Access Bank Plc

Consolidated and separate financial statements for the period ended 30 June 2014

ACCESS BANK PLC
Index to the consolidated financial statements
For the period ended 30 June 2014

Directors, officers and professional advisors

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

Directors

Gbenga Oyebode, MFR	Chairman/Non-Executive Director
Herbert Onyewumbu Wigwe	GMD/Executive Director
Obinna David Nwosu	DMD/Executive Director
Mosunmola Belo-Olusoga	Non-Executive Director
Ernest Chukwuka Ndukwe	Independent Non-Executive Director
Oritsedere Samuel Otubu	Non-Executive Director
Anthonia Olufeyikemi Ogunmefun	Non-Executive Director
Paul Usoro, SAN	Non-Executive Director
Emmanuel Chiejina	Non-Executive Director
Mahmoud Isa-Dutse	Non-Executive Director
Ajoritsedere Josephine Awosika	Independent Non-Executive Director
Victor Okenyenbunor Etuokwu	Executive Director
Roosevelt Michael Ogbonna	Executive Director
Ojinika Nkechinyelu Olaghere	Executive Director
Elias Igbinakenzua	Executive Director
Titi Osuntoki	Executive Director

Company Secretary
Mr Sunday Ekwochi

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Access Bank Plc
Plot 999c, Danmole Street,
Victoria Island, Lagos.
Telephone: +234 01 2621040-41
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Website: www.accessbankplc.com
Company Registration Number: RC125 384
FRC Number: FRC/2012/0000000000271

Independent Auditors
PricewaterhouseCoopers
252E Muri Okunola Street
Victoria Island, Lagos
Telephone: (01) 271 1700
Website: www.ng.pwc.com

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

Directors' Report

For the half-year ended 30 June 2014

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 half-year ended 30 June 2014.

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 Commercial Banking license with International Authorization by the Central Bank of Nigeria on 5 February 2014.

The Bank's principal activities incude the provision of money market product 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) Limited, Access Bank Rwanda, Access Bank (D.R. Congo) and FinBank Burundi. The Bank also has Access Finance BV, an offshore Special Purpose Vehicle for the issuance of the U.S.$350,000,000 7.25 Per Cent Guaranteed Notes Dues 2017 guaranteed by the Bank.
Following shareholders and regulatory approval, the Bank successfully raised the sum of USD400 million at 9.25 per cent via the issue of Resettable Subordinated Notes

In furtherance of the objective of bringing the Bank's activities in compliance with the provisions of the Central Bank of Nigeria's Regulation on Scope of Banking Activities and Other Ancilliary Matters, on the permitted activities for Commercial Banks with International Authorisation, the Bank during the First Half of the Year 2014 concluded its divestment from Finbank Burundi while the winding up of Access Homes and Mortgages Limited was completed . The winding-up modalities of Intercontinental Bureau d' Change Limited and Flexmore Technologies Limited are currently at completion stage.

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

Operating results

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

In thousands of Naira	**Group** **6 months** **Jun-14**	**Group** **6 months** **Jun-13**	**Bank** **6 months** **Jun-14**	**Bank** **6 months** **Jun-13**
Gross earnings	**117,932,360**	**102,355,879**	**104,795,752**	**88,878,599**
Profit before income tax	27,117,783	26,101,128	22,412,792	22,376,785
Income tax expense	(4,044,420)	(5,380,051)	(2,462,639)	(4,131,996)
Profit from continuing operations	23,073,363	20,721,077	19,950,153	18,244,790
Loss from discontinued operations (net of tax)	(486,827)	375,489	-	-
Profit for the period	22,586,535	21,096,566	19,950,153	18,244,790
Other comprehensive (loss)/gain	(147,008)	(3,020,288)	44,202	259,183
Total comprehensive income for the year	22,439,527	18,076,278	19,994,355	18,503,973
Non-controlling interest	303,283	101,260	-	-
Profit attributable to equity holders of the Bank	22,136,245	17,975,017	19,994,355	18,503,973

In thousands of Naira	**Group** **Jun-14**	**Group** **Jun-13**	**Bank** **Jun-14**	**Bank** **Jun-13**
Earnings per share - Basic (k)	99	92	87	80
Dividend (paid):				
Final for 2012 paid in 2013 and final for 2013 paid in 2014	8,009,048	13,729,751	8,009,048	13,729,751
Proposed dividend	**5,720,730**	**5,720,730**	**5,720,730**	**5,720,730**
Total equity	259,122,344	244,482,050	257,265,754	245,181,997
Total impaired loans and advances	24,340,059	28,153,635	19,700,224	23,764,263
Total impaired loans and advances to gross risk assets (%)	2.52%	2.76%	2.12%	2.53%

Interim dividend

The Board of Directors proposed an Interim dividend of 25 kobo (HY 2013: 25 kobo) each on the issued share capital of 22,882,918,908 ordinary shares of 50k each as at 30 June 2014. 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			
	30-Jun-14		31-Dec-13	
	Direct	Indirect	Direct	Indirect
G. Oyebode - Chairman	78,652,858	76,752,411	78,652,858	76,752,411
H. O. Wigwe - GMD/CEO	119,231,713	1,259,864,911	119,231,713	629,932,455
O. D Nwosu - GDMD	-	-	-	-
O. S. Otubu	18,979,886	16,840,286	18,979,886	16,840,286
M. Isa-Dutse	2,789,926	-	3,136,220	-
E. Chiejina	7,080,754	-	7,080,754	-
M. Belo-Olusoga	1,953,629	-	1,953,629	-
K. Ogunmefun	-	352,456	-	352,456
V.O. Etuokwu -ED	7,728,932	-	7,782,788	-
R. C. Ogbonna - ED	9,195,874	-	9,195,874	-
O.N. Olaghere - ED	5,451,332	-	5,451,332	-
E. Igbinakenzua - ED	-	-	-	-
T. Osuntoki - ED	262,854	-	-	-
P. Usoro	1,209,634	-	-	-
A. Awosika	-	-	-	-
E. Ndukwe	395,377	-	-	-

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
Mr. Gbenga Oyebode	Chaiman	Aluko & Oyebode	Legal services
Mr. Gbenga Oyebode	Director	MTN Nigeria Limited	Mobile telephone services
Mr. Gbenga Oyebode	Director	Crusader Nigeria Plc	Underwriting services
Dr. Cosmas Maduka	Director	Coscharis Group Companies	Supply of cars, water, beverages and computer
Mr. Oritsedere Otubu	Director	Staco Insurance Plc	Underwriting services
Mr. Oritsedere Otubu	Director	Senforce Insurance Brokers Ltd	Insurance brokerage services
Mr. Oritsedere Otubu	Shareholder	Chapel Hill Denham Group	Financial services
Mrs. Mosun Belo- Olusoga	Director	The KRC Ltd.	Training services
Mr. Herbert Wigwe	Shareholder	Marina Securities Limited	Brokerage services
Mr. Herbert Wigwe	Shareholder	Wapic Insurance Plc	Insurance Services

Analysis of shareholding:

The shareholding pattern of the Bank as at 30 june 2014 was as stated below:

	30 June 2014			
Range	Number of Shareholders	% of Shareholders	Number of shares held	% of Shareholders
Domestic Shareholders				
1-1,000	417,306	50.58	65,920,211	0.29
1,001-5,000	251,804	30.52	555,763,417	2.43
5,001-10,000	65,755	7.97	446,898,106	1.95
10,001-50,000	70,117	8.50	1,407,109,728	6.15
50,001- 100,000	10,334	1.25	749,315,675	3.27
100,001-500,000	7,107	0.86	1,430,324,719	6.24
500,001-1,000,000	690	0.08	485,824,679	2.12
1,000,001-5,000,000	636	0.08	1,295,113,431	5.66
5,000,001-10,000,000	112	0.01	787,865,592	3.44
10,000,001 and above	154	0.02	14,580,375,706	66.89
	824,015	**99.89**	**21,804,511,264**	**98.46**
Foreign Shareholders				
1-1,000,000	907	907.00	19,476,560	0.09
1,000,001-5,000,000	2	0.00	3,948,930	0.02
5,000,001-10,000,000	-	-	-	-
10,000,001 and above	4	0.00	1,054,982,154	1.43
	913	**907.00**	**1,078,407,644**	**1.54**
Total	824,928	1,006.89	22,882,918,908	100.00

The shareholding pattern of the Bank as at 31 December 2013 is as stated below:

Range	31 December 2013 Number of Shareholders	% of Shareholders	Number of shares held	% of Shareholders
Domestic Shareholders				
1-1,000	418,338	51	66,077,606	0.29
1,001-5,000	252,564	31	557,585,577	2.44
5,001-10,000	66,149	8	449,424,043	1.96
10,001-50,000	70,692	9	1,418,827,283	6.20
50,001- 100,000	10,428	1	755,713,426	3.30
100,001-500,000	7,225	1	1,448,182,975	6.33
500,001-1,000,000	709	0	495,834,674	2.17
1,000,001-5,000,000	635	0	1,282,784,615	5.61
5,000,001-10,000,000	111	0	787,720,839	3.44
10,000,001 and above	149	0	13,620,821,201	59.52
	827,000	99.89	20,882,972,239	91.26
Foreign Shareholders				
500,001-1,000,000	890	0.11	18,925,956	0.08
1,000,001-5,000,000	2	0.00	3,948,930	0.02
5,000,001-10,000,000	-	-	-	-
10,000,001 and above	9	0.00	1,977,071,783	8.64
	901	0.11	1,999,946,669	8.74
Total	827,901	100.00	22,882,918,908	100.00

Substantial interest in shares

According to the register of members at 30 June 2014, the following shareholders held more than 5% of the issued share capital of the Bank as follows:

	30 June 2014		31 December 2013	
	Number of shares held	% of shareholding	Number of shares held	% of shareholding
Stanbic Nominees Nigeria Limited*	6,751,060,051	29.50%	6,701,433,113	29.26%
Blakeney GP	1,452,159,580	6.35%	1,386,901,385	6.06%

*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.

Property and equipment

Information relating to changes in property and equipment is given in Note 33 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 Group operates a non-discriminatory policy in the consideration of applications for employment. The Bank's policy is that the most qualified and experienced persons are recruited for appropriate job levels, irrespective of an applicant's state of origin, ethnicity, religion, gender or physical condition.

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

(ii) Employment of disabled persons

In the event of any employee becoming disabled in the course of employment, the Group 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 both a Group Personal Accident and the Workmen's Compensation Insurance covers for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act 2004 as Amended and other benefit schemes for its employees.

(iv) Employee involvement and training

The Bank encourages participation of employees in arriving at decisions in respect of matters affecting their wellbeing. Towards this end, the Bank provides opportunities where employees deliberate on issues affecting the Group and employee 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 Group 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.

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 Oluwatoyin Eleoramo	-	Shareholder	Chairman
2	Mr. Henry Omatshola Aragho	-	Shareholder	Member
3	Mr Idaere Gogo Ogan	-	Shareholder	Member
4	Mr Oritsedere Otubu	-	Director	Member
5	Dr. Ernest Ndukwe	-	Director	Member
6	Mrs. Mosun Belo-Olusoga	-	Director	Member

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

Auditors: PricewaterhouseCoopers were appointed as the external auditors of the Bank by the ordinary resolution of shareholders passed during the the 24th Annual General Meeting held on April 25 2013 .

BY ORDER OF THE BOARD

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

Sunday Ekwochi
Company Secretary

CORPORATE GOVERNANCE REPORT

Introduction

Our corporate governance report provides us with the opportunity to report how the company was directed and governed during the year. It covers the functions of the Board of Directors ('the Board') and the workings of our systems and structures of governance.

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

The Board is responsible for embedding high standards of corporate governance across the Group which is essential for the sustainability of the enterprise. Our governance framework is designed to ensure on-going compliance with relevant corporate governance codes viz: Central Bank of Nigeria's Code of Corporate Governance for Banks in Nigeria Post Consolidation ('the CBN Code'), the Securities and Exchange Commission's Code of Corporate Governance ('the SEC Code') and the Post-Listing Requirements of the Nigeria Stock Exchange. These in addition to the Board charter and the Bank's Memorandum and Articles of Association collectively provide the foundation for sound corporate governance. Our core values of excellence, innovation, leadership, passion for customers, professionalism and empowered employees continue to shape our corporate behavior.

Performance Monitoring and Evaluation

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

The Bank's performance on Corporate Governance is continuously being monitored and reported. We carry out monthly and half-yearly reviews of our compliance with CBN Code and SEC Code respectively and render reports to the regulators.

The Board has also established a system of independent annual evaluation of its performance, that of its committees and individual directors. The evaluation is done by an independent consultant approved by the Board. In 2013, Accenture Limited was retained to conduct the performance evaluation.

The result of the Board performance evaluation was presented by the independent consultant during the Board Meeting held on January 28, 2014. The evaluation was a 360 degree exercise covering directors' self-assessment, peer assessment and evaluation of the Board and the Committee. The effectiveness of the independent directors vis-à-vis the CBN Guidelines on Independent Directors of Banks was also evaluated. The result confirmed that the individual directors and the Board continue to operate at a very high level of effectiveness and efficiency.

In compliance with the CBN Code on Corporate Governance, the Annual Board Performance Evaluation

Report for the year 2013 was presented to shareholders at the Annual General Meeting of the Bank held on April 30, 2013. .

Appointment, Retirement and Re-election of Directors

Dr. Babatunde Folawiyo, following his completion of the maximum 12 year term as provided by the CBN Code of Corporate Governance, retired from the Board in January, 2014. The Board had in December 2013 approved the appointment of Paul Usoro as a Non-Executive Director. The appointment has been approved by the CBN

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 ('AGM'). In keeping with the requirement, Messrs Emmanuel Chiejina, Oritsedere Otubu and Antonia Kemi Ogunmefun Retired at the 25th AGM of the Bank held on April 30, 2014 and being eligible for re-election were duly re-elected by shareholders. The Shareholders also elected the following directors who were appointed by the Board since the last Annual General Meeting: Dr. Mrs. Ajoritsedere Awosika, Mr. Paul Usoro, Mr Obinna Nwosu, Mrs. Ojini Olaghere, Mr. Roosevelt Ogbonna, Mr. Elias Igbinakenzua, Mrs. Titi Osuntoki. The appointments had earlier been approved by the CBN.

Shareholders Engagement

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, 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 Board and Management are committed to providing shareholders with continuous and timely flow of information about the Group. Access Bank continues to enhance the ability of its Investor Relations function to effectively communicate with its local and international shareholders. Investors and stakeholders are frequently provided with information about the Bank through various channels including Quarterly Investors Conference Calls, the General Meeting, the website, Annual Report and Accounts, No-Deal Road Shows and Investor forum at the Stock Exchange.

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

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

Access to Information and Resource

There is ongoing engagement between Executive Management and the Board, and the heads of relevant Strategic Business Units attend Board meetings to make presentations. The Bank's external auditors attend the Group Board, the Group Board Audit Committee and the Group Shareholders Audit Committee Meetings. Directors have unrestricted access to the Group Management and company information in addition to the resources to carry out their roles and responsibilities. This includes access to external professional advice at the Bank's expense as provided by the Board and Committees' charters.

The Board

The primary obligation of the Board of Directors is to advance the prosperity of the Bank by collectively directing the Bank's affairs, whilst meeting the appropriate interests of shareholders and stakeholders. 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 Board is comprised of sixteen members made up of nine non-executive directors and seven executive directors. The details of which are set out below:

S/n	Name	Designation
1	Mr. Gbenga Oyebode	Chairman
2	Mr. Oritsedere Samuel Otubu	Non-Executive Director
3	Mr. Emmanuel Chiejina	Non-Executive Director
4	Dr. Mahmoud Isa-Dutse	Non-Executive Director
5	Mrs. Mosun Belo-Olusoga	Non-Executive Director
6	Mrs. Kemi Ogunmefun	Non-Executive Director
7	Mr. Paul Usoro, SAN	Non-Executive Director
8	Dr. Ernest Ndukwe	Independent Non-Executive Director
9	Dr. (Mrs.) Ajoritsedere Awosika	Independent Non-Executive Director
10	Mr. Herbert Wigwe	Group Managing Director/Chief Executive Officer
11	Mr. Obinna Nwosu	Group Deputy Managing Director
12	Mr. Victor Etuokwu	Executive Director
13	Mrs. Ojini Olaghere	Executive Director
14	Mr. Elias Igbinakenzua	Executive Director
15	Mrs. Titilayo Osuntoki	Executive Director
16	Mr. Roosevelt Ogbonna	Executive Director

In line with best practice, there is separation of powers between the Chairman and Group Managing Director. The Board is able to reach impartial decisions as its Non-Executive Directors are a blend of independent and non-independent directors with no shadow or Alternate Directors, which ensures that independent thought, is brought to bear on decisions of the Board. The effectiveness of the Board derives from the diverse range of skills and competences of the executive and Non-Executive Directors who have exceptional degrees of banking, financial and broader entrepreneurial experiences.

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

- Defining the Bank's business strategy and objectives
- Formulating risk policies
- Approval of quarterly, half yearly and full year financial statements
- Approval of significant changes in accounting policies and practices
- Appointment or removal of directors and 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
- Approval of remuneration of Auditors and recommendation for appointment or removal of Auditors
- Approval of the framework for determining the policy and specific remuneration of Executive Directors
- Monitoring delivery of the strategy and performance against plan
- Review and monitoring of the performance of the Group Managing Director and the executive team
- Ensuring the maintenance of ethical standard and compliance with relevant laws.
- Performance appraisal and compensation of Board members and Senior Executives
- Ensuring effective communication with shareholders
- Ensuring the integrity of financial reports by promoting disclosure and transparency
- Succession Planning for key positions

Appointment Process, Induction and Training of Board Members

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

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

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

The Board believes that a robust induction and continuing professional development will improve directors' performance. It ensures that directors have appropriate knowledge of the Bank and access to its operations. Directors are therefore required to participate in periodic, relevant continuing professional developments to update their knowledge. During the period under review the Directors attended the training courses as shown below

S/N	PROGRAM	COURSE PROVIDER	DATE
1.	International Directors Program	Insead, France	May 28-31, 2014
2.	Wharton Advanced Risk Management Program	Wharton, USA	May 4-10, 2014
3.	International Directors Program	Insead, France	June 22 – 25, 2014
4.	Wharton Advanced Risk Management Program	Wharton, USA	
5.	Women's Leadership Forum	Harvard Business School	June 2 – 6, 2014
6.	Training on Basel II	NPV CORP Consulting Services, USA	April 27-28,2014

Delegation of Authority

The ultimate responsibility for the Bank's operations rests with the Board. The Board retains effective control through well-developed Committee structure that provides in-depth focus on Board's responsibilities. 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 are approved in advance at the first meeting of the Board in each financial year. Material decisions may be taken between meetings through written resolutions as provided for by the Bank's Articles of Association. The Annual Calendar of Board activities include 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 and where a director is unable to attend a meeting he/she is still provided with the relevant papers for the meeting. Such director reserves the right to discuss with the Chairman any matter he/she may wish to raise at the meeting. Directors are also provided with regular updates on developments in the regulatory and business environment. The Board met two times during the reporting period. The Board also held its 6th Annual Board Retreat in March 6-8, 2014 to discuss strategic issues affecting the Bank

Board Committees

The Board carries out its oversight function through its standing committees each of which has a charter that clearly defines its purpose, composition, and 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 four standing committees namely: Risk Management Committee, Audit Committee, Governance and Remuneration Committee and Credit & Finance Committee. The composition and responsibilities of the committees are set out below:

S/N	Name	BAC	BRMC	BCFC	BGRC
1	Mr. Gbenga Oyebode[1]	-	-	-	-
2	Mr. Oritsedere Otubu[1]	C	-	M	M
3	Dr. Mahmoud Isa-Dutse[1]	M	C	M	-
4	Mr. Emmanuel Chiejina[1]	-	M	M	C
5	Mrs. Anthonia Kemi Ogunmefun[1]	-	M	M	M
6	Mr. Paul Usoro[1]	M	M	M	-
7	Mrs. Mosun Belo-Olusoga[1]	M	M	C	M
8	Dr. Ernest Ndukwe[1]	M	-	M	-
9	Dr. (Mrs.) Ajoritsedere Awosika[1]	-	M	M	M
10	Mr. Herbert Wigwe[2]	-	M	M	M
11	Mr. Obinna Nwosu [2]	-	M	M	-
12	Mr. Victor Etuokwu[2]	-	-	M	-
13	Mrs. Ojinika Olaghere[2]	-	M	-	-
14	Mr. Elias Igbinakenzua[2]	-	-	M	-
15	Mr. Roosevelt Ogbonna[2]	-	-	M	-
16	Mrs. Titi Osuntoki	-	-	M	-

Keys
C Chairman of Committee
M Member
\- Not a member
[1] Non- Executive
[2] Executive
BAC- Board Audit Committee
BRMC – Board Risk Management Committee
BCFC- Board Credit and Finance Committee
BGRC-Board Governance and Remuneration

Credit and Finance Committee

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

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

Mrs. Mosun Belo-Olusoga chaired the Committee. She is a graduate of Economics from the University of Ibadan (1979) and a Fellow of the Institute of Chartered Accountants of Nigeria and Chartered Institute of Bankers of Nigeria. She retired from Guaranty Trust Bank in 2006 as Executive Director Investment Banking. She was at various times in charge of Risk Management, Corporate and Commercial Banking, Transaction service and Settlement.

Governance and Remuneration Committee

The Committee advises the Board on its oversight responsibilities in relation to compensation, benefits and all other human resource matters affecting the Bank. The Committee is responsible for determining and executing the processes for board appointments, recommending appropriate remuneration for Bank's directors and employees. The Committee reviews and recommends the Bank's organizational structure to the Board for approval. The Committee is responsible for reviewing the performance and effectiveness of Board of the Bank's subsidiaries and ensures that the Bank's human resources are maximized to support the long term success of the enterprise. The Committee supervises Management's implementation of the Bank's sustainability agenda.

The key decisions of the Committee in the reporting period include recommendation of Senior Management appointments to the Board, approval of the Bank's sustainability report, reviewed the compensation package for employees and recommended same to the Board for approval. The Committee met two times during the period.

Mr. Emmanuel Chiejina chaired the Committee. He is a law graduate from the University of Lagos and was called to Nigeria Bar in 1976. He retired from Elf Petroleum Nigeria Limited in 2007 as Deputy Managing Director having spent 27 years with the organization. Before his appointment as Deputy Managing Director, he was Executive Director Corporate Development and Services with responsibility for Human Resources.

