Foreign currency translation reserve	15,586,697	26,813,500	-	-
Regulatory risk reserve	19,942,296	43,420,287	9,483,000	35,058,266
	114,609,701	**178,399,413**	**80,122,381**	**136,833,692**

(i) Other Reserves

Other regulatory reserves

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

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

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

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

i(a)

	Statutory reserves		SMEEIS Reserves		Total	
	December 2018	December 2017	December 2018	December 2017	December 2018	December 2017
Group						
In thousand of Naira						
Opening	69,735,588	61,788,644	826,568	826,568	70,562,156	62,615,212
Transfers during the year	12,327,790	7,946,944	-	-	12,327,790	7,946,944
Closing	82,063,378	69,735,588	826,568	826,568	82,889,946	70,562,156
Bank						
In thousand of Naira						
Opening	60,160,328	52,174,504	826,568	826,568	60,986,896	53,001,072
Transfers during the year	11,039,444	7,985,824	-	-	11,039,444	7,985,824
Closing	71,199,773	60,160,328	826,568	826,568	72,026,341	60,986,896

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

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

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

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

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

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

(viii) Retained earnings

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

D Non-controlling interest

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

In thousands of Naira	Group December 2018	Group December 2017
Access Bank, Gambia	747,780	310,883
Access Bank, Sierra Leone	52,539	43,387
Access Bank Zambia	2,940,887	2,609,806
Access Bank, Rwanda	1,122,910	933,465
Access Bank, Congo	945	887
Access Bank, Ghana	3,005,300	3,009,086
	7,870,361	**6,907,514**

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

In thousands of Naira	Group December 2018	Group December 2017
Access Bank, Gambia	37,553	21,714
Access Bank, Sierra Leone	1,019	4,693
Access Bank Zambia	308,023	(221,560)
Access Bank, Rwanda	142,677	26,658
Access Bank, Congo	147	151
Access Bank, Ghana	431,420	181,434
	920,839	**13,090**

	Group December 2018	Group December 2017
Proportional Interest of NCI in subsidiaries	%	%
Access Bank, Gambia	12%	12%
Access Bank, Sierra Leone	3%	3%
Access Bank Zambia	30%	30%
Access Bank, Rwanda	25%	25%
Access Bank Congo	0%	0%
Access Bank, Ghana	7%	9%

Transactions with non-controlling interests

During the year, the Access Bank Plc acquired additional shares in Access Bank UK and Access Bank Ghana. This resulted in changes in its ownership interests in the subsidiaries, but the transactions did not result in a loss of control. The Group adjusted the carrying amounts of the controlling and non-controlling interests to reflect the changes in the relative interests in the subsidiaries. The impact was recognised directly in equity.

E Dividends

In thousands of Naira	Bank December 2018	Bank December 2017
Interim dividend declared (2018: 25k, 2017: 25k)	7,231,992	7,231,992
Final dividend paid (2018: 25k, 2017: 40k)	11,571,188	11,571,188
	18,803,180	18,803,180
Number of shares	28,927,972	28,927,972

The Directors proposed a final dividend of 25k for the year ended 31 December 2018

39 Contingencies

Claims and litigation

The Group is a party to numerous legal actions arising out of its normal business operations. The Directors believe that, based on currently available information and advice of counsel, none of the outcomes that result from such proceedings will have a material adverse effect on the financial position of the Group, either individually or in the aggregate. No provision has been made for the year ended 31 December 2018.

Contingent liability and commitments

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

Nature of instruments

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

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

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

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

a. These comprise:

In thousands of Naira	Group December 2018	[1] Group December 2017	Bank December 2018	[1] Bank December 2017
Contingent liabilities:				
Transaction related bonds and guarantees	452,083,539	541,895,104	358,862,448	306,494,255
Commitments:				
Clean line facilities for letters of credit, unconfirmed letters of credit and other commitments	307,761,666	293,267,039	205,997,841	200,918,665
	759,845,205	**835,162,143**	**564,860,289**	**507,412,920**

The Bank granted clean line facilities for letters of credit during the year to guarantee the performance of customers to third parties. Contractual capital commitments undertaken by the Bank during the year amounted to N879.80Mn(31 Dec 2017: N322.2Mn)

The Bank had undrawn commitment of about N82.32bn at year end

[1] Futures, swaps and forward contracts are disclosed in Note 21, therefore the contingent liabilities for 2017 have been restated

40 Cash and cash equivalents

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

In thousands of Naira	Group December 2018	Group December 2017	Bank December 2018	Bank December 2017
Cash on hand and balances with banks	410,551,929	184,867,177	166,871,427	144,763,718
Unrestricted balances with central banks	29,366,693	28,837,649	6,759,948	7,976,547
Money market placements	220,309,729	261,805,783	46,392,634	28,157,562
Investment under management	20,709,989	17,913,690	20,709,989	17,913,690
Treasury bills with original maturity of less than 90days	183,626,571	-	183,626,571	-
	864,564,911	**493,424,299**	**424,360,569**	**198,811,517**