Risk Management Committee

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

The Committee is chaired by Dr. Mahmoud Isa-Dutse. He has more than 20 years working experience in the Nigerian banking industry having retired as an Executive Director, United Bank for Africa Plc in 2002. He holds a Doctorate degree in Corporate Governance from Manchester Business School. He also has Master of Business and Bachelor of Science degrees (Economics) from Wharton Business School and Ahmadu Bello University, Zaria respectively.

During the period under review the Committee considered and recommended some policies to the Board for approval. The policies include; the Framework for Correspondent Banking, Regulatory Compliance Monitoring Framework and the Framework for Handling and Reporting Customer Complaints. The Committee also monitored and ensured the Group's compliance with relevant regulatory policies. The Committee met two times during the reporting period.

Audit Committee

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

The Committee approved the audit plan of the internal auditors and approved the audited financial statement for the year end, 2013 presented by the external auditors during the reporting period.

Mr. Oritsedere Otubu chairs the Committee. He holds Bachelors and Masters Degrees in Finance and Accounting respectively from Houston Baptist University, United States of America. He has over two decades of professional experience in the financial services industry. Other members of the Committee have relevant financial management and accounting background as required by the CBN Code. The Committee met three times during the reporting period.

Attendance at Board and Board Committees meetings

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

	NAMES OF DIRECTORS	**Meeting**				
		BoD	**BRMC**	**BCFC**	**BGRC**	**BAC**
Number of Meetings Held		2	2	11	2	3
Attendance:						
1	Mr. Gbenga Oyebode	2	N/A	N/A	N/A	N/A
2	Mr. Oritsedere Samuel Otubu	2	N/A	9	2	3
3	Mr. Emmanuel Chiejina	2	2	9	2	N/A
4	Dr. Mahmoud Isa-Dutse	2	2	10	N/A	3
5	Mrs. Mosun Belo-Olusoga	2	2	11	2	3

6	Mrs. Kemi Ogunmefun	2	2	11	2	N/A
7	Mr. Paul Usoro, SAN*	1	-	4	N/A	-
8	Dr. Ernest Chukwuka-Anene Ndukwe	2	N/A	11	2	3
9	Dr. (Mrs.) Ajoritsedere Awosika	2	1	9	1	N/A
10	Mr. Herbert Wigwe	2	2	11	2	N/A
11	Mr. Obinna Nwosu	2	2	7	N/A	N/A
12	Mr. Victor Etuokwu	2	N/A	10	N/A	N/A
13	Mrs. Ojini Olaghere	2	2	N/A	N/A	N/A
14	Mr. Elias Igbinakenzua	2	N/A	11	N/A	N/A
15	Mrs. Titilayo Osuntoki	2	N/A	8	N/A	N/A
16	Mr. Roosevelt Ogbonna	2	N/A	10	N/A	N/A

BoD – Board of Directors
BRMC – Board Risk Management Committee
BCFC – Board Credit and Finance Committee
BGRC – Board Governance and Remuneration Committee
BAC – Board Audit Committee

- Appointed to the Committee in on April 29, 2014

Executive Committee

The Executive Committee (EXCO) is made up of the Group Managing Director as Chairman, the Group Deputy Managing Director, all Executive Directors and Heads of Strategic Business Unit appointed by the Group Managing Director. 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 Bank's Executive and Senior Management staff. The Committees are risk driven and are set up to identify, analyze 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 confines of their respective powers.

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

Statutory Audit Committee

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

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

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 Access Bank 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. Bank employees are required to read and sign a confirmation that they understood the content. In addition, there is an annual re-affirmation exercise. There is also a Compliance Manual that provides guidelines for addressing violations/breaches and ensuring enforcement of discipline with respect to staff conduct. The Bank also has a Disciplinary Guide which provides sample offences/violations and prescribes disciplinary measures to be adopted in various cases. The Head of Human Resources function is responsible for the design and implementation of the "Code of Conduct" while the Chief Compliance Officer is responsible for monitoring compliance.

The Chief 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 employs 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 Non-Dealing Period 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 the Bank's securities. In line with the policy, affected persons are prohibited from trading on the company's security during 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 Statement

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 structure 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 staffs are approved by the Board of Directors of each subsidiary based on the conditions in the local economic environment as well as the requirements of local labour laws. Each subsidiary will therefore be required to conduct annual compensation surveys or obtain compensation statistics in their local markets to arrive at specific compensation structures for the local market. 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 amount include pay level for each skill sets which may be influenced by relative dearth of skill in a particular area.

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

The Bank's long term incentive programme rewards Executive Officers for loyal service to the Bank for a period up to 10 years. This is to ensure that Executives share in the Bank's success and focus on the Bank's long term sustainability. The justification for a long term incentive plan for Senior and Executive Management is very compelling given recent industry developments. The stability, loyalty and commitment of senior and executive management need to be strengthened by a long term retirement benefit.

Whistle Blowing Procedure

The Bank expects all its employees and directors to observe the highest level of probity in their dealings with the Bank and its stakeholders. The Bank's Whistle-Blowing policy covers internal and external whistleblowers 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/consultant be reported through the Bank's or KPMG Ethics lines or emails details of which are provided below.

Telephone

Internal: +234-1-2712065

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

E-Mail

Internal: whistleblower@accessbankplc.com

External: kpmgethicsline@ng.kpmg.com

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

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

The Company Secretary

The Company Secretary assists the Board and Management in developing and implementing good corporate governance standard. He ensures that there is timely and appropriate information dissemination within and to the Board. He plays a critical role in ensuring the effectiveness of the Group and subsidiaries' boards. He is responsible for designing and implementing the induction programme for new directors and the annual training curriculum. In line with the provisions of Companies and Allied Matters Act and the SEC Code, the Board has ultimate responsibility for the appointment and removal of the Company Secretary.

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.

Statement of Compliance

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

Statement of Directors' Responsibilities in relation to the Consolidated Financial Statements for the period ended 30 June 2014

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

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

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

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

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments 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 Revised Guidelines for Discount Houses
- The Financial Reporting Council Act

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

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Mr. Herbert Wigwe
Group Managing Director
14 August 2014

Victor Etuokwu
Executive Director
14 August 2014

Report of the statutory audit committee

To the members of **Access Bank Plc:**

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act of Nigeria, the members of the Audit Committee of Access Bank Plc hereby report on the annual financial statements for the period ended 30 June 2014 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 period ended 30 June 2014 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 N4,205,973,825 (December 2013: N53,341,230,000) was outstanding as at 30 June 2014 which was performing as at 30 June 2014 (see note 47).

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 interim audit and we are satisfied with management's responses thereon and with the effectiveness of the Bank's system of accounting and internal control.

Mr Oluwatoyin Eleoramo
Chairman, Audit Committee
August 2014

Members of the Audit Committee are:

1	Mr Oluwatoyin Eleoramo	Shareholder	Chairman
2	Mr. Henry Omatshola Aragho	Shareholder	Member
3	Mr Idaere Gogo Ogan	Shareholder	Member
4	Mr Oritsedere Otubu	Director	Member
5	Dr. Ernest Ndukwe	Director	Member
6	Mrs. Mosun Belo-Olusoga	Director	Member

In attendance:
Sunday Ekwochi – Secretary

ENTERPRISE RISK MANAGEMENT

RESPONSIBLE RISK MANAGEMENT - A Key Business Driver

Access Bank recognizes the role of responsible risk management practices in achieving her strategic vision of being the most respected Bank in Africa. The Bank has a well-established risk governance structure and an experienced risk team. Our risk management framework provides essential tools to enable us take timely and informed decisions to maximize opportunities and mitigate potential threats.

Our Approach to Risk Management

Risk is an inherent part of the business activities of Access Bank Plc and its subsidiary companies (the 'Bank' or the 'Group'). Access Bank's overall risk tolerance is established in the context of the Bank's earnings power, capital, and diversified business model. Effective risk management is critical to any Bank for achieving financial soundness. In view of this, aligning risk management to the Bank's organizational structure and business strategy has become integral part of our business. Access Bank's risk management framework and governance structure are intended to provide comprehensive controls and ongoing management of the major risks inherent in its business activities. It is also intended to create a culture of risk awareness and personal responsibility throughout the Bank.

Access Bank maintains a disciplined approach in its management of risk. The Group has increased its focus on the inter-relationships between risk types and, where appropriate, underwriting standards have been tightened. It has also conducted periodic reviews of risk exposure limits and risk control so as to position itself against any adverse scenarios. To mitigate against higher level of market volatility and economic uncertainty, 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 is carefully crafted to balance corporate oversight with well-defined risk management functions which fall into one of three categories where risk must be managed: lines of business, governance and control, and corporate audit. The Board of Directors and management of the Bank are committed to constantly establishing, implementing and sustaining tested practices in risk management to match those of leading international banks. We are convinced that the long-term sustainability of our Group depends critically on the proper governance and effective management of our business. As such, risk management occupies a significant position of relevance and importance in the Bank.

The Board of Directors determines Access Bank's overall objectives in terms of risk by issuing risk policies. These policies 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. The umbrella risk policy is detailed in the Enterprise Risk Management (ERM) Framework, which is a structured approach to identifying opportunities, assessing the risk inherent in these opportunities and actively managing these risks in a cost-effective manner. It is a top-level integrated approach to events identification and analysis for proper assessment, monitoring and identification of business opportunities. Specific policies are also in place for managing risks in the different core risk areas of credit, market and operational risks as well as for other key risks such as liquidity, strategic and reputational risk

The evolving nature of risk management practices and the dynamic character of the banking industry necessitate regular review of the effectiveness of each enterprise risk management component. In light of this, the Bank's ERM Framework is subject to continuous review to ensure effective and cutting-edge risk management. The review is done in either or both of the following ways: via continuous self-evaluation and monitoring by the risk management and compliance functions in conjunction with internal audit; and through independent evaluation by external auditors, examiners and consultants.

The Chief Risk Officer has primary responsibility for risk management and the review of the ERM Framework and to provide robust challenge to the management teams based on quantitative and qualitative metrics. All amendments to the Bank's ERM Framework require Board approval. The risk management division is responsible for the enforcement of the Bank's risk policy by constantly monitoring risk, with the aim of identifying and quantifying significant risk exposures and acting upon such exposures as necessary.

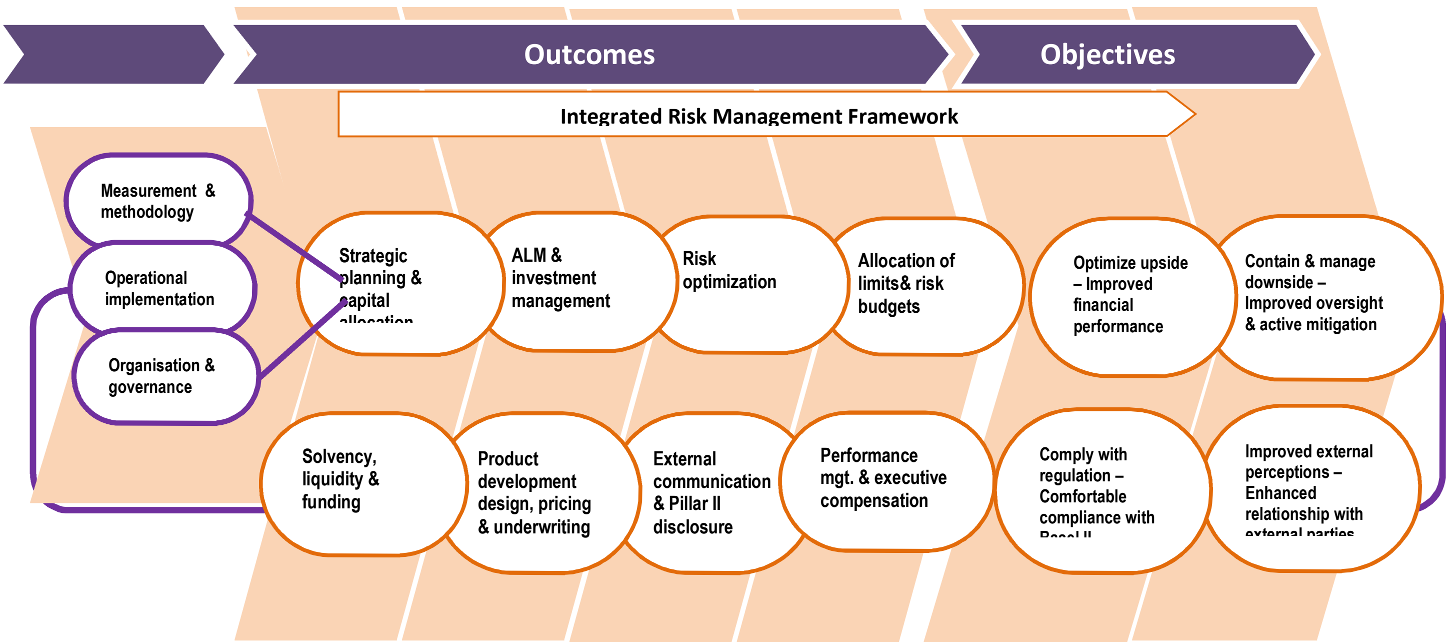
Overall, we view risk not only as a threat or uncertainty, but also as a potential opportunity to grow and develop the business, within the context of our clearly articulated and Board driven risk appetite. Hence our approach to risk management is not limited to considering downside impacts or risk avoidance;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

Risk Management Framework

We believe effective risk management is more than just the collection and analysis of data. It also encompasses the insights delivered by information which facilitate appropriate actions. Access Bank benefits from having enhanced its Group risk management framework, which gives full Group-wide coverage of a variety of risks.

Our annual risk cycle is designed to give management relevant, up-to-date information from which trends can be observed and assessed. The governance structure supporting our risk cycle is designed to deliver the right information, at the right time, to the right people.

Risk Practice focused on the future



Ultimately the success of our risk management framework is determined by the extent to which it embeds in the corporate culture and leads to demonstrably better outcomes.

We are committed to the continued development of our risk management framework.

Risk and Capital Drive Value

The pursuit of value requires us to balance risk assumed against capital required. Hence, we have embarked on a journey, which requires us to undertake analysis involving optimizing the upside and minimizing the downside on an ongoing and rigorous basis. We believe that this process will add value for our shareholders, and provide security to our other capital providers and clients, as well as ensure overall sustainability in our business activities.

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

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

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

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

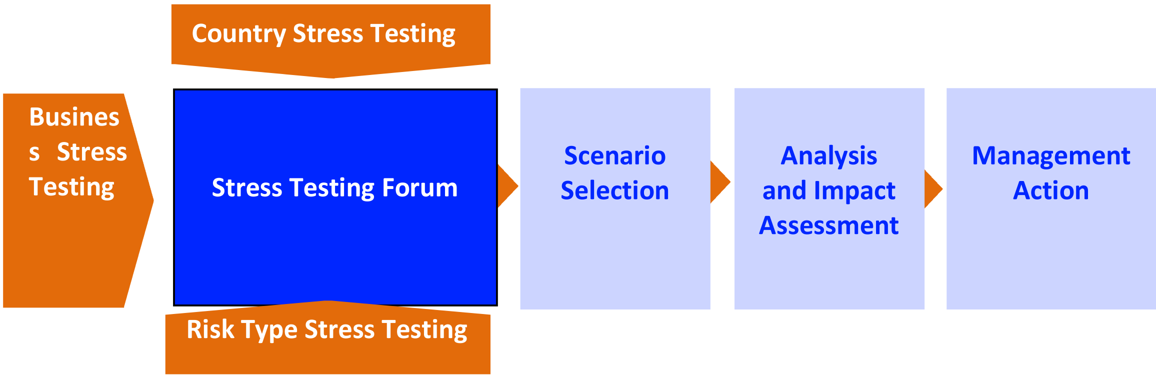
Enterprise-wide Stress Testing

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. These enterprise-wide stress tests provide an understanding of the potential impacts to 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. Scenario(s) are carefully selected by a group drawn from senior line of business, risk and finance executives. Impacts to each line of business from each scenario are then analyzed and determined, primarily leveraging the models and processes utilized in everyday management routines.

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

Stress testing framework



Our stress testing framework is designed to:

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

Risk Management Philosophy, Culture, Appetite and Objectives

Risk Management Philosophy and Culture

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

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

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

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

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

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

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

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

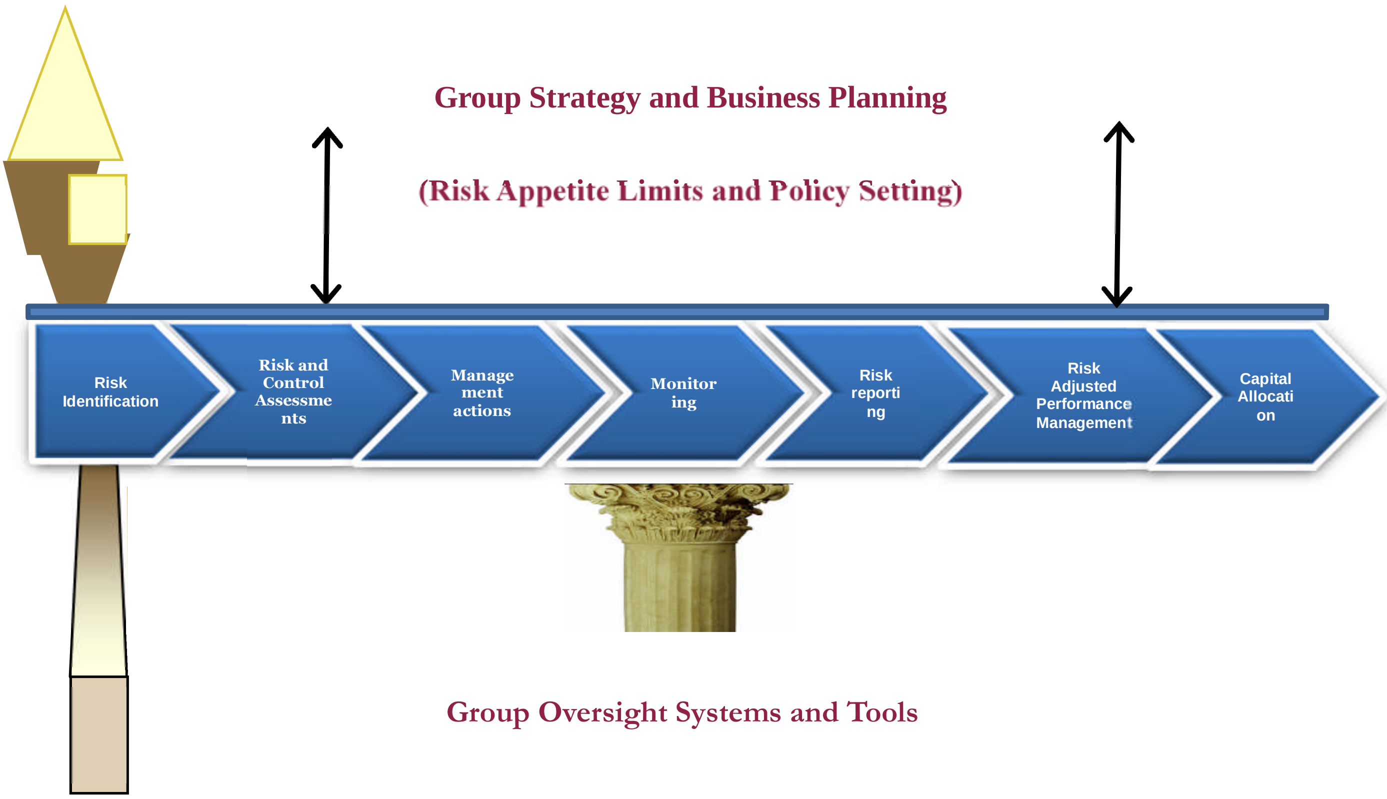
b) Risk officers work as allies and thought partners to other stakeholders within and outside the Bank and are guided in the exercise of their powers by a deep sense of responsibility, professionalism and respect for other parties.

c) Risk management is a shared responsibility. Therefore, the Bank aims to build a shared perspective on risks that is based on consensus.

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

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

Risk management process



Group risk oversight approach

Our oversight starts with the strategy setting and business planning process. These plans help us articulate our appetite for risk, which is then set as risk appetite limits for each business unit to work within.

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

The division is complemented by the financial control and regulatory/reputation risk group in the management of strategic and reputational risks respectively.

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

Strategy and Business Planning

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

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

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

Risk Appetite

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

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

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

In 2013, the risk appetite metrics were tracked against approved triggers and exceptions were reported to management for prompt corrective actions. Key issues were also escalated to the Enterprise Risk Management committee and the Board risk Management committee.

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Risk management objectives

The broad risk management objectives of the Bank are:

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

Scope of risks

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

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

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

Responsibilities and functions

The responsibilities of the Risk Management Division, the Financial Control and Strategy Group, Regulatory/Reputation Risk Group with respect to risk management are highlighted below:

Risk Management Division

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

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

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

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

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

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

g) Provide senior management with practical, cost effective recommendations for improvement of risk management.

h) Act as a key contact for senior management who may wish to request ad hoc reviews/investigations.

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

j) Champion the implementation of Basel II.

k) Promote risk awareness and provide education on risk.