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

(b) Reconciliation of movements of liabilities to cash flows arising from financing activities

	Debt securities issued		Interest bearing borrowings	
	Group December 2018	Bank December 2018	Group December 2018	Bank December 2018
Net debt	302,106,706	302,106,706	311,617,187	282,291,141
Proceeds from interest bearing borrowings	-	-	121,570,297	113,475,865
Repayment of interest bearing borrowings	-	-	(48,712,386)	(37,429,722)
Debt securities issued	51,289,056	51,289,056	-	-
Repayment of debt securities issued	(118,691,111)	(118,691,111)	-	-
Total changes from financing cash flows	234,704,650	234,704,651	384,475,098	358,337,284
The effect of changes in foreign exchange rates	18,409,244	18,409,244	6,086,365	3,427,120
Other changes				
Interest expense	32,378,560	32,378,560	10,744,458	9,886,470
Interest paid	(34,241,071)	(34,241,071)	(12,889,187)	(7,968,433)
Balance	**251,251,384**	**251,251,384**	**388,416,734**	**363,682,441**

	Debt securities issued		Interest bearing borrowings	
	Group December 2017	Bank December 2017	Group December 2017	Bank December 2017
Net debt	316,544,502	243,952,418	299,543,707	372,179,785
Proceeds from interest bearing borrowings	-	-	43,577,454	13,337,947
Repayment of interest bearing borrowings	-	-	(34,371,397)	(99,011,336)
Debt securities issued	121,486,981	121,486,981	-	-
Repayment of debt securities issued	(151,694,953)	(79,102,869)	-	-
Total changes from financing cash flows	286,336,530	286,336,530	308,749,764	286,506,396
The effect of changes in foreign exchange rates	18,173,205	18,173,205	4,664,912	4,319,234
Other changes				
Interest expense	35,947,693	35,947,693	12,373,830	11,070,759
Interest paid	(38,350,722)	(38,350,722)	(14,171,319)	(19,605,250)
Balance	**302,106,706**	**302,106,706**	**311,617,187**	**282,291,139**

41 Contraventions of the Banks and Other Financial Institutions Act of Nigeria and CBN circulars

S/N	Regulatory Body	Infraction
i)	Central Bank of Nigeria	Sum of N2 million in respect of KYC requirement
ii)	Central Bank of Nigeria	Sum of N2 million in respect of refund of account maintenance charge
iii)	Central Bank of Nigeria	Sum of N4 million in respect of violation of guide to bank charges
iv)	Central Bank of Nigeria	Sum of N2 million in respect of refund of violation of ATM guidelines
v)	Central Bank of Nigeria	Sum of N8 million resulting from RBS exercise
vi)	Central Bank of Nigeria	Sum of N2 million in respect of analysis of fraud and forgeries for the months of February and March 2018

42 Events after reporting date

Subsequent to the end of the reporting year, the Board of Directors proposed a final dividend of 25k each payable to shareholders on register of shareholding at the closure date. There has also been a proposed merger between Access Bank plc and Diamond Bank and this has been disclosed in Note 47.

43 Related party transactions

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

Transactions with key management personnel

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

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

(a) Loans and advances to related parties

The bank granted various credit facilities to its subsidiary companies and key management personnel. Key Management Personnel is defined as members of the Board of Directors of the bank, including their close members of family and any entity over which they exercise control. Close member of family are those who may be expected to influence or be influenced by that individual in dealings with the bank.
The rates and terms agreed are comparable to other facilities being held in the bank's portfolio. Details of these are described below:

year ended 31 December 2018	**Directors and other key management personnel (and close family members)**	**Subsidiaries**	**Total**
In thousands of Naira			
Balance, beginning of year	4,029,408	107,933,798	**111,963,206**
Net movement during the year	(2,932,137)	(6,971,826)	**(9,903,963)**
Balance, end of year	1,097,271	100,961,972	**102,059,243**
Interest income earned	87,046	4,965,875	**5,052,921**
Bad or doubtful debts due from related parties expense	-	-	-

The loans issued to directors and other key management personnel (and close family members) as at 31 December 2018 is N1.097Bn and they are repayable in various cycles ranging from monthly to annually over the tenor. The transactions were carried out at arms length and have an average tenor of 3 years. The loans are collateralised by a combination of lien on shares of quoted companies, fixed and floating debentures, corporate guarantee, negative pledge, domiciliation of proceeds of company's receivables, legal mortgages and cash.

The loan to subsidiaries relates to a foreign interbank placements of USD275M granted during the year. It is a non-collateralised placement advanced at an average interest rate of 2.55% and an average tenor of 1 year. This loan has been eliminated on consolidation and does not form part of the reported Group loans and advances balance.

No impairment losses have been recorded against balances outstanding during the year with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at year end.

(b) Deposits from related parties

year ended 31 December 2018	**Directors (and close family members and related entities)**	**Subsidiaries**	**Total**
In thousands of Naira			
Balance, beginning of year	3,100,298	176,652,203	**179,752,501**
Net movement during the year	146,705	(75,941,493)	**(75,794,788)**
Balance, end of year	3,247,003	100,710,710	**103,957,713**
Interest expenses on deposits	126,690	2,761,291	**2,887,981**

The deposits are majorly term deposit with an average interest rate and tenor of approximately 10.4% and 8 months for directors and 6% and 2 months for subsidiaries.

(c) Borrowings from related parties

In thousands of Naira	**Subsidiaries**	**Total**
Borrowings at 1 January 2018	-	-
Net movement during the year	-	-
Borrowings at 31 December 2018	-	-
Interest expenses on borrowings	-	-

(d) Other balances and transactions with related parties

In thousands of Naira	Directors (and close family members and related entities)	Subsidiaries	Total
Cash and cash equivalent	-	42,469,326	**42,469,326**
Deposit from financial institutions	-	239,640	**239,640**
Receivables	-	188,191	**188,191**
Payables	-	206,910	**206,910**
Other Liabilities	-	1,142,741	**1,142,741**
Fee and commission expense	-	-	**-**
Off balance sheet exposures	-	63,320	**63,320**

(e) Key management personnel compensation for the year comprises:

Directors' remuneration

In thousands of Naira	December 2018	December 2017
Non-executive Directors		
Fees	51,875	58,125
Other emoluments:		
Allowances	433,209	411,044
	485,084	469,169
Executive directors		
Short term employee's benefit	290,620	237,820
Defined contribution plan	15,458	14,364
Share based payment	101,545	39,189
Retirement benefits paid	-	707,744
	407,623	**999,117**

(f) Directors remuneration:

Remuneration paid to directors of the Bank (excluding pension contributions and other benefits) was as follows:

In thousands of Naira	December 2018	December 2017
Fees as Directors	51,875	58,125
Other emoluments	295,834	303,982
Wages and salaries	290,620	237,820
Allowances	137,375	107,063

The Directors remuneration show above includes

	December 2018	December 2017
Chairman	53,289	50,513
Highest paid director	85,160	85,160

The emoluments of all other directors fell within the following ranges:

	December 2018	December 2017
N13,000,001-N20,000,000	6	6
N20,000,001-N37,000,000	10	8
	16	14

44 Director-related exposures

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

a. Complete adherence to the requirements for granting insider-related exposure as stated in the Bank's Credit Policy Guidelines, the Insider-related Policy as well as the Bank's duly approved Standard Operating Procedure for managing insider-related exposures.
b. Full compliance with the relevant CBN policies on insider-related lending.
c. All affected Directors are precluded from taking part in the approval process of credit request wherein they have interest.
d. The related Director is required to execute a document authorizing the Bank to use their accruable dividends to defray any related-obligor's delinquent exposures.
e. The Directors are required to execute documents for the transfer of their shares to the Bank's nominated broker to ensure effective control as required by the CBN policy to enhance the bank's Corporate Governance structure.
f. Section 89 of the Bank's Article of Association also reiterated that "a related Director shall vacate office or cease to be a Director, if the Director directly or indirectly enjoys a facility from the Bank that remains non-performing for a year of more than 12months."

The Bank's gross exposure to all its directors as at 31 December 2018 is N2.01bn. However, the relevant obligors under this category also have credit balances and deposits maintained in their bank accounts which mitigate the risks to the bank.

Below is a schedule showing the details of the Bank's director-related lending:

S/N	Name of borrower	Relationship to reporting institution	Name of related Directors	Facility type	Outstanding Principal	Status	Nature of security
1	Asset Management Group Limited	Ex-Chairman	Mr. Gbenga Oyebode	Time loan	1,477,533,070	Performing	1. Pledged properties at Ikoyi Lagos 2. Personal guarantee 3 Domiciliation of Rental Income
2	Sic Property and Investment Company Ltd	Ex Non-executive director	Mr Ortisedere Otubu	Term Loan	119,983,765	Performing	1. Legal Mortgage 2. Personal Guarantee 3. Debenture
3	Paul Usoro & Company	Non-executive director	Mr Paul Usoro	Overdraft	387,396,100	Performing	Cash collateral
				Credit Card	25,654,604	Performing	Cash collateral
	Balance, end of year				**2,010,567,539**		

45 Non-audit services

During the year, the Bank's auditor, PricewaterHouseCoopers, was awarded the contract below;

	Service	Description	Sum N'000
1	NDIC Certification	Certification of total deposit liabilities outstanding in the books of the bank as at 31 December 2018	2,500
2	Due Diligence	Due diligence on potential acquisition target which involves a review on the financial, human resource and tax perspective.	54,000
3	Market expansion strategy	Development of strategy to drive the development and implementation of the Bank's expansion into the not-for-profit sector of Nigeria	5,000

In the Bank's opinion, the provision of this service to the bank did not impair the independence and objectivity of the external auditor.