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

Financial Control and Strategy

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

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

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

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

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

f) Prepare periodic management reports on subsidiaries and associates

g) Perform competitive analysis in comparison with industry peers

h) Conduct strategic/operational review of branches

Risk Management Governance Framework

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

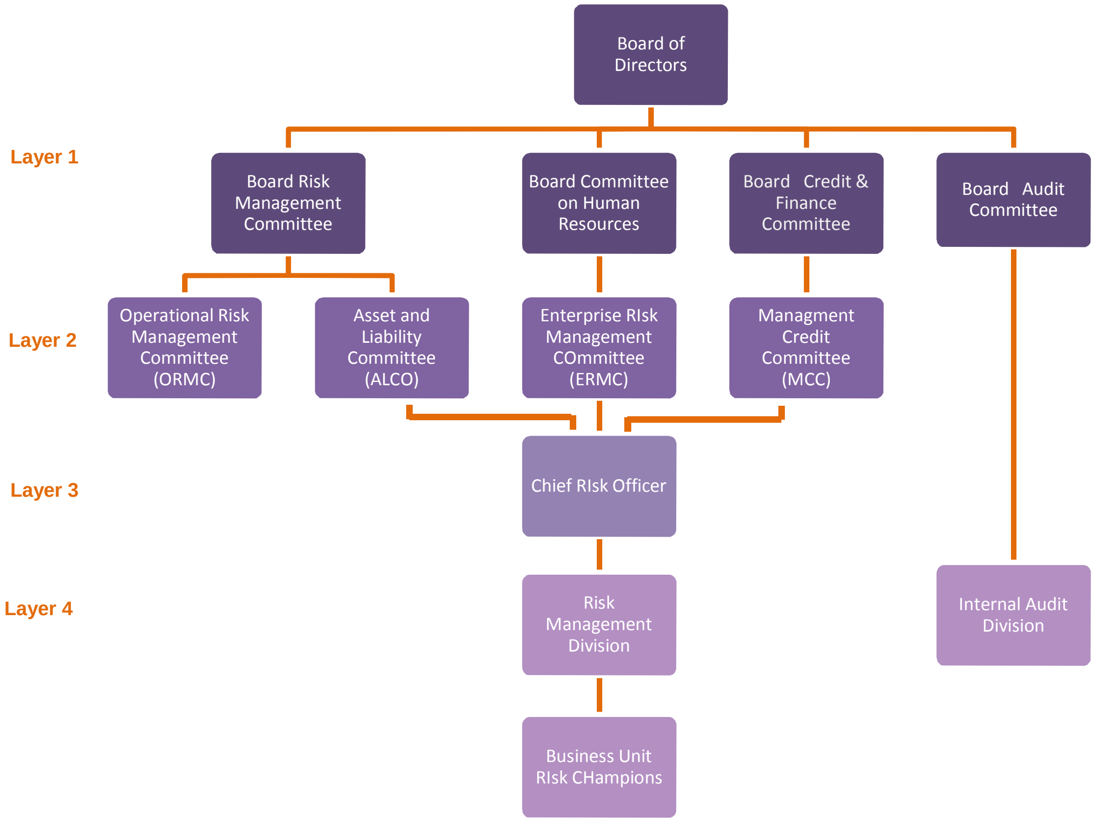
1. The enterprise-wide risk management and corporate governance committee forums;

2. The executive management committees; and

3. Risk management responsibilities per risk area.

Risk Management Governance Structure

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



Roles of the Board of Directors

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

Specific roles in these areas are further defined below:

General

a) Develop a formal enterprise-risk management framework;

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

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

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

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

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

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

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

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

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

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

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

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

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

Credit risk

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

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

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

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

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

f) Appoint credit officers and delegate approval authorities to individuals and committees

Market risk

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

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

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

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

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

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

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

Compliance risk

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

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

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

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

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

Operational risk

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

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

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

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

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

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

Reputational risk

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

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

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

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

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

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

Strategic Risk

a) Oversee the strategic risk management process.

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

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

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

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

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

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

The Board and management committees

The Board carries out its oversight function through its standing committees each of which has a charter that clearly defines its purpose, composition, structure, frequency of meetings, duties, tenure, and reporting lines to the Board.

In line with best practice, the Chairman of the Board does not seat on any of the Committees. The Board's four standing committees are: the Board Risk Management Committee, the Board Audit Committee, the Board Human Resources Committee and the Board Credit & Finance Committee.

The management committees are: The Executive Committee (EXCO), Enterprise Risk Management Committee (ERMC), Management Credit Committee (MCC), Group Asset & Liability Committee (Group ALCO), and Operational Risk Management Committee (ORMC).

The roles and membership of the committees are as follows:

Committee	Key Objective	Membership
Board Risk Management Committee	The primary role of the committee is to report to the Board and provide appropriate advice and recommendations on matters relevant to risk management.	3 Non-Executive Directors appointed by the Board of Directors The Group Managing Director The Group Deputy Managing Director Executive Directors as appointed.
Board Audit Committee	The committee assists the Board in ensuring the independence of the internal audit function of the Bank.	2 Non-Executive Directors appointed by the Board of Directors The Group Managing Director The Group Deputy Managing Director Executive Directors as appointed.
Board Credit & Finance Committee	The committee considers and approves loan applications above certain limits (as defined by the Board from time to time) which have been approved by the Management Credit Committee. It also acts as a catalyst for credit policy changes.	5 Non-Executive Directors appointed by the Board of Directors The Group Managing Director The Group Deputy Managing Director Executive Directors as appointed. One of the non-Executive Directors shall be Chairman of the Committee.
Board Human Resources Committee	The committee advises the Board on its oversight responsibilities in relation to compensation, benefits and all other human resource matters affecting the directors and employees of the Bank.	4 Non-Executive Directors appointed by the Board of Directors The Group Managing Director The Group Deputy Managing Director
The Executive Committee (EXCO)	The committee is primarily responsible for the implementation of strategies approved by the Board and ensuring the efficient deployment of the Bank's resources.	Group Managing Director as - Chairman, Group Deputy Managing Director All the Executive Directors
Enterprise risk management committee (ERMC)	The Bank's enterprise risk management committee is responsible for managing all risks with the exception of credit, market and liquidity risks. The risks within the committee's purview include (but are not limited to) strategic, reputational, compliance and operational risks.	The Group Managing Director (Chairman) The Group Deputy Managing Director All Executive Directors Chief Risk Officer Chief Compliance Officer Chief Financial Officer All ERM Division Heads Head, Corporate Affairs Head, Legal Department Head, Information Technology
Management Credit Committee (MCC)	This committee is responsible for managing credit risks in the Bank. The membership of the committee is as follows:	Group Managing Director/Chief Executive Officer – Chairman Group Deputy Managing Director – Vice Chairman All Executive Directors Group Head, Credit Risk Management Team Leaders, Credit Risk Management Group Heads, Commercial Bank Group Heads, Institutional Bank Group Heads, Operations & IT Group Head, Compliance Group Head, Internal Audit Head of Legal (or his/her nominee as approved by the GMD/CEO) Other Group Heads

Committee	Key Objective	Membership
Group Asset & Liability Committee (Group ALCO)	The Group Alco is responsible for the optimum management of the Bank's balance sheet and taking relevant decisions as well as recommending to the Board of Directors' prudent asset/liability management policies and procedures that enable the Bank to achieve its goals while operating in full compliance with all relevant laws and regulations.	The Group Managing Director/Chief Executive Officer – Chairman The Group Deputy Managing Director The Group Executive Directors Chief Risk Officer Country Managing Directors Country Treasury Heads The Group Treasurer; Head, Financial Control – Domestic Head, Financial Control – International Head, Group Asset & Liability Management Head, Group Market Risk Head, Credit Risk
Operational Risk Management Committee (ORMC)	The committee is responsible for the effectiveness of the operational risk management function within the Bank. All decisions and deliberations of the committee are reported to the Board Risk Management Committee.	Group Managing Director/Chief Executive (GMD) - Chairman Group Deputy Managing Director; All Division Heads / Executive Directors Chief Risk Officer Head, Group Operational Risk Management Chief Information Officer Head, Group compliance and Internal Control Head, Group Internal Audit Head, Group HR Other Group Heads or persons to be designated by the committee from time to time

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

Specific roles of the Board and management committees

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

Board risk management committee

Specifically, the committee performs the following functions:

a) Oversee the establishment of a formal written policy on the Bank's overall risk management framework. The policy defines risks and risk limits that are acceptable and unacceptable to the Bank. It provides guidelines and standards to administer the acceptance and ongoing management of all risks;

b) Ensure that adequate policies are in place to manage and mitigate the adverse effects of both business and control risks in its operations;

c) Ensure compliance with established policy through periodic review of reports provided by management, internal and statutory auditors and the supervisory authorities;

d) Approve the appointment of qualified officers to manage the risk function;

e) Oversee the management of all risks except credit risk in the Bank;

f) Re-evaluate the risk management policy of the Bank on a periodic basis to accommodate major changes in internal or external factors;

g) Evaluate internal processes for identifying, assessing, monitoring and managing key risk areas, particularly:

- important judgments and accounting estimates
- business and operational risks in the areas of credit, market and operations
- specific risks relating to outsourcing
- consideration of environmental, community and social risks

h) Evaluate the adequacy of the Bank's risk management systems and control environment with management and auditors (internal and external);

i) Evaluate the Bank's risk profile, the action plans in place to manage risks, and monitor progress against plan to achieve these actions;

j) Review the processes the Bank has in place for assessing and continuously improving internal controls, particularly those related to areas of significant risk; and

k) Approve the provision of risk management services by external providers.

Board audit committee

The committee performs the following functions:

a) Oversee the development of a procedure for the receipt, retention and treatment of complaints received by the Bank, regarding accounting, internal accounting controls, unethical activity/breach of the corporate governance code or audit matters, including a means for the Bank's stakeholders (employees, customers, suppliers, applicants and others) to submit such complaints in a confidential and anonymous manner;

b) Investigate any matter brought to its attention within the scope of its duties with the authority to retain counsel or other advisors, if in its judgment that is appropriate, at the expense of the Bank;

c) Submit meeting minutes and, as appropriate, discuss the matters deliberated upon at each Committee meeting with the Board of Directors;

d) Annually review and reassess its responsibilities, functions, pre-approval policy for audit and non-audit services, and charter, making changes as necessary, and conduct an annual performance evaluation of its activities;

e) Ensure that the Bank provides adequate funding, as determined by the committee, to the committee for payment and compensation for advisers engaged by the committee, and payment of ordinary administrative expenses incurred by the committee in carrying out its duties;

f) Review the proposed audit plan(s) and review the results of internal audits completed since the previous committee meeting as well as the focus of upcoming internal audit projects;

g) Approve the appointment and termination of the Chief Internal Auditor based on the recommendations of the Bank's executive management;

h) Evaluate the process the Bank has in place for monitoring and assessing the effectiveness of the internal audit function;

i) Monitor the progress of the internal audit programme and considers the implications of internal audit findings on the control environment;

j) Monitor the implementation of agreed action plans by management;

k) Review reports from the internal auditors detailing their key findings and agreed management actions;

l) Review the appropriateness of the qualification of the internal audit personnel and work resources; and

m) Review the internal audit reporting lines and independence.

Board credit committee

The Board credit committee under delegated authority is responsible for the following:

a) Facilitate the effective management of credit risk by the Bank;

b) Approve credit risk management policies, underwriting guidelines and standard proposals on the recommendation of the management credit committee;

c) Approve definition of risk and return preferences and target risk portfolio;

d) Approve the Bank's credit rating methodology and ensure its proper implementation;

e) Approve credit risk appetite and portfolio strategy;

f) Approve lending decisions and limit setting;

g) Approve new credit products and processes;

h) Approve assignment of credit approval authority on the recommendation of the management credit committee;

i) Approve changes to credit policy guidelines on the recommendation of the management credit committee;

j) Approve credit facility requests and proposals within limits defined by Access Bank Plc's credit policy and within the statutory requirements set by the regulatory/ supervisory authorities;

k) Recommend credit facility requests above stipulated limit to the Board;

l) Review credit risk reports on a periodic basis;

m) Approve credit exceptions in line with Board approval; and

n) Make recommendations to the Board on credit policy and strategy where appropriate.

Board committee on human resources

The Board committee on human resources has responsibility for the following:

a) Ensure the right calibre of executive management is attracted, retained, motivated and rewarded;
b) Make recommendations on the remuneration of the Chairman, non-executive directors and executive directors to the Board for ratification;

c) Approve remuneration levels for senior management and other Bank personnel;

d) Review and approve remuneration policies and strategy; and
e) Monitor the Bank's people-risk universe.

Specific roles of management committees

The following management committees are directly responsible for risk management oversight:

Enterprise risk management committee (ERMC)

The committee has the following responsibilities for all risks within its purview:

a) Formulating policies;
b) Monitoring implementation of risk policies;
c) Reviewing risk reports for presentation to the Board/Board Committees; and
d) Implementing Board decisions across the Bank.

Management credit committee (MCC)

The committee has the following responsibilities:

- Review credit policy recommendations for Board approval;
- Approve individual credit exposure in line with its approval limits;
- Agree on portfolio plan/strategy for the Bank;
- Review monthly credit risk reports and remedial action plan; and
- Coordinate the Bank's response to material events that may have an impact on the credit portfolio.

The committee is assisted by the credit risk management function, whose responsibilities are to:

- Establish and maintain effective credit risk management environment in the Bank;
- Review proposals in respect of credit policies and standards and endorse to the Board of Directors for approval;
- Define the Bank's risk and return preferences and target risk portfolio;
- Monitor on an on-going basis the Bank's risk quality and performance, review periodic credit portfolio reports and assess portfolio performance;
- Define credit approval framework and assign credit approval limits in line with bank policy;
- Review defined credit product programs on recommendation of the head of the credit risk management and endorse to the Board of Directors for approval;
- Review credit policy changes initiated by management and endorse to the Board of Directors for approval;
- Ensure compliance with the Bank's credit policies and statutory requirements prescribed by the regulatory/supervisory authorities;
- Approve credit facility requests within limits defined by Access Bank's credit policy guideline (CPG), and within the statutory requirements set by the regulatory/ supervisory authorities;

- Review and endorse credits approved by SBU heads;
- Review and recommend to the Board credit committee, credits beyond their approval; limits;
- Review periodic credit portfolio reports and assess portfolio performance; and
- Approve exceptions/write-offs, waivers and discounts on non-performing credit facilities within specified limit.

Group Asset & Liability Committee (Group ALCO)

The purpose of the Group ALCO is to:

- monitor and control all market, liquidity risk and interest rate risk across the Bank and its subsidiaries (hereinafter called the Group) in accordance with the risk appetite set by the Board of Directors;
- review limit, guideline or trigger breaches and agree remedial actions in order to align exposures with agreed appetite;
- approve Market Risk, Liquidity Risk and Banking Book Interest Rate Risk Policies for each of the banking subsidiaries;
- review and note the impact of internal and external factors on the net interest margin; and
- recommend to the Board, policies and guidelines under which the Bank will manage the matters listed below, and in so doing protect the Bank's capital base and reputation:
- balance sheet growth:
  - deposits, advances and investments;
  - Non earning assets;
  - foreign exchange activities and positions;
  - market and liquidity management; and
  - Capital management.

Responsibilities and Authorities

- The ultimate responsibility for the proper management of the Bank's assets and liabilities lies with the Board of Directors;
- The Board of Directors will delegate that responsibility to Group ALCO and Group ALCO, through this mandate, shall be responsible for the establishment of appropriate policies and limits across the Group;
- Group ALCO will be responsible for the implementation and monitoring of these Policies and for the development of appropriate procedures and guidelines for adoption at Country ALCOs and specific ratification by the subsidiaries' Board of Directors;
- Country ALCO will be responsible for providing the information input to Group ALCO to enable it to perform its function;
- Country ALCO will be responsible for proposing amendments to Policies for approval and ratification by Group ALCO, such amendments having been first approved at the Country ALCO;
- Group ALCO will report to the Board of Directors through the Board Risk Management Committee detailing strategies, risk positions since the last report received. Any excesses during the period under review must be supported by details quoting the relevant authority for the excess i.e. Central Bank, ALCO etc;
- Group ALCO will delegate limits/authorities to line management to enable the smooth functioning of the Bank's day to day operations; and

- In the event of a vote, majority will prevail with the Group ALCO chairman casting the deciding vote in the event of a tie.

Other responsibilities include:

- Prudent management of market risk:
  - To ensure the levels of market risk assumed by the bank are effectively and prudently managed in accordance with the Market Risk Policy.
  - To approve market risk limits and triggers in accordance with the risk appetite set by Group ALCO and the Group's Concentration Risk Policy.
  - To note compliance with all market risk limits and triggers, and ensure actions to address breaches are promptly executed and reported to authorised bodies.
  - To manage all forms of market risk by firstly using the Alco's mandate to set exposure levels and stop-loss limits, and secondly, if necessary, by hedging any form of market risk.
  - To review and approve all policies and procedures relating to market risk management.

- Prudent management of liquidity risk:
  - To ensure the levels of tactical and strategic liquidity risk assumed by the bank are effectively and prudently managed in accordance with the Liquidity Risk Policy;
  - To approve liquidity risk limits and guidelines in accordance with the risk appetite set by Group ALCO;
  - To note compliance with all liquidity risk guidelines and limits, and ensure actions to address breaches are promptly executed and reported to authorising bodies;
  - To ensure appropriate steps are taken where there is deterioration in liquidity;
  - To approve funding and liquidity management strategies based on forecast balance sheet growth;
  - To ensure the provision of standby funding facilities is kept within prudent levels;
  - To review and approve all policies, procedures and contingency plans relating to liquidity risk management; and
  - To approve liquidity stress scenarios and associated contingency plans.

- Prudent management of interest rate risk:
  - To ensure that the level of interest rate risk assumed by the bank is effectively and prudently managed;
  - To note compliance with all guidelines and limits, and ensure actions to address breaches are promptly executed and reported to authorising bodies;
  - To approve limits and guidelines in accordance with the risk appetite set by Group ALCO and the Group Market Risk; and
  - To approve the subsidiaries' market risk and hedging strategies on a case-by-case basis, or explicitly delegate the approval of such strategies to the Country ALCO.
- Prudent margin management:

- To review and note the impact of internal and external factors on the Bank's current and forecasted net interest margin;
- To review and approve funds transfer pricing principles, methodologies and rates; and
- To review and approve policies and procedures relating to margin management.

- General:
  - To monitor adherence to regulatory requirements; and
  - To delegate to the Group Asset and Liability Management team the responsibility of dealing with trigger, guideline or limit breaches across the Group on a day-to-day basis.

Roles of senior management

The roles of senior management as it relates to risk management are as:

a) Implement risk strategy approved by the Board of Directors;

b) Develop policies and procedures for identifying, measuring and controlling risks identified in the Bank's risk universe;

c) Provide appropriate resources to evaluate and control all identified risks;

d) Review risk reports on a regular and timely basis;

e) Review periodic risk reports for operational and other risks separate from credit and market risks; and

f) Provide all reports required by the Board and its committees for the effective performance of risk management oversight functions.

Operational Risk Management Committee (ORMC)

The committee has the following responsibilities:

- Review and recommend the Operational Risk Management (ORM) framework and any amendments or enhancements to the Board of Directors (BOD) for approval;
- Oversee the implementation of the Operational risk management framework across the enterprise;
- Review methodologies and tools for identification, assessment, monitoring and control of operational risks and maintaining the loss event databases;
- Ensure operational risk exposures are within the risk tolerance limits set under the policy;
- Review the reports from the Group Operational Risk Management (ORM) unit, business lines and their respective risk profiles to concur on areas of highest priority and put in place the related mitigation strategies;
- Ensure adequate resources are allotted at various levels to manage operational risk across the enterprise;
- Ensure adequate communication to the functional departments and emphasize on, the importance of operational risk management and assure adequate participation;
- Co-ordinate an ongoing appropriate awareness and education programme on operational risk in the Bank from top to bottom through the implementation of an enterprise wide operational risk approach; and
- Set guidelines for identifying operational risk in all new products and processes.

Roles of risk champions in the business units

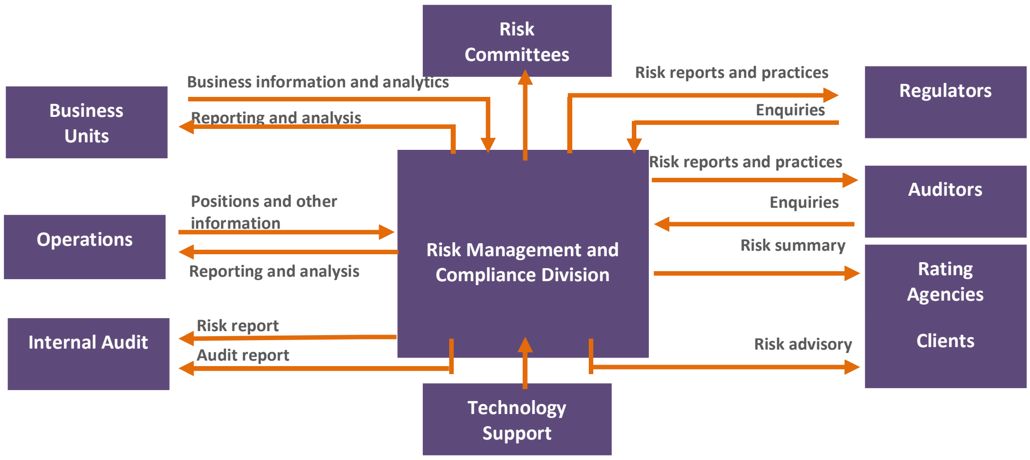
- Coordinate all risk management activities in the business unit, including compliance with risk policies and procedures;
- Provide on-the-job training on risk management to other staff;
- Liaise with risk management and compliance division to obtain new systems, approaches and methods for managing risks and advise staff within the unit appropriately;
- Coordinate the gathering of risk-related information, while ensuring the completeness and accuracy of the risk information gathered, analyze the information and periodically report to the group head and the risk management department in the agreed format;
- In conjunction with other managers in the business unit, articulate risk management/optimization strategies for managing risks, prepare a risk mitigation plan and communicate these to the risk management and compliance division; and
- Monitor and report on the effectiveness of risk mitigation plans in reducing risk incidence in the unit.

Risk Management Division – relationship with other units

The relationships between risk management division (RMD) and other units are highlighted below:

- RMD sets risk policies and defines risk limits for other units in the Bank;
- RMD performs bank-wide risk monitoring and reporting;
- Other units provide relevant data to RMD for risk monitoring and reporting and identify potential risks in their line of business and RMD provides a framework for managing such risks;
- RMD and market facing units collaborate in designing new products;
- RMD and internal audit co-ordinate activities to provide a holistic view of risks across the Bank;
- RMD makes recommendations with respect to capital allocation, pricing and reward/sanctions based on risk reports; and
- Information technology support group provides relevant user support to the RMD function in respect of the various risk management software.

Risk management and compliance division – relationship with other units



Key Developments

- **Establishment of Risk Analytics and Reporting Unit**
  The group's Enterprise risk management framework was strengthened in 2013 by establishing a dedicated Risk Analytics and Reporting function to support enhanced risk modeling, integrated risk data management and reporting. This is expected to further improve the group's focus on integrated approach to risk management while aligning all business decisions with the approved risk appetite.

- **Automated Risk Reporting**
  The quality of risk reporting was also enhanced in 2013 by implementing an automated risk reporting system. This has led to easy and timely access to risk reports, provided early warning signals, better limit monitoring and better decision making.

- **Strengthening the Anti Fraud Function**
  In other to ensure our capability to respond to emerging fraud threats, the anti Fraud Unit was strengthened in 2013 through strategic collaboration with world class reputable partners. New automated monitoring processes were developed and the quality of the anti-fraud team was enhanced through training and skill development activities provided by local and foreign partners.

- **Promoting Sustainability Principles**
  The Bank is one of the Champions of the Nigerian Sustainable Banking Principles (NSBP) which is in line with the United Nations principles on Human Right, Environments, Labour and Corruption etc. As the Chair of the NSBP Steering Committee, the Bank supported industry efforts to ensure proper entrenchment of sustainability best practices in the industry during the year. For example, a sustainability conference was organised for industry operators. The Bank also partnered with other International Banks with global best practices through staff exchange during the year.