46 (a) Restatement of prior year financial information

(i) Changes to statement of changes in equity

In thousands of Naira

	Reported Group December 2017	Restatements	Restated Group December 2017	Reported Bank December 2017	Restatements	Restated Bank December 2017
Retained earnings	113,449,307	-	113,449,307	115,966,230	-	115,966,230
Restatement of AMCON sinking fund contribution for 2017 [1]	-	(1,903,362)	(1,903,362)	-	(1,903,362)	(1,903,362)
Restatement of AMCON sinking fund contribution for 2016 [1]		(2,349,011)	(2,349,011)		(2,349,011)	(2,349,011)
Restated balance as at 31 Dec 2017	**113,449,307**	**(4,252,373)**	**109,196,934**	**115,966,230**	**(4,252,373)**	**111,713,858**

(ii) Changes to statement of financial position

	Reported Group December 2017	Restatements	Restated Group December 2017	Reported Bank December 2017	Restatements	Restated Bank December 2017
Other liabilities	253,914,174	-	253,914,174	238,695,686	-	238,695,686
Restatement of AMCON sinking fund contribution for 2017 [1]	-	4,252,374	4,252,374	-	4,252,374	4,252,373
Restated balance	**253,914,174**	**4,252,374**	**258,166,548**	**238,695,686**	**4,252,374**	**242,948,059**
Other assets	**49,469,517**	**-**	49,469,517	**36,613,624**	**-**	36,613,624
Restatement of Restricted deposits with central banks [2]	-	406,809,851	406,809,851	-	404,622,704	404,622,704
Restated balance	**49,469,517**	**406,809,851**	**456,279,368**	**36,613,624**	**404,622,704**	**441,236,328**
Cash and balances with banks	**953,944,176**	**-**	953,944,176	657,144,247	-	657,144,247
Restatement of Restricted deposits with central banks [2]	**-**	**(406,809,851)**	(406,809,851)	-	(404,622,704)	(404,622,704)
Restated balance	**953,944,176**	**(406,809,851)**	547,134,325	**657,144,247**	**(404,622,704)**	252,521,543

(iii) Changes to statement of comprehensive income

	Reported Group December 2017	Restatements	Restated Group December 2017	Reported Bank December 2017	Restatements	Restated Bank December 2017
Interest income	319,854,402	-	319,854,402	274,670,641	-	274,670,641
Interest expense	(156,402,857)	-	(156,402,857)	(143,133,607)	-	(143,133,607)
Net interest income	163,451,545	-	163,451,545	131,537,034	-	131,537,034
Net impairment charge	(34,466,868)	-	(34,466,868)	(29,149,849)	-	(29,149,849)
Net interest income after impairment charges	128,984,677	-	128,984,677	102,387,186	-	102,387,186
Fee and commission income	56,674,334			45,785,985		45,785,986
Fee and commission expense [3]	(77,017)	(7,177,439)	(7,254,456)	-	(7,177,439)	(7,177,439)
Net fee and commission income	56,597,317	(7,177,439)	(7,254,456)	45,785,985	(7,177,439)	38,608,547
Net gains/(loss) on investment securities	(33,403,225)	-	(33,403,225)	(32,832,665)	-	(32,832,665)
Net foreign exchange (loss)/income	107,932,097	-	107,932,097	103,621,339	-	103,621,339
Other operating income	8,018,171	-	8,018,171	6,916,275	-	6,916,275
Personnel expenses	(54,806,795)	-	(54,806,795)	(41,773,512)	-	(41,773,512)
Rent expenses	(2,484,695)	-	(2,484,695)	(1,622,069)	-	(1,622,069)
Depreciation	(11,237,951)	-	(11,237,951)	(9,499,180)	-	(9,499,180)
Amortization	(2,407,886)	-	(2,407,886)	(1,946,601)	-	(1,946,601)
Other operating expenses	(117,119,230)	-	(117,119,230)	(103,993,256)	-	(103,993,256)
Restatement of AMCON sinking fund contribution [1]	-	(1,903,362)	(1,903,362)	-	(1,903,362)	(1,903,362)
Reclassification of fees and commission expense [3]	-	7,177,439	7,177,440	-	7,177,439	7,177,439
Profit before tax	**80,072,480**	**(1,903,362)**	**78,169,119**	**67,043,502**	**(1,903,362)**	**65,140,137**
Income tax	(18,081,628)	-	(18,081,628)	(13,804,679)	-	(13,804,676)
Profit for the period	**61,990,852**	**(1,903,362)**	**60,087,491**	**53,238,823**	**(1,903,362)**	**51,335,461**
Other comprehensive income (OCI) net of income tax :						
Remeasurements of post-employment benefit obligations	439,597	-	439,597	439,597	-	439,597
Items that may be subsequently reclassified to the income statement:						
Foreign currency translation differences for foreign subsidiaries						
- Realised gains during the period	-	-	-	-	-	-
- Unrealised gains /(losses) during the period	15,768,641	-	15,768,641	-	-	-
Net changes in fair value of AFS financial instruments						
-Fair value changes during the period	-	-	-	-	-	-
Fair value changes on AFS financial instruments from associates	-	-	-	-	-	-
Other comprehensive gain, net of related tax effects	16,208,238	(1,903,362)	14,304,876	439,597	(1,903,362)	(1,463,765)
Total comprehensive income for the period	**78,199,090**	**(1,903,362)**	**76,295,728**	**53,678,420**	**(1,903,362)**	**51,775,057**
Profit attributable to:						
Owners of the bank	61,883,278	(1,903,362)	59,979,915	53,238,823	(1,903,362)	51,335,460
Non-controlling interest	107,574	-	107,574	-	-	-
Profit for the period	**61,990,852**	**(1,903,362)**	**60,087,490**	**53,238,823**	**(1,903,362)**	**51,335,460**
Total comprehensive income attributable to:						
Owners of the bank	77,318,211	(1,903,362)	75,414,849	53,678,420	(1,903,362)	51,775,057
Non-controlling interest	880,879	-	880,879	-	-	-
Total comprehensive income for the period	**78,199,090**	**(1,903,362)**	**76,295,728**	**53,678,420**	**(1,903,362)**	**51,775,057**
Earnings per share attributable to ordinary shareholders						
Basic (kobo)	218	(7)	211	184	(7)	177
Diluted (kobo)	214	(7)	207	184	(7)	177
Future, swap and forward contracts	662,935,746	(662,935,746)	-	624,709,693	(624,709,693)	-