- **Seamless Implementation of Succession Plan**
  There were major changes in the leadership of the group in 2013 with the retirement of the Group Managing Director and some of the Executive Directors. The change of baton was seamlessly executed with no negative impact on the business. The implementation of the succession plan has become a model for the industry.

- **Overall Winner of 2013 Nigerian Risk Management award**

  Access Bank emerged as the **Overall Winner** in the Banking & Investment category at the 2013 Nigerian Risk management award. The award was meant to recognize organizations and individuals who have achieved measurable results through the effective implementation of enterprise risk management principles. Particular emphasis was also placed on those who have developed creative and innovative solutions in overcoming the challenges facing businesses and organizations in Nigeria. This is a further testimony to the Bank's full commitment to the implementation of best practices in risk management.

  Compliance
  In 2013, the bank engaged the services of Ernst & Young to strengthen its compliance function. The Bank also received commendation letters from the National Drug Law Enforcement Agency (NDLEA) and Independent Corrupt Practices Commission (ICPC) with regards to the high level of compliance with the provisions of the Money Laundering Prohibition Act (MLPA) 2012 (Amended) and collaboration with the law enforcement agencies

- **Strengthening the Credit Risk Management Function.**
  Our Credit Risk Management function was enhanced during the year by optimizing the Credit processing and collateral management automated platform, creation of dedicated Credit Risk Management teams for Retail Banking and Business Banking to support the Bank's strategy of growing the retail end of the market.

Below is a summary of key risks and developments

Risk Type	Definition	Features	Key developments in 2013	Risk mitigation
Credit risk	The risk of loss arising from the failure of a client or counterparty to fulfil its obligations to the Group.	Potential risk to earnings and capital. Significant correlation between credit risk and the macroeconomic environment. Potential for large material losses due to concentration risk.	Structural realignment of the credit risk function to support the Bank's new 5 year strategy of growing the retail end of the market. Dedicated risk management teams were created for Retail Banking and Business Banking during the year.	Optimisation of the new automated credit processing and collateral management platform Intensified training for credit risk management staff. Strengthening of Credit risk monitoring unit. Establishment of a dedicated Risk Analytics and Reporting Unit.
Market risk	The risk of losses in On and Off-balance sheet positions arising from adverse movements in market prices and rates	Potential for large material losses from complicated treasury products. Potential for losses due to volatilities and stress events	Policy review of foreign exchange market operations and reintroduction of retail dutch auction system leading to pressure on banks liquidity. Release of regulatory guidelines for calculation of Market Risk Capital Charge. Introduction of 50% Cash Reserve Ratio on public sector deposits leading to a spike in interest rates The US Federal reserve commenced a tapering of its quantitative easing (QE) leading to a reduction in portfolio and FDI flows into emerging markets The CBN was able to maintain the +-3% band set for the Naira-Dollar exchange rate	The use of limits and management action triggers for strict adherence to the Bank's internal policies and risk appetite Assets and liabilities were repriced in line with market realities Limiting transactions to approved counterparties Significant investments are approved by the board and all others by the relevant management committee
Operational risk	The risk of loss resulting from inadequate or failed internal processes, people, or systems, or from external events.	Frequent small losses that can become surprisingly high. Infrequent material losses with high impact.	The rising level of external threats e.g. electronic fraud attempts and physical Security exposed the Bank to operational risks.	Diligent implementation of our enhanced policy standards and control frameworks Material events are escalated to Divisional and Group Executives. Bank wide training of staff on key operational risk issues. Strengthening of risk measurement and reporting process through automation. Establishment of a dedicated Anti-Fraud unit to facilitate proactive fraud prevention and monitoring.

Funding and liquidity risk	The risk of being unable to meet short term obligations as they fall due.	May disrupt the business model and disrupt the Group's activities. Significantly correlated with credit risk losses.	Focus was geared towards consolidating balance sheet growth through deposit mobilisation utilising the bank's Value Chain Model and the enhanced customer base	Significant liquidity reserve Bank's liquidity ratio consistently above regulatory limits.
Regulatory risk	The risks arising from changes in law, guidelines and other regulatory enforcement.	Compliance with laws and regulations. Potential for fines and/or restrictions in business activities.	Several circulars were issued by regulators during the year in line with the ongoing reforms in the banking industry	Proactive engagement strategy with the CBN and other regulators, driven by a well-developed Regulatory Risk framework New regulations and compliance plan are discussed in management and board committee risk meetings.
Other risks (Reputation, Strategic e.t.c)	The risk of failure to comply with applicable financial services regulatory rules and regulations. It is the risk that results from adverse business decisions, ineffective or inappropriate business plans, or failure to respond to changes in the competitive environment	Expose the Group to penalties and reputation damage. Failure to meet expectations of stakeholders.	There was no major negative publicity or reputational risk event during the year	Close monitoring of all reputational risk event drivers Adherence to the principle of zero tolerance for regulatory breaches Active engagement with all stakeholders - customers, investors, regulators, staff, etc. All significant strategic actions are approved by the Board

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

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

This framework includes:

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

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

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

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

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

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

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

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

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

The Group's operational risk framework

The Group's current operational risk framework was implemented in 2007 to meet internal and regulatory requirements. There has been significant investment in the implementation of improved measurement and management approaches for operational risk to strengthen control, improve customer service, improve process efficiencies and minimise operating losses. The Group recognises the fact that It is neither cost-effective nor possible to attempt to eliminate all operational risks. Events of small significance are thus expected to occur and are accepted as inevitable with relevant budgeting for these losses being exercised 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 management and future mitigation of such events.

The role of the Independent Operational Risk department 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 introduced by the current 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 reports any identified breakdowns in control and any risk events that may result in financial loss and/or reputation damage. Amongst others, business management are responsible to ensure that processes for identifying and addressing ineffective controls and the mitigating of risk events are implemented and executed. Operational Risk teams form the secondary line of governance by ensuring that processes to identify weaknesses are effective and identified weaknesses are acted upon. The Group operational risk profile is presented to the Board quarterly. Control effectiveness is monitored at the ERMC and at the Board; and the multi-layered system of defences ensures pro-active operational risk management.

Measuring and managing operational risk

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

Risk event data collection and reporting

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

Risk and control self assessments (RCSA)

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

Key risk indicators (KRIs)

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

Reporting

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

Allocating Capital to Business Units

An allocation methodology is applied for allocating capital to business units (for instance an allocation from, Access Bank to Commercial Banking Division, Retail Banking Division, Institutional Banking Group, e.t.c.). For each business unit, the allocation takes into consideration not only the size of the business unit, but also measures of the business unit's control environment, namely open audit findings, RCAs, KIs and losses. This translates to a risk-sensitive allocation with the opportunity afforded to business to identify actions to positively impact on their respective allocated operational risk capital.

Expected loss (EL) budgeting mitigation

Basel II, under the AMA for operational risk makes provision for mitigation of operational risk RC due to appropriate budgeting and managing for EL. A significant portion of the Group business already budgets for expected losses and while the Group has developed a methodology for the modelling of EL budgeting, the Group will not apply risk mitigation in the calculation of its operational risk exposure until such time as policies and procedures are compliant to regulatory minimum requirements.

Insurance mitigation

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

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

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

Information Security and Continuity of Business

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

The Bank mitigates business continuity risks by reviewing and testing recovery procedures. The bank's business continuity plan has been reviewed in view of recent enlarged operations. Regular bank wide awareness campaigns are also used to drive information security and business continuity culture in the bank.

Compliance Risk Management

Compliance Risk is the risk of loss resulting from failure (or perceived failure) to comply with relevant laws, regulations, internal policies and procedures or ethical standards. In addition to reputational damage, failure to effectively manage Compliance Risk can expose financial institutions to fines, civil/criminal penalties, and payment of damages, court orders and suspension or revocation of licenses. A failure (or perceived failure) can adversely impact customers, staff and shareholders of Access Bank.

The Bank believes that fully embedded Compliance Risk Management preserves the trust its customers, shareholders and staff have in the Bank and is important for the way Access Bank does business. Managing Compliance Risk is fundamental to driving value. The pursuit of long term business sustainability requires proper conduct of business activities in accordance with the high ethical standards of Access Bank's Business Principles. These principles not only reflect laws and regulations, but are also based on the Bank's core values of Leadership, Excellence and Professionalism

Ongoing changes and the continuous introduction of new legislation have placed greater emphasis on the formal and structured monitoring of compliance with legal, regulatory, supervisory and internal requirements. Although legislative changes place an administrative burden on the Bank, the development of a framework provide the Bank with an opportunity to commit more openly to a culture of compliance within the Bank, its subsidiaries and divisions. In ensuring compliance with laws and regulations, the Bank has put in place a robust Compliance Risk Management policy with set out guidelines to manage the Group's compliance risk in view of expansion of Access Bank activities in various jurisdictions, the evolving nature of the Global financial services industry, the introduction of new legislation, and the update of existing legislation; as well as the increasing complexities of the Bank's activities.

An efficient infrastructure has been put in place to enable management to track current and emerging Compliance Risk issues, to communicate these to internal and external stakeholders, and to drive continuous improvement. Access Bank understands that good Compliance Risk Management involves understanding and delivering on the expectations of customers and other stakeholders, thereby improving the quality of key relationships based on honesty, integrity and fairness.

Our Compliance framework provides the platform for the compliance programmes that are consistently applied across the Bank to manage compliance risk. The framework has put in place a Group-wide reporting compliance framework encompassing both mandatory (regulatory) and non- mandatory (self regulatory) compliance. This framework includes a common approach to commitment and accountability, policies and procedures, controls and supervision, monitoring, regulatory change management, reporting, education and awareness.

We approach Compliance Risk Management on an enterprise and line of business level. The Compliance and Internal Control function provides oversight of significant compliance risk issues. The function also develops and guides the strategies, policies and practices for assessing and managing compliance risks across the organization. We re-established Compliance Resource Officers Meeting set up to develop, manage and integrate a compliance culture that meets global standards within the organization. Through education and communication efforts, a culture of compliance is emphasized across the organization.

We also mitigate compliance risk through a broad-based approach to process management and improvement. The lines of business are responsible for all the risks within the business line, including compliance risks. Compliance Risk Officers, working in conjunction with senior line of business executives, have developed key tools to address and measure compliance risks and to ensure compliance with laws and regulations in each line of business

Compliance Risk Management Framework

Strategic Risk Management

Strategic risk is embedded in every line of business and is part of the other major risk categories (credit, market, liquidity, compliance and operational).

Strategic risk relates to the consequences that arise when the environment in which decisions that are hard to implement quickly and to reverse has an unattractive or adverse impact. Strategic risk ultimately has two elements: doing the right thing at the right time; and doing it well.

It is the risk that results from adverse business decisions, ineffective or inappropriate business plans, or failure to respond to changes in the competitive environment, business cycles, customer preferences, product obsolescence, regulatory environment, business strategy execution, and/or other inherent risks of the business including reputational risk.

The bank's appetite for strategic risk is continually assessed within the context of the strategic plan, with strategic risks selectively and carefully taken to maintain relevance in the evolving marketplace.

Significant strategic actions, such as material acquisitions or capital actions, are reviewed and approved by the Board. Using a plan developed by management, executive management and the Board approve a strategic plan every three years. Annually, executive management develops a financial operating plan and the Board reviews and approves the plan. Executive management, with Board oversight, ensures that the plans are consistent with the Bank's strategic plan, core operating tenets and risk appetite.

The following are assessed in their reviews: forecasted earnings and returns on capital; the current risk profile and changes required to support the plan; current capital and liquidity requirements and changes required to support the plan; stress testing results; and other qualitative factors such as market growth rates and peer analysis. Executive management, with Board oversight, performs similar analyses throughout the year, and will define changes to the financial forecast or the risk, capital or liquidity positions as deemed appropriate to balance and optimize between achieving the targeted risk appetite and shareholder returns and maintaining the targeted financial strength.

We use robust models to measure the capital requirements for credit, country, market, operational and strategic risks. The economic capital assigned to each line of business is based on its unique risk exposures. With oversight by the Board, executive management assesses the risk-adjusted returns of each business in approving strategic and financial operating plans. The businesses use economic capital to define business strategies, price products and transactions, and evaluate customer profitability.

Reputational Risk Management

Reputation risk management is essentially concerned with protecting an organization from potential threats to its reputation. Most importantly, reputational threat should be dealt with proactively and effects of reputational events should be minimized. The ultimate aim of reputation risk management is to avert the likelihood of any crisis and ultimately ensure the survival of the organization. Nevertheless, managing reputational risk poses particular challenges for many organizations. Access Bank, in responding to the challenges posed by reputational risk, has put in place a framework to properly articulate, analyze and manage reputational risk factors.

The potential factors which affect the Bank's reputational risk profile include:

- 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);
- Consolidation activities ignited resulting in a fusion of different cultures;

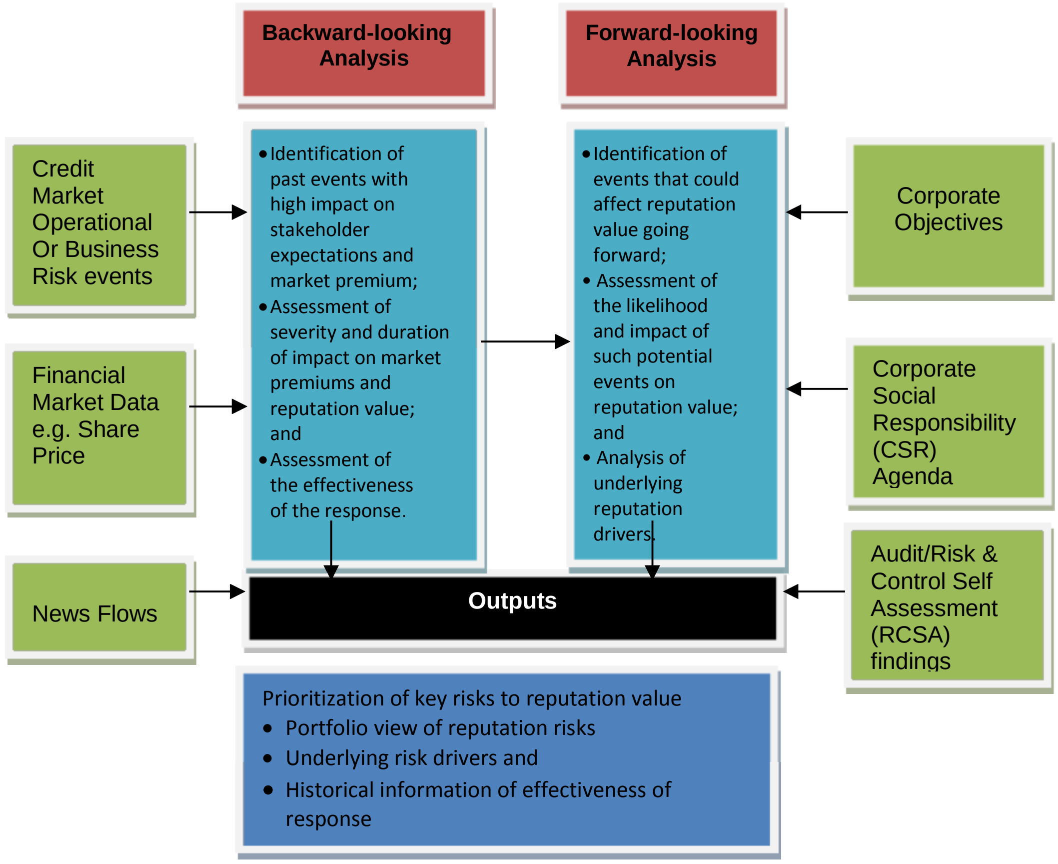
- Keen competition and largely homogeneous products and services have led customers not to perceive significant differences between financial service providers; and
- Given the financing nature of products and services they provide, Banks are not only exposed to their own reputation, but also to the reputation of their clients.

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

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

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

Key Drivers of Reputational Risk



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

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

Compilation of Trigger Events

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

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

Events data analysis

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

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

Approach to managing reputation events

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

Post reputation event reviews

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

Financial risk management

Credit risk management

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

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

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

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

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

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

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

Principal Credit Policies

The following are the principal credit policies of the Bank:

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

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

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

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

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

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

Responsibilities of Business Units and Independent Credit Risk Management

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

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

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

Credit Process

The Bank's credit process starts with portfolio planning and target market identification. Within identified target markets, credits are initiated by relationship managers. The proposed credits are subjected to review and approvals by applicable credit approval authorities. Further to appropriate approvals, loans are disbursed to beneficiaries.
On-going management of loans is undertaken by both relationship management teams and our Credit Risk Management Group. The process is applied at the Head Office and in the subsidiaries.

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

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

Credit Risk Measurement

Risk Rating Methodology

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

In Access Bank, the objective of the Risk Rating Policy is to ensure reliable and consistent Obligor Risk Ratings ('ORRs') and Facility Risk Ratings ('FRRs') throughout the Bank and to provide guidelines for risk rating for retail and non – retail exposures in the bank.

The Risk rating policy incorporates credit risk rating models which estimate risk of obligor default and facility risks (covering both recovery as well as Exposure risk). These models are currently based on expert judgment for Retail and Non-Retail Exposures. Our long-term goal is to adopt the Internal Rating Based ("IRB") approach. The data required to facilitate the IRB approach are being gathered.

All Access Bank businesses that extend credit are subject to the Risk rating policy.

Credit Risk Rating Models in Access Bank Plc

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

For Retail Exposures:

Obligor Risk Rating (ORR) Models have been developed for:

1. Personal Loans
2. Credit Cards
3. Auto Loans
4. Mortgage Loans

Facility Risk Rating (FRR) Models have been developed for:

1. Loss Given Default (LGD)
2. Exposure at Default (EAD)

For Non – Retail Exposures:

Obligor Risk Rating (ORR) Models have been developed for:

1. Sovereign (Approach to rating Sovereign Exposures using External ratings)
2. Bank and NBFIs
3. Corporate
    - Manufacturing Sector
    - Trading Sector
    - Services Sector

- Real Estate Sector

4. Small and Medium Enterprises (SME) Without Financials

Facility Risk Rating (FRR) Models have been developed for

1. Loss Given Default (LGD)
2. Exposure at Default (EAD)

Risk Rating Process

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

Establishing the Risk Rating Process is the joint responsibility of the Business Manager and Independent Credit Risk Manager associated with each business. The process must be documented and must be approved by the Management Credit Committee.

The Risk Rating Process for each business must be reviewed and approved every three years, unless more frequent review is specified as a condition of the approvals. Interim material changes to the Risk Rating Process, as determined by the Independent Credit Risk Manager for the business, must be re-approved.

Risk Rating Scale and external rating equivalent

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

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

Access Bank Risk Rating	S&P Long term equivalent	Grade
1	AAA	Investment Grade
2+	AA	
2	A	
2-	BBB	
3+	BB+	Standard Grade
3	BB	
3-	BB-	
4	B	Non Investment Grade
5	B-	
6	CCC	
7	C	
8	D	

Credit Risk Control & Mitigation policy

Authority Limits on Credit

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

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

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

Authority	Approval Limit
Group Managing Director	N 200,000,000
Group Deputy Managing Director	N 150,000,000
Group Executive Director	N 75,000,000
Managing Directors of bank subsidiaries	N 25,000,000

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

Access Bank Risk Rating	S&P Long term equivalent	Board Credit Committee Approval Limit	Management Credit Committee Approval Limit
1	AAA	N25Bn	N10Bn
2^+	AA	N25Bn	N7.5bn
2	A	N15Bn	N2Bn
2^-	BBB	N5Bn	N1Bn
3^+	BB+	N1Bn	N0.5Bn
3	BB	N1Bn	N0.5Bn
3^-	BB^-	N0.5Bn	N0.1Bn
4	B	N0.5Bn	N0.1Bn
5	B^-	N0.5Bn	N0.1Bn

Collateral Policies

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

In Access Bank, strategies for risk reduction at the transaction level differ from that at the portfolio level. At transaction level, the most common technique used by the bank is the collateralization of the exposures, by first priority claims or obtaining a third party guarantee. 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 primary consideration when approving credits is always the obligor's financial strength and debt-servicing capacity. The guidelines relating to risk mitigant as incorporated in the guidance note of BCBS on "Principles for the Management of Credit Risk" (September 2000, Paragraph 34) are be taken into consideration while using a credit risk mitigant to control credit risk.

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

The range of collaterals acceptable to the Bank includes:

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

Master Netting Arrangements

It is the Group's policy that all credit exposures are adequately collateralised. Notwithstanding, our account opening documentation allows the Bank to net off customers' deposits against their exposure to the Bank. Generally transactions are allowed to run on a gross basis, however, in cases of unfavorable credit migration, the Bank may elect to invoke the netting agreement.

Credit Related Commitments

It is the Group's policy that all credit exposures are adequately collateralised. Credit risk mitigation is an activity of reducing credit risk in an exposure

Provisioning policy

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

Market Risk Management

Definition

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

Market risk policy, management and control

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

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

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

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

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

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

In line with the CBN circular on new capital adequacy framework, Access Bank has adopted the standardised duration approach for market risk and has obtained the board approval for the policy on Internal Capital Adequacy Assessment Process (ICAAP). This policy defines and sets processes to review and improve the techniques used for identification, measurement and assessment of all material risks and resultant capital requirements.

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

Non-trading portfolio

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

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

Interest rate risk

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

Re-pricing and Liquidity Gap Analysis

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

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

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

Earnings-at-Risk (EAR) Approach

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

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

Sensitivity Analysis and Stress Testing

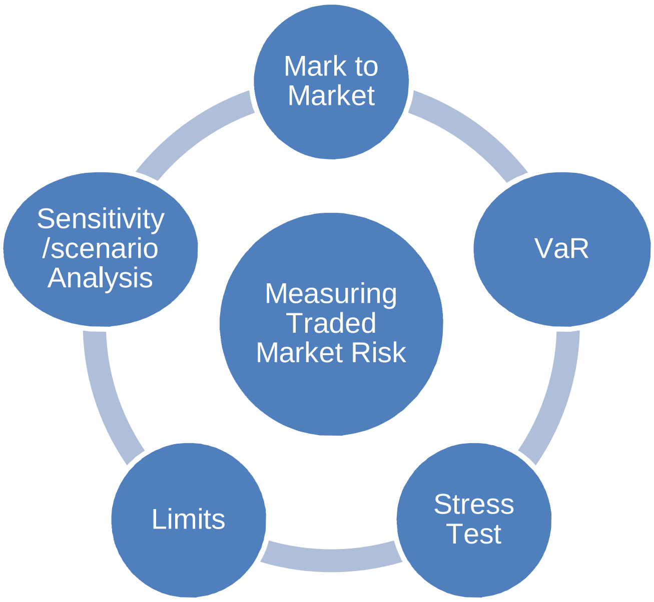
Sensitivity analysis and stress testing are risk measurement techniques that help us ensure that the risks the Bank takes remain within our risk appetite and that our level of capital remains adequate. Sensitivity analysis involves varying a single factor (e.g. a model input or specific assumption) to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

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

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

Trading portfolio

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



Limits

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

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

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

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

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

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

Dealer Limits: This limit sets a maximum tolerable unrealized profit/loss to date based on existing exposures for a specific dealer. Positions are liquidated uniformly when the dealer stop limit is breached independent of the global stop loss limit.

Value-at-Risk Limit: The normal VaR of the portfolio will be the Naira loss that will be exceeded 1% of the time over a one day horizon. The time period may be changed depending on the volume of position held and current market realities. At a maximum of 99% confidence level, and a holding period of 1 day, the bank maintains a VaR limit of 0.25% of Gross earnings.

These risk limits are set and reviewed at least annually to control Access Bank's trading activities in line with the defined risk appetite of the Group. Criteria for setting risk limits include relevant market analysis, market liquidity and business strategy. Trading risk limits are set at an aggregate, risk category and lower levels and are expressed in terms of DVaR. This is further supported by a comprehensive set of non-DVaR limits, including foreign exchange position limits, stop loss limits and Management Action Triggers. Appropriate performance triggers are also used as part of the risk management process.

Mark-to-Market (MTM)

The marking-to-market technique establishes historical profit/loss by revaluing money market exposures to prevailing market prices. When no market prices are available for a specific contract period, mark-to-model is used to derive the relevant market prices; it is the Bank's policy to revalue all exposures categorized under the securities trading portfolio on a daily basis. As a general guide, marking to market is performed independently of the trading unit i.e. prices/rates are obtained from external sources.

Value at Risk (VaR)

Risk of losses arising from future potential adverse movements in market rates, prices and volatilities are measured using a VaR methodology. VaR, in general, is a quantitative measure of market risk that applies recent historic market conditions to estimate the potential future loss in market value that will not be exceeded in a set time period at a set statistical confidence level.

VaR provides a consistent measure that can be applied across trading businesses and products over time and can be set against actual daily trading profit and loss outcome. To assess their predictive power, VaR models are back tested against actual results.

Access Bank uses an internal VaR model based on the historical simulation method. Two years of unweighted historical price and rate data is applied and updated daily. This internal model is also used for measuring value at risk over both a one-day and 10-day holding period at a 99% confidence level. This model covers general market (position) risk across all approved interest rate and foreign exchange products.

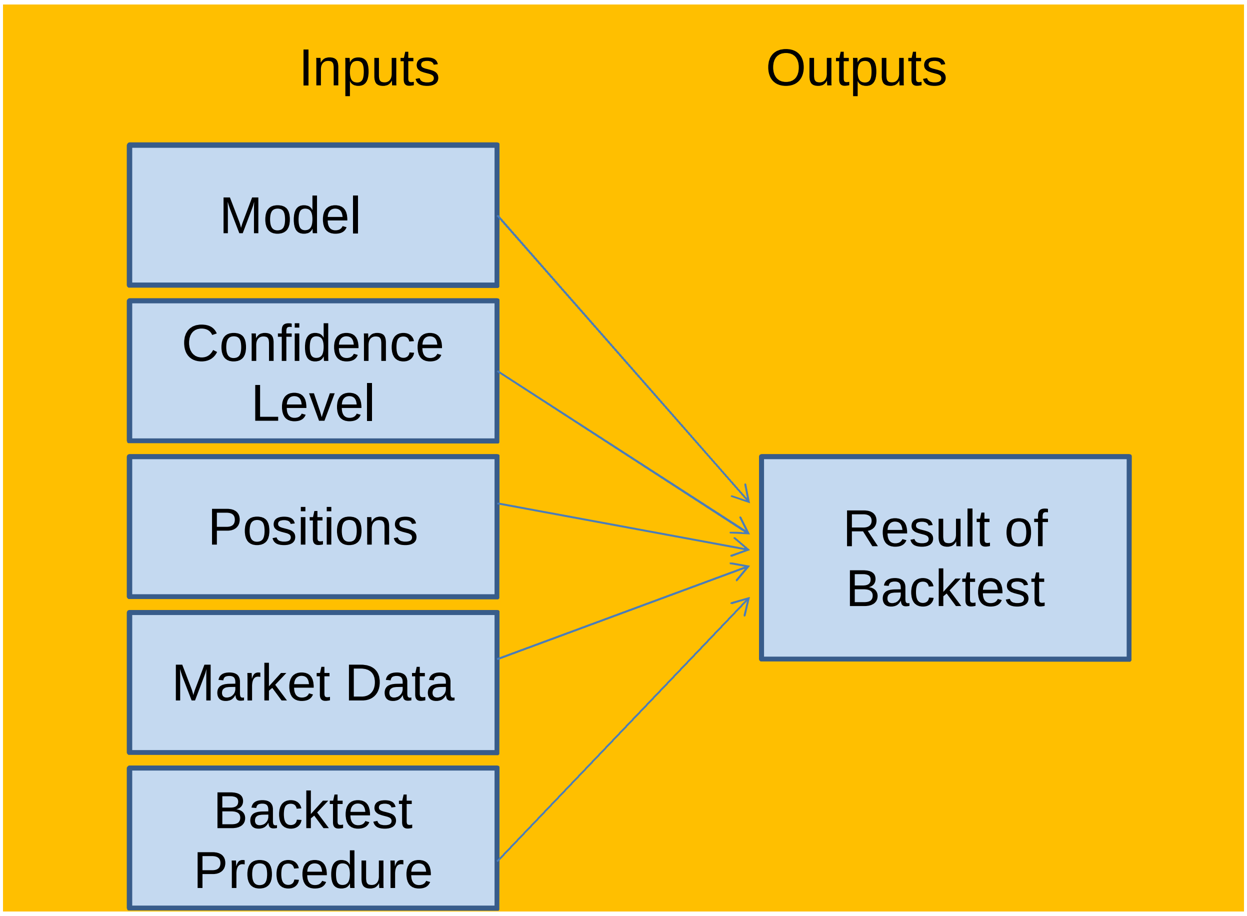
There are a number of considerations that should be taken into account when reviewing VaR numbers. These are as follows:

- Historical simulation assumes that the past is a good representation of the future. This may not always be the case.
- The assumed time horizon will not fully capture the market risk of positions that cannot be closed out or hedged within this time horizon.
- VaR does not indicate the potential loss beyond the selected percentile.
- Intra-day risk is not captured.
- Prudent valuation practices are used in the VaR calculation when there is difficulty obtaining rate/price information.

To complement VaR, stress testing and other sensitivity measures are used.

Backtesting

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 backtesting, which counts the number of days when daily trading losses exceed the corresponding DVaR estimate.



The standard for back testing is to measure daily losses against DVaR 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 DVaR model. Backtesting reports are produced regularly.

Stress testing

A consistent stress testing methodology is applied to trading and non-trading books. The stress testing methodology assumes that scope for management action would be limited during a stress event, reflecting the decrease in market liquidity that often occurs.

Losses beyond the confidence interval are not captured by a VaR calculation, which therefore gives no indication of the size of unexpected losses in these situations. Market Risk complements the VaR measurement by regular stress testing of market risk exposures to highlight the potential risk that may arise from extreme market events that are rare but plausible.

Stress testing is an integral part of the market risk management framework and considers both historical market events and forward-looking scenarios. Stress testing provides an indication of the potential size of losses that could arise in extreme conditions. It helps to identify risk concentrations across business lines and assist senior management in capital planning decisions.

The Bank performs two main types of stress/scenario testing. Firstly, risk factor stress testing, where extended historical stress moves are applied to each of the main risk categories, which include interest rate, equity, foreign exchange, commodity and credit spread risk. Secondly, the trading book is subjected to multi-factor scenarios that simulate past periods of significant market disturbance and hypothetical extreme yet plausible events.

Stress scenarios are regularly updated to reflect changes in risk profile and economic events. Regular stress test scenarios are applied to interest rates, credit spreads, exchange rates, commodity prices and equity prices. Ad hoc scenarios are also prepared reflecting specific market conditions and for particular concentrations of risk that arise within the businesses.

Liquidity risk

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

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

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

The Board approves the Bank's liquidity policy and contingency funding plan, including establishing liquidity risk tolerance levels. The Group ALCO, in conjunction with the Board and its committees, monitors our liquidity position and reviews the impact of strategic decisions on our liquidity. Liquidity positions are measured by calculating the Bank's net liquidity gap and by comparing selected ratios with targets as specified in the liquidity risk management manual.

Quantifications

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

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

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

Limit management and monitoring

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

Contingency funding plan

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

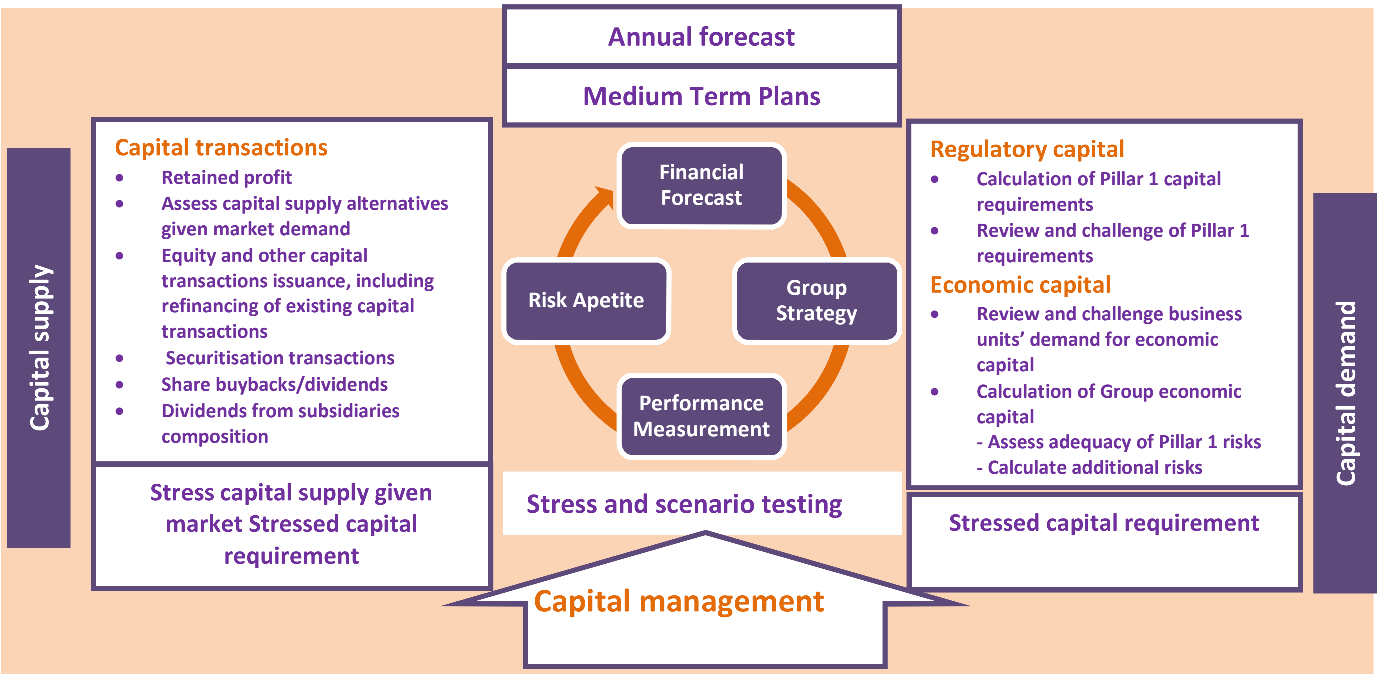
To monitor liquidity and funding, the Group Treasury prepares a liquidity worksheet that project sources and uses of funds. The worksheet incorporates the impact of moderate risk and crisis situations. The worksheet is an integral component of the contingency funding plan. Although it is unlikely that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

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

Capital management strategy:

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

Capital management process



Importance of capital management

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

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

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REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF ACCESS BANK PLC

Report on the financial statements

We have audited the accompanying separate and consolidated financial statements of Access Bank ("the bank") and its subsidiaries (together "the group"). These financial statements comprise the statement of financial position as at 30 June 2014 and the statements of comprehensive income, changes in equity and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with IAS 34 "Interim Financial Reporting" and with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act and for such internal control, as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an independent opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

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Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the financial affairs of the bank and the group at 30 June 2014 and of the financial performance and cash flows of the group for the period then ended in accordance with IAS 34 "Interim Financial Reporting" 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.

Report on other legal requirements

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

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

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

iii) the bank's statements of financial position and 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 46(f) to the financial statements;

v) except for the contraventions disclosed in Note 44 to the financial statements, the bank has complied with the requirements of the relevant circulars issued by the Central Bank of Nigeria.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A 258350

For: PricewaterhouseCoopers
Chartered Accountants
Lagos, Nigeria.

15 August 2014

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

Statement of comprehensive income

In thousands of Naira	*Notes*	Group June 2014	Group June 2013	Bank June 2014	Bank June 2013
Continuing operations					
Interest income	8	83,577,790	71,920,273	76,379,551	63,216,371
Interest expense	8	(34,835,010)	(33,922,761)	(32,880,088)	(30,258,650)
Net interest income		48,742,780	37,997,512	43,499,463	32,957,721
(Impairment charge)/Writeback on financial assets	9a	(3,506,496)	9,717,090	(2,947,516)	9,916,043
Net interest income after impairment charges		45,236,284	47,714,602	40,551,947	42,873,764
Fee and commission income	10	19,431,462	16,319,775	15,507,373	13,408,623
Fee and commission expense		(12,270)	-	-	-
Net fee and commission income		19,419,192	16,319,775	15,507,373	13,408,623
Net gains on financial instruments classified as held for trading	11	2,165,646	641,189	2,127,856	595,368
Foreign exchange income	12	5,468,378	3,950,360	3,678,495	3,350,400
Other operating income	13	6,987,975	6,303,815	7,102,478	5,837,721
Fair value gain on investment property		-	2,470,116	-	2,470,116
Impairment on non-financial assets	9b	-	-	-	(358,811)
Personnel expenses	14	(15,371,404)	(15,260,560)	(12,781,215)	(12,728,481)
Operating lease expenses		(861,161)	(731,288)	(771,995)	(644,101)
Depreciation and amortization		(4,261,052)	(6,000,376)	(3,840,310)	(5,577,191)
Other operating expenses	15	(31,967,184)	(29,681,367)	(29,057,570)	(26,443,647)
Loss on disposal of subsidiary	16		-	(104,266)	(406,975)
Operating profit		26,816,674	25,726,266	22,412,793	22,376,786
Share of profit of equity accounted investee	29	301,109	374,862	-	-
Profit before tax		**27,117,783**	**26,101,128**	**22,412,793**	**22,376,786**
Income tax expense	17	(4,044,420)	(5,380,051)	(2,462,639)	(4,131,996)
Profit for the period from continuing operations		23,073,363	20,721,077	19,950,154	18,244,790
Discontinued operations					
(Loss)/Profit from discontinued operations	16b,d	(486,827)	375,489	-	-
Profit for the period		**22,586,536**	**21,096,566**	**19,950,154**	**18,244,790**
Other comprehensive income (OCI) for the period:					
Items that may be subsequently reclassified to the income statement:					
Foreign currency translation differences for foreign subsidiaries					
- Unrealised (losses) arising during the period		(413,589)	(3,483,356)	-	-
- Realised gains arising during the period		97,187	-	-	-
Net changes in fair value of AFS financial instruments					
-Fair value changes arising during the period		168,720	455,840	44,202	259,183
-Fair value changes on AFS financial instruments from associates	29	337	7,228		-
Other comprehensive (loss)/gain for the period, net of related tax effects:		(147,345)	(3,020,288)	44,202	259,183
Total comprehensive income for the period		**22,439,191**	**18,076,278**	**19,994,356**	**18,503,973**
Profit attributable to:					
Owners of the bank		22,285,021	20,997,307	19,950,154	18,244,790
Non-controlling interest		301,515	99,259	-	-
Profit for the period		**22,586,536**	**21,096,566**	**19,950,154**	**18,244,790**
Total comprehensive income attributable to:					
Owners of the bank		22,135,908	17,975,018	19,994,356	18,503,973
Non-controlling interest		303,283	101,260	-	-
Total comprehensive income for the period		22,439,191	18,076,278	19,994,356	18,503,973
Total comprehensive income for the period:					
Continuing operations		22,926,018	17,700,789	19,994,356	18,503,973
Discontinued operations		(486,827)	375,489	-	-
		22,439,191	18,076,278	19,994,356	18,503,973
Earnings per share					
Basic earnings per share(kobo)	18	99	92	87	80
Diluted (kobo)		99	92	87	80
Earnings per share - continuing operations					
Basic earnings per share(kobo)	18	100	77	88	81
Diluted (kobo)		100	77	88	81

Statement of financial position
As at 30 June 2014

In thousands of Naira	*Notes*	Group June 2014	Group December 2013	Bank June 2014	Bank December 2013
Assets					
Cash and balances with banks	20	538,090,296	439,459,541	450,815,044	395,808,747
Non pledged trading assets	21	14,933,526	3,877,969	14,933,526	3,877,969
Pledged assets	22	83,508,289	63,409,851	81,926,214	63,347,823
Derivative financial instruments	23	2,239,495	102,123	2,173,506	72,675
Loans and advances to banks	24	22,284,437	24,579,875	49,645,536	13,048,651
Loans and advances to customers	25	926,923,538	786,169,704	864,878,974	735,300,741
Investment securities	26	272,728,104	353,811,348	232,941,680	309,071,802
Other assets	27	73,644,788	52,019,724	67,989,015	44,326,360
Investment properties	28	-	23,974,789	-	23,974,789
Investments in equity accounted investee	29	3,924,773	3,623,326	1,521,812	1,521,812
Investment in subsidiary	30	-	-	40,120,573	38,029,992
Property and equipment	31	67,965,521	67,243,303	63,964,734	63,203,245
Intangible assets	32	3,841,802	3,659,071	2,822,941	2,661,553
Deferred tax (net)	33	10,884,756	10,687,635	10,215,174	9,847,853
		2,020,969,325	1,832,618,259	1,883,948,729	1,704,094,012
Assets classified as held for sale	19	22,688,483	2,847,741	22,688,483	-
Total assets		**2,043,657,808**	**1,835,466,000**	**1,906,637,212**	**1,704,094,012**
Liabilities					
Deposits from financial institutions	34	92,547,502	72,147,955	74,137,745	61,295,352
Deposits from customers	35	1,450,985,940	1,331,418,659	1,338,284,969	1,217,176,793
Derivative financial instruments	23	263,002	32,955	253,266	-
Current tax liabilities	17	6,459,362	6,899,558	5,601,402	6,075,590
Other liabilities	36	50,912,929	56,847,216	47,606,743	52,092,559
Deferred tax liabilities	33	22,735	37,861	-	-
Debt securities issued	37	122,092,276	55,828,248	64,091,095	-
Interest-bearing loans and borrowings	38	59,099,167	64,338,982	117,247,287	120,342,026
Retirement benefit obligations	39	2,152,553	1,933,021	2,148,952	1,929,695
		1,784,535,466	1,589,484,455	1,649,371,459	1,458,912,015
Liabilities classified as held for sale	19	-	1,499,495	-	-
Total liabilities		**1,784,535,466**	**1,590,983,950**	**1,649,371,459**	**1,458,912,015**
Equity					
Share capital and share premium	40	172,477,671	172,477,671	172,477,671	172,477,671
Retained earnings		27,590,868	22,232,375	27,340,896	23,095,392
Other components of equity		55,660,770	48,003,894	57,447,186	49,608,934
Total equity attributable to owners of the Bank		**255,729,309**	**242,713,940**	**257,265,753**	**245,181,997**
Non controlling interest	40	3,393,033	1,768,110	-	-
Total equity		**259,122,342**	**244,482,050**	**257,265,753**	**245,181,997**
Total liabilities and equity		**2,043,657,808**	**1,835,466,000**	**1,906,637,212**	**1,704,094,012**

Signed on behalf of the Board of Directors on 14 August 2014 by:

Group Managing Director
Herbert Wigwe
FRC/2013/ICAN/00000001998

Executive Director
Victor Etuokwu
FRC/2014/CIBN/00000006249

Additionally certified by:

Oluseyi Kumapayi
FRC/2013/ICAN/00000000911

Consolidated statement of changes in equity

In thousands of Naira

Group	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Share Scheme reserve	Treasury Shares	Capital Reserve	Fair value reserve	Contingency reserve	Foreign currency translation reserve	Retained earnings	Total	Non Controlling interest	Total Equity
	Attributable to owners of the Bank													
Balance at 1 January 2014	**11,441,460**	**161,036,211**	**13,074,749**	**30,365,408**	**112,783**	**(460,580)**	**3,489,080**	**6,237,939**	**-**	**(4,815,485)**	**22,232,375**	**242,713,940**	**1,768,110**	**244,482,050**
Total comprehensive income for the period:														
Profit for the period											22,285,021	22,285,021	301,515	22,586,536
Other comprehensive income, net of tax														
Unrealised foreign currency translation difference	-	-	-	-	-	-	-	-	-	(413,589)	-	(413,589)	-	(413,589)
Realised foreign currency translation difference										97,187	-	97,187	-	97,187
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	-	168,720	-	-	-	168,720	-	168,720
Fair value changes on AFS financial instruments from associates	-	-	-	-	-	-	-	337	-	-	-	337	-	337
Total other comprehensive income/ (loss)	**-**	**-**	**-**	**-**		**-**	**-**	**169,057**	**-**	**(316,402)**	**-**	(147,345)	**-**	**(147,345)**
Total comprehensive income/ (loss)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**169,057**	**-**	**(316,402)**	**22,285,021**	22,137,676	301,515	**22,439,191**
Transactions with equity holders, recorded directly in equity:														
Non-cash diistribution to shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers during the period	-	-	4,584,110	3,664,971	-	-	-	-	-	-	(8,249,081)	-		-
Scheme shares	-	-	-	-	98,449	(515,547)	-	-	-	-	-	(417,098)	-	(417,098)
Deemed disposal of subsidiary	-	-	-	-	-	-	-	-	-	-	(652,668)	(652,668)	652,668	-
Increase in minority interest												-	670,740	670,740
Transfer from disposed subsidiaries	-	-	-	(27,762)	-	-	-	-	-	-	27,762	-	-	-
Dividend paid to equity holders	-	-	-	-	-	-	-	-	-	-	(8,052,541)	(8,052,541)	-	(8,052,541)
Total contributions by and distributions to equity holders	**-**	**-**	**4,584,110**	**3,637,209**	**98,449**	**(515,547)**	**-**	**-**	**-**	**-**	**(16,926,528)**	(9,122,307)	1,323,408	**(7,798,899)**
Balance at 30 June 2014	**11,441,460**	**161,036,211**	**17,658,859**	**34,002,617**	**211,232**	**(976,127)**	**3,489,080**	**6,406,996**	**-**	**(5,131,887)**	**27,590,868**	255,729,309	3,393,033	**259,122,342**