1 **AMCON sinking fund contribution**
During the year, the Central Bank of Nigeria advised the bank of a reassessment of its obligation to the Asset Management Corporation of Nigeria (AMCON), as contained in the Resolution Cost Trust Fund Deed. The advice instructed that contingent items are to be included as part of the total assets upon which computation for the contribution due is to be based, hence they would be included in the computation of the levy due to AMCON. The computation is based on 0.5% of total assets. This is to comply with the AMCON Amendment Act.

The sum of N17.38bn was recognized as AMCON levy in the year ended 31 December 2017. See above the analysis of the restatements and resultant impact for the year ended 31 December 2017

2 **Restricted deposits with central banks**
The Group reclassified Cash reserve requirement, classified as restricted deposits with Central banks and special reserve intervention funds, from Cash and cash equivalents to Other assets for financial reporting purposes. This was necessary for better presentation.

3 **Fee and Commision expense**
The Group reclassified e-business fees, bank charges and other related expenses from other operating expenses to Fees and commissions expense for financial reporting purposes.
This was necessary for better presentation as the reclassification gives better indication of what those expenses relate to.

4 Futures, swaps and forward contracts are disclosed in Note 21, therefore the contingent liabilities for 2017 have been restated

(a) Effect of additional N1.9bn Amcon levy on statement of changes in equity
(b) Effect of N2.54bn additional liability recognised as a result of AMCON levy on statement of financial position
(c) Effect of N1.9bn additional liability recognised as a result of AMCON levy on statement of comprehensive income

46 (b) Restatement of prior year financial information

(i) Changes to statement of changes in equity

In thousands of Naira

	Reported Group December 2016	Restatements	Restated Group 1 Janaury 2017	Reported Bank December 2016	Restatements	Restated Bank 1 Janaury 2017
Retained earnings	93,614,030	-	93,614,030	93,329,188	-	93,329,188
Restatement of AMCON sinking fund contribution for 2016 [1]	-	(2,349,011)	(2,349,011)	-	(2,349,011)	(2,349,011)
Restated balance as at 31 Dec 2016	**93,614,030**	**(2,349,011)**	**91,265,018**	**93,329,188**	**(2,349,011)**	**90,980,177**

(ii) Changes to statement of financial position

	Reported Group December 2016	Restatements	Restated Group 1 Janaury 2017	Reported Bank December 2016	Restatements	Restated Bank 1 Janaury 2017
Other liabilities	113,571,240	-	113,571,240	107,538,941	-	107,538,941
Restatement of AMCON sinking fund contribution for 2016 [1]	-	2,349,011	2,349,011	-	2,349,011	2,349,011
Restated balance	**113,571,240**	**2,349,011**	**115,920,251**	**107,538,941**	**2,349,011**	**109,887,952**
Other assets	44,763,926	-	44,763,926	36,613,624		36,613,624
Restatement of Restricted deposits with central banks [2]	-	300,468,024	300,468,024		298,184,159	298,184,159
Restated balance	**44,763,926**	**300,468,024**	**345,231,950**	**36,613,624**	**298,184,159**	**334,797,783**
Cash and balances with banks	713,889,105	-	713,889,105	517,997,249	-	517,997,249
Restatement of Restricted deposits with central banks [2]	-	(300,468,024)	(300,468,024)	-	(298,184,159)	(298,184,159)
Restated balance	**713,889,105**	**(300,468,024)**	**413,421,081**	**517,997,249**	**(298,184,159)**	**219,813,090**
Future, swap and forward contracts	933,073,893	(933,073,893)	-	900,436,358	(900,436,358)	-

[1] **AMCON sinking fund contribution**

During the year, the Central Bank of Nigeria advised the bank of a reassessment of its obligation to the Asset Management Corporation of Nigeria (AMCON), as contained in the Resolution Cost Trust Fund Deed. The advice instructed that contingent items are to be included as part of the total assets upon which computation for the contribution due is to be based, hence they would be included in the computation of the levy due to AMCON. The computation is based on 0.5% of total assets. This is to comply with the AMCON Amendment Act.