Consolidated statement of changes in equity

In thousands of Naira

Group	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Share Scheme reserve	Treasury Shares	Capital Reserve	Fair value reserve	Contingency reserve	Foreign currency translation reserve	Retained earnings	Total	Non Controlling interest	Total Equity
	Attributable to owners of the Bank													
Balance at 1 January 2013	**11,441,460**	**165,186,795**	**6,961,919**	**26,080,715**	**-**	**-**	**3,489,080**	**(136,772)**	**650,437**	**1,452,962**	**15,365,821**	**230,492,417**	**8,099,594**	**238,592,011**
Total comprehensive income for the period:														
Profit for the period											20,997,306	**20,997,306**	99,259	**21,096,565**
Other comprehensive income, net of tax														
Unrealised foreign currency translation difference	-	-	-	-	-	-	-	-	-	(3,464,331)	-	**(3,464,331)**	(19,025)	**(3,483,356)**
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	-	442,042	-	-	-	**442,042**	21,026	**463,068**
Total other comprehensive income/ (loss)	**-**	**-**	**-**	**-**		**-**	**-**	**442,042**	**-**	**(3,464,331)**	**-**	**(3,022,289)**	**2,001**	**(3,020,288)**
Total comprehensive income/ (loss)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**442,042**	**-**	**(3,464,331)**	**20,997,306**	**17,975,017**	**101,260**	**18,076,277**
Transactions with equity holders, recorded directly in equity:														
Transfers during the period	-	-	5,051,424	3,274,080	-	-	-	-	173,366	-	(8,498,870)	**-**	-	-
Scheme shares	-	-	-	-	(400,669)	-	-	-	-	-	-	**(400,669)**	-	(400,669)
Decrease in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	**-**	(2,600,071)	(2,600,071)
Transfer from disposed subsidiaries	-	-	(1,988,075)	286,838	-	-	-	-	-	-	1,701,237	**-**	-	-
Dividend paid to equity holders	-	-	-	-	-	-	-	-	-	-	(13,729,751)	**(13,729,751)**	-	(13,729,751)
Total contributions by and distributions to equity holders	**-**	**-**	**3,063,349**	**3,560,918**	**(400,669)**	**-**	**-**	**-**	**173,366**	**-**	**(20,527,384)**	**(14,130,420)**	**(2,600,071)**	**(16,730,491)**
Balance at 30 June 2013	**11,441,460**	**165,186,795**	**10,025,268**	**29,641,633**	**(400,669)**	**-**	**3,489,080**	**305,270**	**823,803**	**(2,011,369)**	**15,835,743**	**234,337,014**	**5,600,783**	**239,937,797**

Statement of changes in equity

In thousands of Naira

Bank	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Share Scheme reserve	Capital Reserve	Fair value reserve	Merger Reserve	Retained earnings	Total Equity
Balance at 1 January 2014	**11,441,460**	**161,036,211**	**11,177,662**	**28,567,268**	**112,783**	**3,489,080**	**6,262,140**	**-**	**23,095,392**	**245,181,996**
Total comprehensive income for the year:										
Profit for the period	-	-	-	-	-	-	-	-	19,950,154	**19,950,154**
Other comprehensive income, net of tax										
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	44,202	-	-	**44,202**
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**44,202**	**-**	**-**	**44,202**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**44,202**	**-**	**19,950,154**	**19,994,356**
Transactions with equity holders, recorded directly in equity:										
Transfers for the period	-	-	4,703,079	2,992,523	-	-	-	-	(7,695,602)	**-**
Dividend paid to equity holders	-	-	-	-	-	-	-	-	(8,009,048)	**(8,009,048)**
Scheme shares	-	-	-	-	98,449	-	-	-	-	**98,449**
Total contributions by and distributions to equity holders	**-**	**-**	**4,703,079**	**2,992,523**	**98,449**	**-**	**-**	**-**	**(15,704,650)**	**(7,910,599)**
Balance at 30 June 2014	**11,441,460**	**161,036,211**	**15,880,741**	**31,559,791**	**211,232**	**3,489,080**	**6,306,342**	**-**	**27,340,896**	**257,265,753**

Consolidated Statement of Changes in Equity
For the period ended 30 June 2013

In thousands of Naira

Bank	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Share Scheme reserve	Capital Reserve	Fair value reserve	Merger Reserve	Retained earnings	Total Equity
Balance at 1 January 2013	**11,441,460**	**165,186,795**	**4,068,288**	**24,635,492**	**-**	**3,489,080**	**(132,303)**	**10,054,688**	**18,880,711**	**237,624,211**
Total comprehensive income for the year:										
Profit for the period		-	-	-	-	-	-	-	73,774,506	**73,774,506**
Other comprehensive income, net of tax										
Net changes in fair value of AFS financial instruments		-	-	-	-	-	259,183	-	-	**259,183**
Total other comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**259,183**	**-**	**-**	**259,183**
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**259,183**	**-**	**73,774,506**	**74,033,689**
Transactions with equity holders, recorded directly in equity:										
Transfers for the period	-	-	4,814,868	11,066,176	-	-	-	-	(15,881,044)	**-**
Dividend paid to equity holders	-	-	-	-	-	-	-	-	(13,729,751)	**(13,729,751)**
Scheme Shares	-	-	-	-	59,910	-	-	-		**59,910**
										-
Total contributions by and distributions to equity holders	**-**	**-**	**4,814,868**	**11,066,176**	**59,910**	**-**	**-**	**-**	**(29,610,795)**	**(13,669,841)**
Balance at 30 June 2013	**11,441,460**	**165,186,795**	**8,883,156**	**35,701,668**	**59,910**	**3,489,080**	**126,880**	**10,054,688**	**63,044,422**	**297,988,059**

Consolidated statement of cash flows
For the period ended 30 June 2014

In thousands of Naira	Note	Group June 2014	Group June 2013	Bank June 2014	Bank June 2013
Cash flows from operating activities					
Profit for the year		27,117,783	26,101,127	22,412,793	22,376,785
Adjustments for:					
Depreciation of property and equipment		3,683,769	5,402,982	3,316,067	4,991,623
Amortization of intangible assets		577,282	675,376	524,243	585,528
Gain on disposal of property and equipment		(45,894)	(928,591)	(36,427)	(928,659)
Profit on disposal of investment properties		(263,694)	275,894	(263,694)	(12,000)
Loss on disposal of investment securities		(144,519)	-	(144,519)	-
Fair value gain on investment properties		-	(2,470,116)	-	(2,470,116)
Impairment on financial assets		4,655,695	(10,183,079)	2,978,386	(9,557,232)
Additional gratuity provision		219,532	603,795	219,256	603,795
Contribution to defined contribution plans		458,426	412,305	458,426	221,752
Profit on disposal of subsidiaries		486,827	-	104,266	406,975
Equity share-based payment expense		98,449	59,910	98,449	59,910
Treasury shares		(515,547)	(460,579)	-	-
Profit on disposal of equity investment		-	(390,643)	-	(459,269)
Share of profit of equity accounted investee		(301,109)	(374,862)	-	-
Share of OCI of equity accounted investee		(337)	(7,228)	-	
Interest expense (interest bearing loans and borrowings, deposits from customers, deposits from banks)		36,956,680	33,922,760	32,977,501	30,258,650
Interest income (loans and advances to customers, advances under finance lease, cash and cash equivalent, investment securities)		(75,852,840)	(72,575,948)	(73,157,541)	(63,216,371)
Dividend income		(2,396,588)	(2,417,349)	(2,875,629)	(2,481,945)
		(5,266,085)	(22,354,246)	(13,388,423)	(19,620,574)
Increase/(decrease) in operating assets:					
Change in investment securities		-	-	-	(1,732,977)
Change in non-pledged trading assets		(11,055,557)	210,740	(11,142,211)	-
Change in pledged assets		(20,098,438)	-	(18,578,391)	-
Change in restricted deposit with CBN		(64,576,537)	-	(63,874,053)	-
Change in loans and advances to banks and customers		(142,227,441)	(75,857,863)	(170,324,562)	(76,246,873)
Change in insurance receivables		-	(145,139)	-	-
Change in other assets		(22,528,473)	7,502,557	(23,445,229)	12,768,532
Change in deposits from banks		20,399,547	(86,652,646)	12,842,393	(598,184)
Change in derivative financial instruments-assets		(2,137,372)	(5,125)	(2,100,831)	-
Change in derivative financial instruments-liabilities		230,047	-	253,266	-
Change in deposits from customers		119,627,384	77,099,995	119,106,762	54,476,617
Change in claims payable		-	411,911	-	-
Change in liabilities on investment contracts		-	(2,159)	-	-
Change in liabilities on insurance contracts		-	1,028,306	-	-
Change in assets designated as held for sale		2,476,277	21,282,056	-	-
Change in liabilities classified as held for sale		(1,133,069)	(19,815,761)	-	-
Remittance to pension fund administrator		(458,426)	(565,442)	(458,426)	(374,785)
Change in other liabilities		(5,212,734)	(621,185)	(4,435,003)	(1,188,718)
Interest paid on deposits from customers and deposits from banks		(32,161,693)	(30,905,575)	(28,098,048)	(27,241,464)
Interest received on non pledged trading assets, loans and advances to customers and advances under finance lease		63,417,684	43,382,226	61,745,918	36,819,809
		(100,704,887)	(86,007,350)	(141,896,837)	(22,938,617)
Income tax paid		(4,902,749)	(10,191,658)	(3,354,963)	(8,936,331)
Net cash used in operating activities		(105,607,636)	(96,199,008)	(145,251,800)	(31,874,948)
Cash flows from investing activities					
Cash payments to acquire investment securities		(76,548,706)	573,695	(76,548,706)	7,856,181
Interest received on investment securities		6,273,827	30,465,840	6,273,827	27,668,680
Dividend received		2,396,588	2,513,391	2,875,629	2,481,945
Acquisition of property and equipment		(5,767,339)	(5,375,006)	(4,817,465)	(4,890,435)
Proceeds from the sale of property and equipment		781,028	1,177,162	776,336	2,190,415
Acquisition of intangible assets		(818,555)	(860,081)	(685,631)	(813,888)
Acquisition of investment properties		-	(39,564)	-	(39,564)
Proceeds from disposal of investment properties		1,550,000	120,000	1,550,000	120,000
Proceeds from matured investment securities		52,417,353	-	52,417,353	-
Acquisition of trading properties			(38,908)	-	-
Increase in investments in subsidiaries and RSPP		-	-	(2,971,047)	-
Proceeds from sale of subsidiary and associates		543,340	-	543,340	5,972,960
Divestment from subsidiaries		-	-	-	(460,579)
Proceeds from sale of investment securities		101,958,668	-	96,880,691	-
Cash lost on disposal of subsidiary		(956,473)			
Net cash generated from investing activities		**81,829,731**	**28,536,529**	**76,294,327**	**40,085,715**
Cash flows from financing activities					
Interest paid on interest bearing loans and borrowings		(4,492,284)	(2,270,412)	(2,731,931)	(2,270,412)
Proceeds from new interest bearing borrowings		2,396,220	9,810,281	2,396,220	12,213,730
Repayment of interest bearing borrowings		(7,157,378)	(6,026,562)	(5,536,580)	(6,026,562)
Dividends paid to owners		(8,052,541)	(13,729,752)	(8,009,048)	(13,729,752)
Debt securities issued		63,990,609	2,758,487	63,990,609	-
Net cash provided by/(used in) financing activities		**46,684,626**	**(9,457,958)**	**50,109,270**	**(9,812,996)**
Net (decrease)/increase in cash and cash equivalents		22,906,721	(77,120,437)	(18,848,204)	(1,602,229)
Cash and cash equivalents at beginning of year		277,033,693	296,184,966	223,567,707	176,228,932
Cash and cash equivalents of assets held for sale			2,574,204	-	-
Effect of exchange rate fluctuations on cash held		1,167,046	(708,896)		-
Cash and cash equivalents at end of year		301,107,462	220,929,837	204,719,503	174,626,702
Net (decrease)/increase in cash and cash equivalents	20	22,906,723	(77,120,437)	(18,848,204)	(1,602,230)

1.0 General information

Access Bank Plc ("the Bank") is a company domiciled in Nigeria. The address of the Bank's registered office is Plot 999c, Danmole Street, off Adeola Odeku/Idejo Street, Victoria Island, Lagos (formerly Plot 1665, Oyin Jolayemi, Victoria Island, Lagos). The consolidated financial statements of the Bank for the year ended 30 June 2014 comprise the Bank and its subsidiaries (together referred to as "the Group" and separately referred to as "Group entities"). The Group is primarily involved in investment, corporate, commercial and retail banking and is listed on the Nigerian Stock Exchange.

These financial statements were authorised for issue by the Board of Directors on 14th August 2014.

2.0 Statement of compliance with International Financial Reporting Standards

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

These interim financial statements for the six months ended 30 June 2014 have been prepared in accordance with IAS 34, 'Interim financial reporting'.

3.0 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. (see note 3.5)

3.1 Basis of preparation

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

(a) Functional and presentation currency

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

(b) Basis of measurement

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

- derivative financial instruments are measured at fair value.
- non-derivative financial instruments at fair value through profit or loss are measured at fair value.
- available-for-sale financial assets are measured at fair value.
- investment property is measured at fair value.
- the liability for defined benefit obligations is recognised as the present value of the defined benefit obligation and related current service cost
- non-current assets held for sale measured at fair value less costs to sell
- share based payment at fair value or an approximation of fair value allowed by the relevant standard.
- insurance liabilities measured at present value of future cashflows

(c) Use of estimates and judgements

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

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

Information about significant areas of estimation uncertainties and critical judgements 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

(i) New and amended standards adopted by the group

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

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

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

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

Offsetting -Financial assets and liabilities

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Group has a legal enforceable right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Master netting agreements where the legal right of offset is only enforceable on the occurrence of some future event, such as default of the counterparty, does not to meet the offsetting requirements.

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

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

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

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

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

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

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

The following changes in accounting policies are expected to reflect in the Group's consolidated and separate condensed interim financial statements as at and for the period ending 30 June 2014.

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

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

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

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

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

As at 30 June 2014, a number of standards and interpretations, and amendments thereto, had been issued by the IASB which are not yet effective for these consolidated financial statements. Details are set out below.

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

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

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

Other IFRS that are relevant to the group include:

IFRS	Effective Date	Subject of amendment
Amendments to IAS 19, ‘Employee benefits’ on defined benefit plans	Annual periods beginning on or after 1 July 2014	This amendment clarifies the application of IAS 19, ‘Employee benefits’ (2011) – referred to as ‘IAS 19R’, to plans that require employees or third parties to contribute towards the cost of benefits. The amendment does not affect the accounting for voluntary contributions.
Amendment to IFRS 2, ’Share based payment’	For share-based payment transactions for which the grant date is on or after 1 July 2014.	The amendment clarifies the definition of a ‘vesting condition’ and separately defines ‘performance condition’ and ‘service condition’.
IFRS 3, ‘Business combinations’	For business combinations where the acquisition date is on or after 1 July 2014.	The standard is amended to clarify that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself.
IFRS 8, ‘Operating segments’	Annual periods beginning on or after 1 July 2014	The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to the entity’s assets when segment assets are reported.
IAS 16, ‘Property, plant and equipment’, and IAS 38, ‘Intangible assets’	Annual periods beginning on or after 1 July 2014	The IASB has amended the basis for conclusions of IFRS 13 to clarify that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases.

IAS 24, 'Related party disclosures'	Annual periods beginning on or after 1 July 2014	The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'). The reporting entity is not required to disclose the compensation paid by the management entity to the management entity's employees or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided.
IFRS 13, 'Fair value measurement'	Annual periods beginning on or after 1 July 2014	The IASB has amended the basis for conclusions of IFRS 13 to clarify that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases. The amendment clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9.
IFRS 15, 'Revenue from contracts with customers'	Annual periods beginning on or after 1 January 2017	The Standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers to improve comparability within industries, across industries, and across capital markets. The revenue standard contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognised. The underlying principle is that an entity will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services.

3.3 Basis of consolidation

(i) Subsidiaries

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

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

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

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

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

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

(ii) Business combinations

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

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

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

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

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

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

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

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

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

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

(iii) Acquisitions from entities under common control

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

(vi) Loss of control

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

(iv) Disposal of subsidaries

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

(v) 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.

(vi) Associates

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

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

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

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

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

(viii) Transactions eliminated on consolidation

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

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

(i) Functional and presentation currency

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

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

(ii) Transactions and balances

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

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

(iii) Group companies

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

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

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

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

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

3.6 Operating income

(i) Interest income and expense

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

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

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

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

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

(ii) Fees and commission

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

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

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

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

(iv) Foreign exchange income

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

(v) Dividends

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

3.7 Lease payments

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

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

3.8 Income tax expense

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

(i) Current tax

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

(ii) Deferred tax

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

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

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

3.9 Financial assets and liabilities

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

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

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

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

(a) Classification, recognition and measurement

- Financial assets

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

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

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

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

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

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

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

(ii) Loans and receivables

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

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

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

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

(iii) Held-to-maturity

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

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

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

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

(iv) Available-for-sale

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

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

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

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

Availabe for sale instruments include investment seccurities.

- Financial liabilities

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

(v) Financial liabilities at amortised cost

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

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

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

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

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

(vi) Financial liabilities at fair value

The Group may enter into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and foreign currency options. Further details of derivative financial instruments are disclosed in Note 24 to the financial statements.
Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities. Derivative assets and liabilities are only offset if the transactions are with the same counterparty, a legal right of offset exists and the parties intend to settle on a net basis.

(b) De-recognition

- Financial assets

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

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

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

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

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

(c) Renegotiated loans

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

- Financial liabilities

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

Classification of Financial Assets and Liabilities
(d) Offsetting

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

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

(e) Sale and repurchase agreements

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

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

(f) Measurement

(i) Amortised cost measurement

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

(ii) Fair value measurement

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

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

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

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

(g) Identification and measurement of impairment

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

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

(i) Loans and receiveables

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

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

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

(ii) Available for sale securities

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

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

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

(g) Cash and balances with banks

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

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

(h) Repossessed collateral

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

(i) Derivative financial instruments

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

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

(j) Reclassification of financial assets

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

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

k) Pledged assets

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

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

3.10 Trading properties

Traded properties are inventory of land and building held by the group for the trading purposes. These properties are treated as inventory and carried at the lower of cost and net realizable value. The cost of each item of property is as determined under the policy for Property and equipment. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

The gains and losses arising from sale of traded properties are reported as part of “Other operating income”. Write-downs in the carrying amount of traded properties are also recognised in “Operating expenses".

3.11 Investment properties

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

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

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

3.12 Property and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

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

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

(iv) De-recognition

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

3.13 Intangible assets

(i) Goodwill

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

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

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

(ii) Software

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

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

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

3.14 Leases

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

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

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

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

3.15 Impairment of non-financial assets

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

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

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

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

3.16 Discontinued operations

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

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

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

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

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

3.17 Provisions

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

(i) Restructuring

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

3.18 Financial guarantees

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are initially recognised at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable). Financial guarantees are included within other liabilities.

3.19 Employee benefits

(i) Defined contribution plans

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

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

(ii) Termination benefits

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

(v) Long-term Incentive Plan

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

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

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

(iii) 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.

(iv) Share-based payment remuneration scheme

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

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

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

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

3.20 Insurance contracts and investment contracts

The Group issues contracts that transfer insurance risk, financial risk or both.

(i) Insurance contracts

In terms of IFRS 4, insurance liabilities are measured under existing local practice at the date of adoption of IFRS 4.

The Group had, prior to the adoption of IFRS 4, valued insurance liabilities using certain actuarial techniques as described below. The Group has continued to value insurance liabilities in accordance with these.

Insurance contracts are classified into three broad categories, depending on the duration of the risk and the type of risk insured, namely Individual Life, Group Life and General insurance.

Individual Life

These contracts insure mainly against death. For the published accounts, the contracts are valued based on a gross premium valuation taking into account the present value of expected future premium, claim and associated expense cash flows.

Any resultant negative policy holder liabilities, measured on an individual policy level, are set to zero (“zeroised”) so as not to recognise profits prematurely.

Where the same policy includes both insurance and investment components and where the policy is classified as insurance, the insurance and investment benefits are valued separately.

Group Life

These contracts insure against death on a group basis. These contracts are short term in nature and are typically renewed annually. For these contracts, gross premiums are recognised as revenue when due.

Outstanding claims provision

A full provision is made for the estimated cost of all claims notified but not settled at the reporting date, using the best information available at that time. Provision is also made for the cost of claims incurred but not reported ("IBNR") until after the reporting date.

Similarly, provisions are made for “unallocated claims expenses” being the estimated administrative expenses that will be incurred after the reporting date in settling all claims outstanding as at the date, including IBNR. Differences between the provision for outstanding claims at a reporting date and the subsequent settlement are included in the Revenue Account of the following year.

(ii) Insurance contracts with Discretionary Participation Features

The Group issues single premium contracts that provide primarily savings benefits to policy holders but also transfer insurance risk. The investment return credited to the policy holders is at the Group’s discretion, subject to fair oversight and a minimum guaranteed. These contracts are valued on a retrospective basis.

(iii) Liability adequacy test

Liability adequacy tests are performed at each balance sheet date to ensure the adequacy of contract liabilities net of Deferred acquisition cost. Current best estimates of future contractual cash flows, claims handling and administration costs, and investment returns from the assets backing the liabilities are taken into account in the tests. Any deficiency is immediately recognised in the income statement.

(iv) Reinsurance

Short- and long-term insurance business is ceded to reinsurers under contracts to transfer part or all of one or more of the following risks: mortality, investment and expenses. All such contracts are dealt with as insurance contracts. The benefits to which the Group is entitled under its reinsurance contracts are recognised as reinsurance assets. The Group assesses reinsurance assets at each balance sheet date. If there is objective evidence of impairment, the carrying amount of the reinsurance asset is reduced accordingly, resulting in a charge to the income statement.

3.21 Share capital and reserves

(i) Share issue costs

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

(ii) Dividend on the Bank's ordinary shares

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

(iii) Treasury shares

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

(iv) Earnings per share

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

4 Use of estimates and judgements

These disclosures supplement the commentary on financial risk management (see note 5). Estimates where management has applied judgements are:

(i) Allowances for credit losses
(ii)Valuation of financial instruments
(iii) Determination of fair value of investment property
(iv) Determination of impairment of property and equipment, and intangible assets excluding goodwill
(v) Assessment of impairment of goodwill on acquired subsidiaries
(vi) Defined benefit plan

Key sources of estimation uncertainty

(i) Allowances for credit losses

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

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

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

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

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

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

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

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

Statement of prudential adjustments

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

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

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

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

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

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

Statement of prudential adjustments		**June**	**December**
In thousands of Naira		**2014**	**2013**
	Note		
Loans & advances:			
Specific impairment allowances on loans to customers			
- Loans to Individuals	25(b)	-	289,574
- Loans to Corporate	25(b)	8,244,630	6,522,938
Specific impairment allowances on loans to banks	24	-	-
Collective impairment allowances on loans to customers			
- Loans to Individuals	25(b)	603,723	383,897
- Loans to Corporates	25(b)	7,352,189	6,043,683
Collective impairment allowances on loans to banks	24	11,838	9,337
Total impairment allowances on loans		16,212,380	13,249,429
Total regulatory impairment based on prudential gudielines		32,093,121	24,874,774
Balance, beginning of the year		11,177,662	4,068,288
Additional transfers to regulatory risk reserve		4,703,079	7,109,374
Balance, end of the period/year		**15,880,741**	**11,177,662**

4.1 *Valuation of financial instruments*

The Group's accounting policy on fair value measurements is discussed under note 3.10

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Valuation techniques based on observable inputs either directly- i.e. as prices or indirectly- i.e. derived from prices. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: This includes financial instruments, the valuation of which incorporate significant inputs for the asset or liability that is not based on observable market data (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques. This category includes investment securities.

The table below analyses financial non-financial instruments and 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
June 2014

	Note	Level 1	Level 2	Level 3	Total
Assets					
Non pledged trading assets	21	14,933,526	-	-	14,933,526
Pledged assets	22	4,906,651	-	-	4,906,651
Derivative financial instrument	23	-	2,239,495	-	2,239,495
Investment securities	26	-	39,431,797	-	39,431,797
		19,840,177	41,671,292	-	61,511,469
Liabilities					
Derivative financial instrument	23	-	263,002	-	263,002
		-	263,002	-	263,002

In thousands of Naira
Group
December 2013

	Note	Level 1	Level 2	Level 3	Total
Assets					
Non pledged trading assets	21	3,877,969	-	-	3,877,969
Pledged assets	22	63,409,851	-	-	63,409,851
Derivative financial instrument	23	-	102,123	-	102,123
Investment securities	26	159,280,820	39,231,799	-	198,512,619
Investment properties	28	-	23,974,789	-	23,974,789
		226,568,640	63,308,711	-	289,877,351
Liabilities					
Derivative financial instrument	23	-	32,955	-	32,955
		-	32,955	-	32,955

Bank
June 2014

Recurring fair value measurements

	Note	Level 1	Level 2	Level 3	Total
Assets					
Non pledged trading assets	21	14,933,526	-	-	14,933,526
Pledged assets	22	4,906,651	-	-	4,906,651
Derivative financial instrument	23	-	2,173,506	-	2,173,506
Investment securities	26	61,044,389	39,431,797	-	100,476,186
		80,884,566	41,605,303	-	122,489,869
Derivative financial instrument	23		253,266		253,266
		-	253,266	-	253,266

Bank
December 2013

	Note				
Assets					
Non pledged trading assets	21	3,877,969	-	-	3,877,969
Pledged assets	22	63,347,823	-	-	63,347,823
Derivative financial instrument	23	-	72,675	-	72,675
Investment securities	26	137,963,638	39,231,799	-	177,195,437
Investment properties	28	-	23,974,789	-	23,974,789
		205,189,430	63,279,263	-	268,468,693
Liabilities					
Derivative financial instrument	23	-	-	-	-
		-	-	-	-

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

4.1.2 Financial instruments not measured at fair value

Group

June 2014		**Level 1**	**Level 2**	**Level 3**	**Total**
Assets					
Cash and balances with banks	20	-	538,090,296	-	538,090,296
Pledged assets	22	78,601,638	-	-	78,601,638
Loans and advances to banks	24	-	21,429,489	-	21,429,489
Loans and advances to customers - Individual	25	-	17,984,533	-	17,984,533
Loans and advances to customers - Corporate	25	-	947,648,964	-	947,648,964
Held to maturity investment securities	26	145,807,252	-	-	145,807,252
Other assets	27	-	70,056,792	-	70,056,792
		224,408,890	1,595,210,073	-	1,819,618,963
Liabilities					
Deposits from financial institutions	34	-	88,596,064	-	88,596,064
Deposits from customers	35	-	1,439,566,117	-	1,439,566,117
Debt securities issued	37	-	125,006,221	-	125,006,221
Interest-bearing loans and borrowings	38	-	59,099,167	-	59,099,167
		-	1,712,267,568	-	1,712,267,568

Bank

June 2014		**Level 1**	**Level 2**	**Level 3**	**Total**
Assets					
Cash and balances with banks	20	-	450,815,044	-	450,815,044
Pledged assets	22	77,019,563	-	-	77,019,563
Loans and advances to banks	24	-	49,753,829	-	49,753,829
Loans and advances to customers - Individual	25	-	14,421,851	-	14,421,851
Loans and advances to customers - Corporate	25	-	935,128,546	-	935,128,546
Held to maturity investment securities	26	126,820,039	-	-	126,820,039
Other Assets	27	-	43,292,062	-	43,292,062
		203,839,602	1,493,411,332	-	1,697,250,934
Liabilities					
Deposits from financial institutions	34	-	74,137,745	-	74,137,745
Deposits from customers	35	-	1,342,984,085	-	1,342,984,085
Interest-bearing loans and borrowings	38	-	107,987,089	-	107,987,089
		-	1,525,108,919	-	1,525,108,919

Group

December 2013		Level 1	Level 2	Level 3	Total
Assets					
Cash and balances with banks	20	-	438,997,781	-	438,997,781
Loans and advances to banks	24	-	24,579,875	-	24,579,875
Loans and advances to customers - Individual	25	-	-	-	-
Loans and advances to customers - Corporate	25	-	786,169,704	-	786,169,704
Held to maturity investment securities	26	156,076,617	66,509,933	-	222,586,550
Other assets	27	-	-	-	-
		156,076,617	1,316,257,293	-	1,472,333,910
Liabilities					
Deposits from financial institutions	34	-	72,147,955	-	72,147,955
Deposits from customers	35	-	1,331,418,659	-	1,331,418,659
Debt securities issued	37	-	55,828,248	-	55,828,248
Interest-bearing loans and borrowings	38	-	64,338,982	-	64,338,982
		-	1,523,733,844	-	1,523,733,844

Bank

December 2013		Level 1	Level 2	Level 3	Total
Assets					
cash and balances with banks	20	-	395,808,747	-	395,808,747
Loans and advances to banks	24	-	13,048,651	-	13,048,651
Loans and advances to customers - Individual	25	-	-	-	-
Loans and advances to customers - Corporate	25	-	735,300,741	-	735,300,741
Held to maturity investment securities	26	135,514,671	63,587,485	-	199,102,156
Other Assets	27	-	-	-	-
		135,514,671	1,207,745,624	-	1,343,260,295
Liabilities					
Deposits from financial institutions	34	-	61,295,352	-	61,295,352
Deposits from customers	35	-	1,217,176,793	-	1,217,176,793
Interest-bearing loans and borrowings	38	-	120,342,026	-	120,342,026
		-	1,398,814,171	-	1,398,814,171

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

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

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

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

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

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

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

4.2 *Determination of fair value of financial instruments.*

Investments in unquoted equity securities have been classified as equity securities with readily determinable fair values as available for sale financial instrument in line with the accounting policies as set out in note 3.10 of the statement of significant accounting policies. Varying valuation techniques in determining the fair value are as follows:

(ii) Determination of fair value of financial instruments.

Valuation techniques used to derive Level 2 fair values

Level 2 fair values of investments have been generally derived using the adjusted fair value comparison approach. Quoted *price per earning* or

Description	Level	Valuation technique	Fair value at 30 June 2014
MTN Nigeria	Level 2	Share price on last transaction	8,468,523
Nigeria Interbank Settlement System	Level 2	Adjusted fair value comparison approach	403,226
Central Securities Clearing System	Level 2	Adjusted fair value comparison approach	2,350,030
IBTC Pension Managers	Level 2	Adjusted fair value comparison approach	2,345,888
Unified Payment Services Limited	Level 2	Adjusted fair value comparison approach	788,387
Africa Finance Corporation	Level 2	Adjusted fair value comparison approach	24,206,487

(iii) *Determination of fair value of investment property*

Management employed the services of estate surveyors and valuers expert to value its investment properties. The estimated open market value is deemed to be the fair value based on the assumptions that there will be willing buyers and sellers. Recent market prices of neighborhood properties were also considered in deriving the open market values. A variation of -/+5% will result in N0.242Bn fair value loss/gain respectively.

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

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

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

Goodwill on acquired subsidiaries was tested for impairment using discounted cash flow valuation method. Projected cash flows were discounted to present value using a discount rate of 20% and a cash flow growth rate of 7.5% over a period of five years. The Group determined the appropriate discount rate at the end of the reporting period.

(vi) Defined benefit plan

The present value of the long term incentive plan depends on a number of factors that are determined in an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of obligations. The assumptions used in determining the net cost (income) for pensions include the discount rate. The Group determines the appropriate discount rate at the end of the reporting period. In determining the appropriate discount rate, reference is made to the yield on Nigerian Government Bonds that have maturity dates approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions. See note 41 for the sensitivity analysis.

Fair value measurement

4.3 Financial assets and liabilities

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* **30 June 2014**	***Note***	**Trading**	**Derivatives held for trading**	**Held-to-maturity**	**Loans and receivables at amortized cost**	**Available-for-sale**	**Financial Liabilities measured at amortized cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	20	3,688,682	3,674,807	-	517,649,925	-	13,076,882	538,090,297	538,090,297
Non pledged trading assets	21	14,933,526	-	-	-	-	-	14,933,526	14,933,526
Pledged assets	22	-	-	78,601,639	-	4,906,650	-	83,508,289	60,089,038
Derivative financial instruments	23	2,173,506	65,989	-	-	-	-	2,239,495	2,239,577
Loans and advances to banks	24	-	-	-	22,284,437	-	-	22,284,437	21,429,489
Loans and advances to customers	25	2,747,501	-	-	919,210,224	-	4,965,813	926,923,538	965,633,496
Investment securities	26	2,419,136	-	146,471,166	-	123,837,802	-	272,728,104	210,537,341
Other assets	27	-	-	-	73,089,787	-	555,002	73,644,789	70,056,792
		25,962,351	**3,740,796**	**225,072,805**	**1,532,234,373**	**128,744,452**	**18,597,697**	**1,934,352,474**	**1,883,009,556**
Deposits from financial institutions	34	383,379	-	-	-	-	92,164,123	92,547,502	88,596,064
Deposits from customers	35	8,248,821	-	53,283,617	-	-	1,389,453,502	1,450,985,940	1,439,566,117
Other liabilities	36	707,247	-	1,681,527	-	-	48,524,155	50,912,929	50,783,785
Derivative financial instruments	23	-	-	-	-	-	263,002	263,002	263,002
Debt securities issued	37	-	-	-	-	-	122,092,276	122,092,276	125,006,221
Interest bearing loans and borrowings	38	-	-	-	-	-	59,099,167	59,099,167	59,099,167
		9,339,447	**-**	**54,965,144**	**-**	**-**	**1,711,596,225**	**1,775,900,816**	**1,763,314,356**

In thousands of Naira **31 December 2013**	***Note***	**Trading**	**Derivatives held for trading**	**Held-to-maturity**	**Loans and receivables at amortised cost**	**Available-for-sale**	**Other amortized cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	20	-	-	-	439,459,541	-	-	439,459,541	439,459,541
Non pledged trading assets	21	3,773,051	-	-	-	-	-	3,773,051	3,773,051
Pledged assets	22	-	-	58,635,348	-	4,774,503	-	63,409,851	42,391,995
Derivative financial instruments	23	-	102,123	-	-	-	-	102,123	102,123
Loans and advances to banks	24	-	-	-	24,579,875	-	-	24,579,875	24,300,412
Loans and advances to customers	25	-	-	-	786,169,704	-	-	786,169,704	785,207,118
Investment securities	26	-	-	163,951,202	-	189,860,147	-	353,811,349	338,300,138
Other assets	27	-	-	-	43,174,648	-	-	43,174,648	43,174,648
		3,773,051	**102,123**	**222,586,550**	**1,293,383,768**	**194,634,650**	**-**	**1,714,480,142**	**1,676,709,026**
Deposits from financial institutions	34	-	-	-	-	-	72,147,955	72,147,955	72,147,955
Deposits from customers	35	-	-	-	-	-	1,331,418,659	1,331,418,659	1,331,418,659
Other liabilities	36	-	-	-	-	-	54,043,974	54,043,974	54,043,974
Derivative financial instruments	23	-	32,955	-	-	-	-	32,955	32,955
Debt securities issued	37	-	-		-	-	55,828,248	55,828,248	56,556,465
Interest bearing loans and borrowings	38	-	-	-	-	-	64,338,982	64,338,982	58,515,183
		-	**32,955**	**-**	**-**	**-**	**1,577,777,818**	**1,577,810,773**	**1,572,715,191**

Bank *In thousands of Naira* **30 June 2014**	*Note*	Trading	Derivatives held for trading	Held-to-maturity	Loans and receivables at amortised cost	Available-for-sale	Financial Liabilities measured at amortized cost	Total carrying amount	Fair value
Cash and balances with banks	20	-	-	-	450,815,044	-	-	450,815,044	450,815,044
Non pledged trading assets	21	14,933,526	-	-	-	-	-	14,933,526	14,933,526
Pledged assets	22	-	-	76,380,564	-	4,906,650	-	81,287,214	59,331,833
Derivative financial instruments	23	2,173,506	-	-	-	-	-	2,173,506	2,173,506
Loans and advances to banks	24	-	-	-	49,645,536	-	-	49,645,536	49,753,829
Loans and advances to customers	25	-	-	-	864,878,974	-	-	864,878,974	949,550,397
Investment securities	26	-	-	132,465,495	-	100,476,185	-	232,941,680	187,864,428
Other assets	27	-	-	-	43,292,062	-	-	43,292,062	43,292,062
		17,107,032	**-**	**208,846,059**	**1,408,631,616**	**105,382,835**	**-**	**1,739,967,542**	**1,757,714,625**
Deposits from financial institutions	34	-	-	-	-	-	74,137,745	74,137,745	74,137,745
Deposits from customers	35	-	-	-	-	-	1,338,284,969	1,338,284,969	1,342,984,085
Derivative financial instruments	23						253,266	253,266	253,266
Other liabilities	36	-	-	-	-	-	46,492,995	46,492,995	46,492,995
Debt securities issued	37						64,091,095	64,091,095	67,005,040
Interest bearing loans and borrowings	38	-	-	-	-	-	117,247,287	117,247,287	107,987,089
		-	**-**	**-**	**-**	**-**	**1,640,507,357**	**1,640,507,357**	**1,638,860,220**

In thousands of Naira **31 December 2013**	*Note*	Trading	Derivatives held for trading	Held-to-maturity	Loans and receivables at amortised cost	Available-for-sale	Other amortized cost	Total carrying amount	Fair value
Cash and balances with banks	20	-	-	-	395,808,747	-	-	395,808,747	395,808,747
Non pledged trading assets	21	3,877,969	-	-	-	-	-	3,877,969	3,877,969
Pledged assets	22	-	-	58,635,348	-	4,712,475	-	63,347,823	42,329,967
Derivative financial instruments	23	-	72,675	-	-	-	-	72,675	72,675
Loans and advances to banks	24	-	-	-	13,048,651	-	-	13,048,651	12,769,188
Loans and advances to customers	25	-	-	-	735,300,741	-	-	735,300,741	734,338,155
Investment securities	26	-	-	140,466,808	-	168,604,993	-	309,071,801	293,830,590
Other assets	27	-	-	-	36,436,496	-	-	36,436,496	36,436,496
		3,877,969	**72,675**	**199,102,156**	**1,180,594,635**	**173,317,468**	**-**	**1,556,964,903**	**1,519,463,787**
Deposits from financial institutions	34	-	-	-	-	-	61,295,352	61,295,352	59,689,165
Deposits from customers	35	-	-	-	-	-	1,217,176,793	1,217,176,793	1,217,176,793
Other liabilities	36	-	-	-	-	-	49,940,868	49,940,868	49,940,868
Interest bearing loans and borrowings	38	-	-	-	-	-	120,342,026	120,342,026	114,518,226
		-	**-**	**-**	**-**	**-**	**1,448,755,039**	**1,448,755,039**	**1,441,325,052**

4.3 (b) Fair value of financial assets and liabilities

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

(i) Cash

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

(ii) Loans and advances to banks and customers

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

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

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

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

(iv) Other assets

The bulk of these financial assets have short (less than 3months) 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 assets in other liabilities is a reasonable approximation of fair value.

(vii) Interest bearing loans and borrowings

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

5.1 Credit risk management

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

Credit risk exposures relating to financial assets are as follows:

In thousands of Naira	Group June 2014	Group December 2013	Bank June 2014	Bank December 2013
Cash and balances with banks				
- Current balances with banks outside Nigeria	112,857,709	98,875,036	84,315,726	77,501,261
- Unrestricted balances with central banks	52,676,484	31,143,134	45,853,735	24,775,442
- Restricted balances with central banks	236,982,834	172,406,297	235,414,223	171,944,537
- Money market placements	111,614,722	121,368,581	64,705,469	89,433,649
Non pledged trading assets	14,848,373	3,773,051	14,848,373	3,773,051
Pledged assets	83,508,289	63,409,851	81,926,214	63,347,823
Derivative financial instruments	2,239,495	102,123	2,173,506	72,675
Loans and advances to banks	22,284,438	24,579,875	49,645,536	13,048,651
Loans and advances to customers	926,923,537	786,169,704	864,878,974	735,300,741
Investment securities				
- Available for sale	81,843,599	150,289,909	61,044,389	129,373,195
- Held to maturity	151,452,708	163,951,202	132,465,496	140,466,810
Other assets	47,625,512	42,712,688	43,292,062	36,436,496
Total	**1,844,857,700**	**1,658,781,451**	**1,680,563,703**	**1,485,474,331**
Off balance sheet exposuress				
Transaction related bonds and guarantees	373,033,537	158,715,258	149,413,251	142,850,060
Guaranteed facilities	115,461,011	54,741,356	48,897,174	46,956,539
Clean line facilities for letters of credit and other commitments	209,485,932	228,957,302	209,485,932	162,171,919
Total	**697,980,480**	**442,413,916**	**407,796,357**	**351,978,518**

Balances included in Other Assets above are those subject to credit risks. The table above shows a worst-case scenario of credit risk exposure to the Group as at 30 June 2014 and 31 December 2013, 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 gross amounts reported in the statements of financial position.

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

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

In thousands of Naira	Group June 2014	Group December 2013	Bank June 2014	Bank December 2013
Agriculture	14,716,082	11,574,463	13,695,991	11,435,182
Capital market	388,258	178,303	388,258	177,518
Construction	35,491,722	28,466,420	29,643,143	23,338,255
Education	1,917,242	668,715	1,278,213	668,715
Financand insurance	10,741,548	12,803,857	10,741,548	12,343,465
General	25,237,114	17,789,296	19,337,950	14,554,456
General commerce	144,772,454	111,804,399	119,402,074	93,962,250
Government	88,785,569	64,508,486	88,185,041	63,676,766
Information And communication	92,129,353	80,013,457	88,942,771	76,960,274
Manufacturing	192,983,765	158,092,710	186,240,297	151,316,070
Oil And gas	233,265,061	229,518,146	226,022,483	221,441,492
Real estate activities	59,167,761	52,018,628	58,782,648	51,464,340
Transportation and storage	23,662,203	15,551,605	22,388,154	14,435,214
Power and energy	14,452,562	13,546,822	11,633,695	10,465,298
Professional, scientific and technical activities	2,231,836	883,097	1,896,558	883,097
Others	3,941,494	3,246,019	2,500,692	1,418,441
Gross loans to customers	**943,884,024**	**800,664,423**	**881,079,516**	**748,540,833**

5.1.3 Credit quality

(a) Credit quality by class
Group
30 June 2014

In thousands of Naira	**Note**	**Loans and advances to Individuals** June 2014	**Loans and advances to Individuals** December 2013	**Loans and advances Corporates** June 2014	**Loans and advances Corporates** December 2013	**Loans and advances to banks** June 2014	**Loans and advances to banks** December 2013	**Off balance sheet** June 2014	**Off balance sheet** December 2013
Carrying amount	24, 25, 42	18,568,309	13,975,466	908,355,229	772,194,238	22,284,437	24,579,875	496,388,891	442,837,327
						-			
Neither past due nor impaired									
Grade 1 - 3:		17,246,656	11,909,293	840,365,967	709,160,118	22,250,972	24,589,212	495,419,852	441,933,653
Grade 4 -5:		31,823	53,449	49,482,132	38,425,213	116	-	335,559	451,837
Gross amount		17,278,479	11,962,742	889,848,099	747,585,331	22,251,088	24,589,212	495,755,411	442,385,490
Impairment		(276,787)	(241,932)	(6,151,074)	(5,172,948)	(4,279)	(9,337)	-	-
Carrying amount		17,001,692	11,720,810	883,697,025	742,412,383	22,246,809	24,579,875	495,755,411	442,385,490
Past due but not impaired:									
Grade 6:		177,950	208,849	1,611,874	1,458,602	1,724	-	-	-
Grade 7:		748,426	683,056	1,292,339	8,121,261	43,463	-	-	-
Grade 8:		788,794	1,188,339	7,798,006	6,865,745	-	-	633,480	451,837
Gross amount		1,715,170	2,080,244	10,702,219	16,445,608	45,187	-	633,480	451,837
Impairment		(344,601)	(241,866)	(1,502,049)	(884,544)	(7,558)	-	-	-
Carrying amount		1,370,569	1,838,378	9,200,170	15,561,064	37,629	-	633,480	451,837
Past due and impaired:									
Grade 6: Impaired		27,041	518,269	6,988,444	6,084,199	-	-	-	-
Grade 7: Impaired		41,568	260,240	8,401,456	6,972,693	-	-	-	-
Grade 8: Impaired		209,509	777,281	8,672,041	7,976,411	-	-	-	-
Gross amount		278,118	1,555,790	24,061,941	21,033,303	-	-	-	-
Allowance for impairment		(82,070)	(1,139,512)	(8,603,907)	(6,812,512)	-	-	-	-
Carrying amount		196,048	416,278	15,458,034	14,220,791	-	-	-	-