The Bank has fully expensed the sum of N21.89bn as AMCON levy in the year ended 31 Dec 2016. See above the analysis of the restatements and resultant impact for the year ended 31 December 2016.

[2] **Restricted deposits with central banks**

The Group reclassified Cash reserve requirement, classified as restricted deposits with Central banks and special reserve intervention funds, from Cash and cash equivalents to Other assets for financial reporting purposes. This was necessary for better presentation.

[4] Futures, swaps and forward contracts are disclosed in Note 21, therefore the contingent liabilities for 2017 have been restated

(i) Effect of additional N2.345n Amcon levy on statement of changes in equity
(ii) Effect of N2.35bn additional liability recognised as a result of AMCON levy on statement of financial position
(iii) Effect of N2.35bn additional liability recognised as a result of AMCON levy on statement of comprehensive income

47 MERGER BETWEEN ACCESS BANK PLC AND DIAMOND BANK PLC

The Board of Access Bank Plc ("Access") recently signed a Memorandum of Agreement (MoA) with Diamond Bank Plc ("Diamond") regarding a potential merger of the two banks that will create Nigeria and Africa's largest retail bank by customers. This follows its selection as preferred bidder after a competitive process undertaken by the Board of Diamond Bank

The proposed merger would involve Access Bank acquiring the entire issued share capital of Diamond Bank in exchange for a combination of cash and shares in Access Bank via a Scheme of Merger.

Based on the agreement reached by the Boards of the two financial institutions, Diamond Bank shareholders will receive N3.13 per share, comprising (i) a cash consideration of N1.00 (one Naira) per Diamond Bank Share representing a total cash amount of N23,160,388,968 (twenty-three billion, one hundred and sixty million, three hundred and eighty-eight thousand, nine hundred and sixty-eight Naira), or US$ 75,588,736.84 (seventy five million, five hundred and eighty eight thousand, seven hundred and thirty six dollars and eighty four cents) and (ii) the allotment of 6,617,253,991 (six billion, six hundred and seventeen million two hundred and fifty-three thousand, nine hundred and ninety-one) new Access Bank ordinary shares, representing the 2 new Access Bank ordinary shares for every 7 Diamond Bank shares. The offer represents a premium of 260% to the closing market price of N0.87 per share of Diamond Bank on the Nigerian Stock Exchange as of December 13, 2018, the date of the final binding offer.

The completion of the transaction would be subject to formal regulatory and shareholder approvals. The regulatory approvals required for the merger process are; the pre-order approval, the approval in principle and the final approval after convention of shareholders of which the first two approvals have been obtained as at the time of this report.

The bank has a strong track record of acquisition and integration and has a clear growth strategy. Access and Diamond have complementary operations and similar values, and a merger with Diamond, with its leadership in digital and mobile-led retail banking, would accelerate the Bank's strategy as a significant corporate and retail bank in Nigeria and a Pan-African financial services champion. The Bank has a strong financial profile with attractive returns and a robust capital position . It is believed that this platform, together with the two banks' shared focus on innovation, financial inclusion and sustainability, can bring benefits to Access and Diamond customers, staff and shareholders.

Please visit https://www.accessbankplc.com/pages/Investor-Relations.aspx for more information on the merger.

OTHER NATIONAL DISCLOSURES

Value Added Statement

In thousands of Naira

	Group December 2018	%	Group December 2017	%
Gross earnings	528,744,578		459,075,779	
Interest expense				
Foreign	(40,614,939)		(5,585,583)	
Local	(123,587,589)		(102,622,266)	
	364,542,050		350,867,929	
Net impairment (loss) on financial assets	(14,183,664)		(33,916,948)	
Net impairment loss on other financial assets	(452,942)		(549,920)	
Bought-in-materials and services				
Foreign	(3,839,476)		(1,819,106)	
Local	(126,265,516)		(117,735,321)	
Value added	**219,800,452**		**196,846,635**	
Distribution of Value Added				
To Employees:				
Employees costs	57,144,040	26%	54,806,795	28%
To government				
Government as taxes	7,319,211	3%	18,081,628	9%
To providers of finance				
Interest on borrowings	43,134,232	20%	48,321,523	25%
Dividend to shareholders	18,803,182	9%	18,803,180	10%
Retained in business:				
For replacement of property and equipment and intangible assets	16,334,478	7%	13,645,837	7%
For replacement of equipment on lease	-	0%	-	0%
Retained profit (including Statutory and regulatory risk reserves	77,065,309	35%	43,187,672	22%
	219,800,452	**100%**	**196,846,635**	**100%**

OTHER NATIONAL DISCLOSURES

Value Added Statement

In thousands of Naira	Bank December 2018	%	Bank December 2017	%
Gross earnings	435,743,036		398,161,575	
Interest expense				
Foreign	(35,897,873)		(5,508,566)	
Local	(106,694,506)		(90,507,289)	
	293,150,657		302,145,720	
Net impairment (loss) on financial assets	(10,395,999)		(29,465,778)	
Net impairment loss on other financial assets	(286,024)		315,930	
Bought-in-materials and services				
Foreign	(3,839,476)		(1,819,106)	
Local	(104,995,670)		(102,273,451)	
Value added	**173,633,488**		**168,903,315**	
Distribution of Value Added				
To Employees:				
Employees costs	40,425,816	23%	41,773,512	25%
To government				
Government as taxes	764,445	0%	13,804,679	8%
To providers of finance				
Interest on borrowings	42,265,030	24%	47,018,452	28%
Dividend to shareholders	18,803,182	11%	18,803,180	11%
Retained in business:				
For replacement of property and equipment	13,711,396	8%	11,445,781	7%
For replacement of equipment on lease	1,983,096	1%	1,622,069	1%
Retained profit (including Statutory and regulatory risk reserves	55,680,522	32%	34,435,642	20%
	173,633,487	**100%**	**168,903,315**	**100%**

OTHER NATIONAL DISCLOSURES

Other financial Information
Five-year Financial Summary

	December 2018	*Restated December 2017	*Restated December 2016	December 2015	December 2014
Group					
	12 months	**12 months**	**12 months**	**12 months**	**12 months**
In thousands of Naira	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Assets					
Cash and balances with banks	740,926,362	547,134,325	413,421,081	478,409,336	405,014,793
Investment under management	23,839,394	20,257,131	14,871,247	10,403,608	-
Non pledged trading assets	38,817,147	46,854,061	44,629,579	52,298,422	28,411,644
Pledged assets	554,052,956	447,114,404	314,947,502	203,715,397	87,072,147
Derivative financial instruments	128,440,342	93,419,293	156,042,984	77,905,020	24,866,681
Loans and advances to banks	142,489,543	68,114,076	45,203,002	42,733,910	12,435,659
Loans and advances to customers	1,993,606,233	1,995,987,627	1,809,459,172	1,365,830,831	1,110,464,442
Investment securities	501,072,480	278,167,758	229,113,772	186,223,126	270,211,388
Other assets	704,326,780	489,563,282	363,723,078	83,014,503	56,310,620
Property and equipment	103,668,719	97,114,642	84,109,052	73,329,927	69,659,707
Intangible assets	9,752,498	8,295,855	6,939,555	6,440,616	5,592,991
Deferred tax assets	922,660	740,402	1,264,813	10,845,612	10,881,984
Assets classified as held for sale	12,241,824	9,479,967	140,727	179,843	23,438,484
Total assets	4,954,156,938	4,102,242,823	3,483,865,564	2,591,330,151	2,104,360,540
Liabilities					
Deposits from financial institutions	994,572,845	450,196,970	167,356,583	72,914,421	119,045,423
Deposits from customers	2,564,908,384	2,244,879,075	2,089,197,286	1,683,244,320	1,454,419,052
Derivative financial instruments	5,206,001	5,332,177	30,444,501	3,077,927	1,989,662
Current tax liabilities	4,057,862	7,489,586	5,938,662	7,780,824	8,180,969
Other liabilities	246,438,951	258,166,549	115,920,249	69,355,947	21,689,079
Deferred tax liabilities	6,456,840	8,764,262	3,699,050	266,644	59,038
Debt securities issued	251,251,383	302,106,706	316,544,502	149,853,640	138,481,179
Interest-bearing borrowings	388,416,734	311,617,187	299,543,707	231,467,161	79,816,309
Retirement benefit obligations	2,336,183	2,495,274	3,075,453	5,567,800	3,269,100
Total liabilities	4,463,645,183	3,591,047,788	3,031,719,993	2,223,528,684	1,826,949,811
Equity					
Share capital and share premium	212,438,802	212,438,802	212,438,802	212,438,802	172,477,671
Retained earnings	155,592,892	113,449,307	91,265,019	51,730,369	34,139,453
Other components of equity	114,609,701	178,399,413	142,194,725	99,732,330	67,262,761
Non controlling interest	7,870,360	6,907,515	6,247,028	3,899,966	3,530,844
Total equity	490,511,755	511,195,037	452,145,575	367,801,467	277,410,729
Total liabilities and Equity	4,954,156,938	4,102,242,826	3,483,865,569	2,591,330,151	2,104,360,540
Gross earnings	528,744,579	459,075,779	381,320,781	337,404,230	245,383,536
Profit before income tax	103,187,703	78,169,119	87,990,444	75,038,117	52,022,290
Profit from continuing operations	94,981,086	60,087,491	69,090,335	65,868,773	43,063,479
Discontinued operations	-	-	-	-	(87,267)
Profit for the year	94,981,086	60,087,491	69,090,335	65,868,773	42,976,212
Non controlling interest	962,845	13,090	322,322	536,233	560,883
Profit attributable to equity holders	94,018,240	60,074,401	68,768,013	65,332,540	42,415,329
Dividend paid	18,803,180	18,803,180	15,910,384	15,241,014	13,729,777
Earning per share - Basic	330k	218k	249k	265k	189k
- Adjusted	325k	214k	245k	262k	189k
Number of ordinary shares of 50k	28,927,971,631	28,927,971,631	28,927,971,631	28,927,971,631	22,882,918,908

OTHER NATIONAL DISCLOSURES

Other financial Information
Five-year Financial Summary

	December 2018	*Restated December 2017	*Restated December 2016	December 2015	December 2014
Bank					
	12 months	**12 months**	**12 months**	**12 months**	**12 months**
In thousands of Naira	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Assets					
Cash and balances with banks	338,289,912	252,521,543	219,813,090	405,998,636	351,174,879
Investment under management	23,839,394	20,257,131	14,871,247	10,403,608	-
Non pledged trading assets	36,581,058	43,016,990	44,629,579	52,298,422	28,411,644
Pledged assets	554,052,956	440,503,327	314,947,502	200,464,624	85,183,353
Derivative financial instruments	128,133,789	92,390,219	155,772,662	77,852,349	24,831,145
Loans and advances to banks	100,993,116	101,429,001	104,006,574	60,414,721	55,776,837
Loans and advances to customers	1,681,761,862	1,771,282,739	1,594,562,345	1,243,215,309	1,019,908,848
Investment securities	258,580,286	121,537,302	161,200,642	155,994,798	226,137,983
Other assets	625,813,176	469,812,502	348,778,639	78,623,381	48,246,307
Investment in subsidiary	111,203,496	87,794,631	59,239,252	45,439,246	40,120,572
Property and equipment	88,392,543	83,676,723	71,824,472	65,900,384	64,160,327
Intangible assets	8,231,197	5,981,905	5,173,784	4,977,908	4,436,814
Deferred tax assets	-	-	-	10,180,832	10,128,537
Assets classified as held for sale	12,241,824	9,479,967	140,727	179,843	23,438,484
Total assets	3,968,114,608	3,499,683,981	3,094,960,515	2,411,944,061	1,981,955,730
Liabilities					
Deposits from banks	616,644,611	276,140,835	95,122,188	63,343,785	134,509,662
Deposits from customers	2,058,738,930	1,910,773,713	1,813,042,872	1,528,213,883	1,324,800,611
Derivative financial instruments	5,185,870	5,306,450	30,275,181	2,416,378	1,737,791
Debt securities issued	251,251,383	302,106,706	243,952,418	78,516,655	73,155,391
Current tax liabilities	2,939,801	4,547,920	5,004,160	6,442,311	7,113,226
Other liabilities	222,046,143	242,948,060	109,887,952	64,094,358	16,870,132
Retirement benefit obligations	2,319,707	2,481,916	3,064,597	5,567,800	3,267,364
Interest-bearing borrowings	363,682,441	282,291,141	372,179,785	302,919,987	146,345,767
Deferred tax liabilities	4,505,966	7,848,515	3,101,753	-	-
Total liabilities	3,527,314,852	3,034,445,256	2,675,630,906	2,051,515,157	1,707,799,945
Equity					
Share capital and share premium	212,438,802	212,438,802	212,438,802	212,438,802	172,477,671
Retained earnings	148,238,575	115,966,230	90,980,177	49,459,102	36,499,779
Other components of equity	80,122,380	136,833,692	115,910,630	98,531,000	65,178,336
Total equity	440,799,756	465,238,725	419,329,609	360,428,904	274,155,786
Total liabilities and Equity	3,968,114,609	3,499,683,982	3,094,960,514	2,411,944,061	1,981,955,730
Gross earnings	435,743,037	398,161,576	331,000,972	302,061,975	221,610,769
Profit before income tax	75,248,146	65,140,136	78,230,565	65,177,914	46,142,422
Profit for the year	73,596,295	51,335,460	61,677,124	65,868,773	39,941,126
Dividend paid	18,803,180	18,803,180	15,910,384	13,729,777	13,729,777
Earning per share - Basic	254k	177k	221k	174k	114k
- Adjusted	254k	184k	221k	174k	114k
Number of ordinary shares of 50k	28,927,971,631	28,927,971,631	28,927,971,631	22,882,918,908	22,882,918,908