Bank *30 June 2014*		**Loans and advances to Individuals**		**Loans and advances Corporates**		**Loans and advances to banks**		**Off balance sheet**	
In thousands of Naira	**Note**	**June 2014**	**December 2013**	**June 2014**	**December 2013**	**June 2014**	**December 2013**	**June 2014**	**December 2013**
Carrying amount	24, 25, 42	15,005,627	11,612,197	849,873,347	723,688,545	49,645,536	13,048,651	407,796,357	351,978,518
Neither past due nor impaired									
Grade 1 - 3:		13,893,590	9,965,719	786,075,400	663,746,258	49,612,070	13,057,988	407,230,195	351,088,790
Grade 4 -5:		591	49,966	48,992,324	38,428,695	116	-	79,200	382,798
Gross amount		13,894,181	10,015,685	835,067,724	702,174,953	49,612,186	13,057,988	407,309,395	351,471,588
Impairment		(259,123)	(241,866)	(5,850,141)	(5,165,648)	(4,279)	(9,337)	-	-
Carrying amount		13,635,058	9,773,819	829,217,583	697,009,305	49,607,907	13,048,651	407,309,395	351,471,588
Past due but not Impaired:									
Grade 6:		177,950	208,849	1,611,874	1,458,602	1,724	-	-	-
Grade 7:		748,426	683,056	1,292,339	8,121,261	43,463	-	-	-
Grade 8:		788,794	1,188,339	7,798,006	6,865,745	-	-	486,962	506,930
Gross amount		1,715,170	2,080,245	10,702,219	16,445,608	45,187	-	486,962	506,930
Impairment		(344,601)	(241,867)	(1,502,049)	(878,035)	(7,558)	-		-
Carrying amount		1,370,569	1,838,378	9,200,170	15,567,573	37,629	-	486,962	506,930
Past due and Impaired:									
Grade 6: Impaired		-	-	6,564,354	6,084,199	-	-	-	-
Grade 7: Impaired		-	-	7,749,554	6,972,693	-	-	-	-
Grade 8: Impaired		-	-	5,386,316	4,867,287	-	-	-	-
Gross amount		-	-	19,700,224	17,924,179	-	-	-	-
Allowance for impairment			-	(8,244,630)	(6,812,512)	-	-	-	-
Carrying amount		-	-	11,455,594	11,111,667	-	-	-	-

5.1.3
(b) Aging analysis of credit quality

June 2014	Group: Loans to individuals	Group: Loans to Corporates	Bank: Loans to individuals	Bank: Loans to Corporates
Past due & not impaired				
Past due up to 30days	177,950	1,611,873	177,950	1,611,873
Past due up 30 - 60 days	748,426	1,292,339	748,426	1,292,339
Past due up 60 - 90 days	788,794	7,798,006	788,794	7,798,006
Total	1,715,170	10,702,219	1,715,170	10,702,219
Past due & impaired				
Past due up to 91 - 180days	27,041	6,988,444	-	6,564,354
Past due up 180 - 360 days	41,568	8,401,456	-	7,749,554
Above 360days	209,509	8,672,041	-	5,386,316
Total	278,118	24,061,941	-	19,700,224
December 2013				
Past due & not impaired				
Past due up to 30days	370,869	2,716,774	346,707	2,740,935
Past due up 30 - 60 days	1,112,605	8,150,321	1,040,122	8,222,804
Past due up 60 - 90 days	741,737	5,433,547	693,415	5,481,869
Total	2,225,211	16,300,642	2,080,244	16,445,608
Past due & impaired				
Past due up to 91 - 180days	518,269	6,084,199	-	6,084,199
Past due up 180 - 360 days	260,240	6,972,693	-	6,972,693
Above 360days	777,281	7,976,411	-	4,867,287
Total	1,555,790	21,033,303	-	17,924,179

(c) Debt securities

Grade 1-3: Low-fair risk

Group	June 2014: Treasury bills	June 2014: Bonds	June 2014: Total	December 2013: Treasury bills	December 2013: Bonds	December 2013: Total
Available-for-sale assets	73,322,423	8,521,176	81,843,599	140,780,793	9,509,116	150,289,909
Held to maturity assets	24,651,541	126,801,167	151,452,708	17,503,150	146,448,052	163,951,202
Non pledged trading assets	14,730,332	118,041	14,848,373	2,370,725	1,402,326	3,773,051
Pledged assets	11,041,888	72,466,401	83,508,289	4,774,503	58,635,348	63,409,851
Carrying amount	123,746,184	207,906,785	331,652,969	165,429,171	215,994,842	381,424,013

Bank	Treasury bills	Bonds	Total	Treasury bills	Bonds	Total
Available-for-sale assets	53,941,869	7,102,520	61,044,389	119,864,079	9,509,116	129,373,195
Held to maturity assets	9,954,321	122,511,175	132,465,496	-	140,466,810	140,466,810
Non pledged trading assets	14,730,332	118,041	14,848,373	2,370,725	1,402,326	3,773,051
Pledged assets	9,459,813	72,466,401	81,926,214	4,712,475	58,635,348	63,347,823
Carrying amount	88,086,335	202,198,137	290,284,472	126,947,279	210,013,600	336,960,879

The credit risk associated with Cash and balances with banks, insurance receviables and other assets (all neither past due nor impaired) are considered to be low at 30 June 2014

5.1.3 Credit quality

(d) Credit quality by risk rating class

Group

30 June 2014

In thousands of Naira

External Rating Equivalent	Grade	Risk Rating	Loans and advances to Individuals June 2014	Loans and advances to Individuals December 2013	Loans and advances Corporates June 2014	Loans and advances Corporates December 2013	Loans and advances to banks June 2014	Loans and advances to banks December 2013
AAA	Investment	1	-	-	135,494,170	84,185,983	21,362,582	24,234,430
AA	Investment	2+	-	-	101,757,779	69,316,762	-	-
A	Investment	2	-	-	132,551,896	131,742,876	341,790	134,691
BBB	Investment	2-	-	-	171,792,432	118,456,596	-	-
BB+	Standard	3+	3,456,710	417,940	105,494,085	57,950,888	390,438	-
BB	Standard	3	12,315,086	10,374,717	134,403,209	196,322,475	156,163	220,091
BB-	Standard	3-	1,474,859	1,116,636	59,611,351	51,185,944	-	-
B	Non-Investment	4	9,561	1,911	45,694,917	36,173,817	116	-
B-	Non-Investment	5	22,262	51,537	7,966,896	2,251,396	-	-
CCC	Non-Investment	6	204,992	727,118	7,420,313	7,542,801	1,724	-
C	Non-Investment	7	789,993	943,296	10,873,799	15,093,954	43,463	-
D	Non-Investment	8	998,304	1,965,620	11,551,411	14,842,156	-	-
Gross amount			19,271,767	15,598,775	924,612,258	785,065,648	22,296,276	24,589,212
Collective Impairment			(621,388)	(483,798)	(7,653,123)	(6,066,811)	(11,838)	(9,337)
Specific Impairment			(82,070)	(1,139,512)	(8,603,907)	(6,804,598)	-	-
Carrying amount			18,568,310	13,975,465	908,355,228	772,194,239	22,284,438	24,579,875

Bank

30 June 2014

In thousands of Naira

External Rating Equivalent	Grade	Risk Rating	Loans and advances to Individuals June 2014	Loans and advances to Individuals December 2013	Loans and advances Corporates June 2014	Loans and advances Corporates December 2013	Loans and advances to banks June 2014	Loans and advances to banks December 2013
AAA	Investment	1	-	-	117,822,531	82,878,804	48,723,680	12,703,206
AA	Investment	2+	-	-	93,931,743	60,596,394	-	-
A	Investment	2	-	-	129,190,644	126,176,782	341,790	134,691
BBB	Investment	2-	-	-	168,586,919	112,884,334	-	-
BB+	Standard	3+	1,205,794	81,066	100,552,911	50,055,376	390,438	-
BB	Standard	3	11,449,619	8,900,767	120,830,121	182,980,135	156,163	220,091
BB-	Standard	3-	1,238,177	983,886	55,899,487	48,074,597	-	-
B	Non-Investment	4	591	465	45,554,240	36,175,264	116	-
B-	Non-Investment	5	-	49,502	7,617,765	2,253,431	-	-
CCC	Non-Investment	6	177,950	208,849	6,996,223	7,542,800	1,724	-
C	Non-Investment	7	748,426	683,056	10,221,897	15,093,954	43,463	-
D	Non-Investment	8	788,793	1,188,339	8,265,685	11,733,032	-	-
Gross amount			15,609,351	12,095,930	865,470,165	736,444,903	49,657,374	13,057,988
Collective Impairment			(603,723)	(483,733)	(7,352,189)	(5,943,847)	(11,838)	(9,337)
Specific Impairment			-	-	(8,244,630)	(6,812,512)	-	-
Carrying amount			15,005,627	11,612,197	849,873,347	723,688,544	49,645,536	13,048,651

5.1.3 Estimate of the fair value of collateral and other security enhancements held against loans and advances to customers and banks is shown below:

Group *In thousands of Naira*	**Loans and advances to customers**		**Loans and advances to banks**	
	June 2014	**December 2013**	**June 2014**	**December 2013**
Against neither past due and not impaired				
Property	179,710,964	43,727,894	-	-
Equities	9,844,658	146,262	-	-
Cash	109,525,075	32,285,607	-	2,480,500
Pledged goods/receivables	-	141,479	-	-
Others	133,373,627	29,115,697	-	-
Total	**432,454,324**	**105,416,939**	**-**	**2,480,500**
Against past due but not impaired:				
Property	12,289,017	163,748,026	-	-
Equities	3,760	9,473,950	-	-
Cash	-	77,487,715	-	-
Pledged goods/receivables	-	1,867,788	-	-
Others	564,576	124,473,451	-	-
Total	**12,857,353**	**377,050,930**	**-**	**-**
Against past due and impaired				
Property	1,637,514	5,968,558	-	-
Equities	-	1,607	-	-
Others	2,168,143	2,318,558	-	-
	3,805,657	**8,288,723**	**-**	**-**
Total	**449,117,334**	**490,756,592**	**-**	**2,480,500**

Bank *In thousands of Naira*	**Loans and advances to customers**		**Loans and advances to banks**	
	June 2014	**December 2013**	**June 2014**	**December 2013**
Against neither past due and not impaired				
Property	164,872,444	176,969,899	-	-
Equities	9,031,797	9,034,018	-	-
Cash	100,481,720	108,927,341	-	-
Others	122,361,125	118,440,560	-	-
Total	**396,747,086**	**413,371,818**	**-**	**-**
Against past due but not impaired:				
Property	12,289,017	17,271,312	-	-
Equities	3,760	1,539	-	-
Cash	-	-	-	-
Others	564,576	8,922,395	-	-
Total	**12,857,353**	**26,195,246**	**-**	**-**
Against past due and impaired				
Property	1,475,237	1,540,921	-	-
Others	1,953,282	1,885,752	-	-
Total	**3,428,519**	**3,426,673**	**-**	**-**
Total	**413,032,958**	**442,993,737**	**-**	**-**

There are no collaterals held against other financial assets.

Collateral held and other credit enhancements, and their financial effect
The general creditworthiness of a customer tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional security and the Group generally requests that corporate borrowers provide it. The Group may take collateral in the form of a first charge over real estate, floating charges over all corporate assets and other liens and guarantees. Because of the Group's focus on customers' creditworthiness, the Group does not routinely update the valuation of collateral held against all loans to customers. Valuation of collateral is updated when the credit risk of a loan deteriorates significantly and the loan is monitored more closely. For impaired loans, the Group obtains appraisals of collateral because the current value of the collateral is an input to the impairment measurement.

5.1.4 Repossessed collateral

The group obtained assets by taking possession of collateral held as security. The nature and carrying amounts of such assets at the reporting date are as follows:

Nature of assets	Bank Carrying value June 2014	Bank Carrying value December 2013
Investment property	-	5,159,830
	-	**5,159,830**

5.1.5 Offsetting financial assets and financial liabilities

In thousands of Naira

The following financial assets are subject to offsetting

As at 30 June 2014	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	22,685,750	401,313	22,284,437
Total	**22,685,750**	**401,313**	**22,284,437**

The following financial liabilities are subject to offsetting

As at 30 June 2014	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
Financial liabilities			
Interest bearing borrowing	59,500,480	401,313	59,099,167
Total	**59,500,480**	**401,313**	**59,099,167**

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

The gross amounts of financial assets and financial liabilities disclosed in the above tables have been measured in the statement of financial position on the following bases:

(1) Loans and advances to customers – amortised cost; and

(2) Interest bearing borrowings – amortised cost.

A master netting arrangement exists for the financial derivatives but there is no instrument offsetting the financial derivatives recorded in the financial statements.

5.1.6 (a) Credit concentration

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:

By Sector
Group

June 2014
In thousands of Naira

	Corporate	Commercial	Bank	Retail	Government	Others	Total
Cash and balances with banks	-	-	298,428,299	-	236,982,834	-	535,411,133
Non pledged trading assets	85,153	-	-	-	14,763,220	-	14,848,373
Pledged assets	-	-	-	-	83,508,289	-	83,508,289
Derivative financial instruments	138,665	-	-	-	2,100,830	-	2,239,495
Loans and advances to banks	-	-	22,284,438	-	-	-	22,284,438
Loans and advances to customers	457,607,526	342,967,411	-	38,236,196	88,112,404	-	926,923,537
Investment securities							
- Available for sale	1,418,657	-	5,203,044	-	75,221,898	-	81,843,599
- Held to maturity	7,098,610	-	-	-	144,354,098	-	151,452,708
Other assets	-	-	1,013,368	-	3,640,283	42,998,861	47,652,512
Total	**466,348,610**	**342,967,411**	**326,929,149**	**38,236,196**	**648,683,857**	**42,998,861**	**1,866,164,084**
Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	10,749,502	148,774,740	-	10,000	66,000	-	159,600,242
Guaranteed facilities	37,872,545	14,099,842	483,790	116,645	1,714,309	264,414	54,551,545
Clean line facilities for letters of credit and other commitments	212,145,795	68,411,809	1,629,500	-	-	-	282,187,104
Total	**260,767,842**	**231,286,391**	**2,113,290**	**126,645**	**1,780,309**	**264,414**	**496,338,891**

December 2013
In thousands of Naira

	Corporate	Commercial	Bank	Retail	Government	Others	Total
Cash and balances with banks	-	-	220,243,617	-	203,549,431	-	423,793,048
Non pledged trading assets	-	-	-	-	3,773,051	-	3,773,051
Pledged assets	-	-	-	-	63,409,851	-	63,409,851
Derivative financial instruments	102,123	-	-	-	-	-	102,123
Loans and advances to banks	-	-	24,579,875	-	-	-	24,579,875
Loans and advances to customers	446,380,931	237,041,552	-	36,569,714	66,065,577	111,930	786,169,704
Investment securities							
- Available for sale	6,690,780	-	-	-	143,599,129	-	150,289,909
- Held to maturity	15,202,379	-	-	-	148,748,823	-	163,951,202
Other assets	-	-	15,976,057	-	5,780,566	21,418,025	43,174,648
Total	**468,376,213**	**237,041,552**	**260,799,549**	**36,569,714**	**634,926,428**	**21,529,955**	**1,659,243,411**
Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	28,348,984	129,756,173	-	57,655	165,014	387,432	158,715,258
Guaranteed facilities	14,655,032	37,658,194	15,000	145,341	2,145,707	122,082	54,741,356
Clean line facilities for letters of credit and other commitments	172,136,387	55,973,847	743,954	103,114	-	-	228,957,302
Total	**215,140,403**	**223,388,213**	**758,954**	**306,110**	**2,310,721**	**509,514**	**442,413,916**

5.1.6(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

June 2014 *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Others**	**Total**
Cash and balances with banks	237,137,468	32,543,808	245,838,989	19,890,868	535,411,132
Non pledged trading assets	14,848,373	-	-	-	14,848,373
Pledged assets	81,926,214	1,582,075	-	-	83,508,289
Derivative financial instruments	2,173,506	-	65,989	-	2,239,495
Loans and advances to banks	921,856	-	21,362,582	-	22,284,438
Loans and advances to customers	864,878,974	43,945,902	18,098,661	-	926,923,537
Investment securities		-	-	-	-
- Available for sale	61,044,388	7,262,956	13,536,255	-	81,843,599
- Held to maturity	132,465,495	7,784,520	11,202,693	-	151,452,708
Other assets	42,706,447	3,243,145	1,413,050	262,870	47,625,512
Total	**1,438,102,721**	**96,362,406**	**311,518,218**	**20,153,738**	**1,866,137,084**
Credit risk exposures relating to othr credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	149,413,251	7,271,732	2,915,259	-	159,600,242
Guaranteed facilities	48,897,174	3,843,290	1,811,081	-	54,551,545
Clean line facilities for letters of credit and other commitments	209,485,932	10,497,325	62,203,847	-	282,187,104
Total	**407,796,357**	**21,612,347**	**66,930,187**	**-**	**496,338,891**

December 2013 *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Others**	**Total**
Cash and balances with banks	199,600,213	49,785,767	49,165,466	125,241,602	423,793,048
Non pledged trading assets	3,773,051	-	-	-	3,773,051
Pledged assets	63,347,823	62,028	-	-	63,409,851
Derivative financial instruments	102,123	-	-	-	102,123
Loans and advances to banks	345,445	479,970	23,754,460	-	24,579,875
Loans and advances to customers	735,300,741	43,458,953	7,410,010	-	786,169,704
Investment securities					
- Available for sale	132,588,893	15,662,029	2,377,427	-	150,628,349
- Held to maturity	140,466,808	6,721,313	16,763,082	-	163,951,203
Other assets	22,163,640	5,034,951	9,905,167	6,070,890	43,174,648
Total	**1,297,688,737**	**121,205,011**	**109,375,612**	**131,312,492**	**1,659,581,852**
Credit risk exposures relating to othr credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	142,850,060	14,115,422	1,749,776	-	158,715,258
Guaranteed facilities	46,956,539	7,784,817	-	-	54,741,356
Clean line facilities for letters of credit and other commitments	162,171,919	18,988,528	47,796,855	-	228,957,302
Total	**351,978,518**	**40,888,767**	**49,546,631**	**-**	**442,413,916**

Credit risk management

5.1.6 (b) By Sector

Bank
June 2014
In thousands of Naira

	Corporate	Commercial	Bank	Retail	Government	Others	Total
Cash and balances with banks	-	-	147,422,393	-	282,866,760	-	430,289,153
Non pledged trading assets	85,153	-	-	-	14,763,220	-	14,848,373
Pledged assets	-	-	-	-	81,926,214	-	81,926,214
Derivative financial instruments	72,676	-	-	-	2,100,830	-	2,173,506
Loans and advances to banks	-	-	49,645,536	-	-	-	49,645,536
Loans and advances to customers	424,860,229	335,643,093	-	16,263,248	88,112,404	-	864,878,974
Investment securities							
- Available for sale	5,203,044	-	-	-	55,841,345	-	61,044,389
- Held to maturity	12,548,380	-	-	-	119,917,116	-	132,465,496
Other assets	-	-	847,276	-	2,890,283	39,554,503	43,292,062
Total		**335,643,093**	**197,915,205**	**16,263,248**	**648,418,173**	**39,554,503**	**1,680,563,703**

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	7,834,244	141,503,008	-	10,000	66,000	-	149,413,251
Guaranteed facilities	36,061,464	10,256,552	483,790	116,645	1,714,309	264,414	48,897,174
Clean line facilities for letters of credit and other commitments	149,941,947	57,914,485	1,629,500	-	-	-	209,485,932
Total	**193,837,655**	**209,674,044**	**2,113,290**	**126,645**	**1,780,309**	**264,414**	**407,796,357**

December 2013
In thousands of Naira

	Corporate	Commercial	Bank	Retail	Government	Others	Total
Cash and balances with banks	-	-	166,934,910	-	196,719,979	-	363,654,889
Non pledged trading assets	-	-	-	-	37,877,071	-	37,877,071
Pledged assets	-	-	-	-	63,347,823	-	63,347,823
Derivative financial instruments	72,675	-	-	-	-	-	72,675
Loans and advances to banks	-	-	13,048,651	-	-	-	13,048,651
Loans and advances to customers	426,282,835	226,807,259	-	18,533,881	63,676,766		735,300,741
Investment securities							
- Available for sale	6,690,780	-	-	-	122,682,414	-	129,373,194
- Held to maturity	12,279,932	-	-	-	128,186,876	-	140,466,808
Other assets	-	-	15,976,057	-	5,780,566	14,679,873	36,436,496
Total	**445,326,222**	**226,807,259**	**195,959,619**	**18,533,881**	**618,271,495**	**14,679,873**	**1,519,578,349**

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	12,483,787	129,756,172	-	57,655	165,014	387,432	142,850,060
Guaranteed facilities	6,870,216	37,658,194	15,000	145,341	2,145,707	122,081	46,956,539
Clean line facilities for letters of credit and other commitments	105,351,003	55,973,848	743,954	103,114	-	-	162,171,919
Total	**124,705,006**	**223,388,214**	**758,954**	**306,110**	**2,310,721**	**509,513**	**351,978,518**

5.1.6 (b)i By geography

Bank **June 2014** *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Others**	**Total**
Cash and balances with banks	344,941,622	2,693,978	50,446,649	32,206,904	430,289,153
Non pledged trading assets	14,848,373	-	-	-	14,848,373
Pledged assets	81,926,214	-	-	-	81,926,214
Derivative financial instruments	2,173,506	-	-	-	2,173,506
Loans and advances to banks	921,856	-	48,723,680	-	49,645,536
Loans and advances to customers	864,878,974	-	-	-	864,878,974
Investment securities					
- Available for sale	60,910,827	-	133,562	-	61,044,389
- Held to maturity	132,465,496	-	-	-	132,465,496
Other assets	42,444,786	-	847,276	-	43,292,062
Total	**1,545,511,654**	**2,693,978**	**100,151,167**	**32,206,904**	**1,680,563,703**
Credit risk exposures relating to othr credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	149,413,251	-	-	-	149,413,251
Guaranteed facilities	48,897,174	-	-	-	48,897,174
Clean line facilities for letters of credit and other commitments	209,485,932	-	-	-	209,485,932
Total	**407,796,356**	**-**	**-**	**-**	**407,796,356**

December 2013 *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Others**	**Total**
Cash and balances with banks	199,138,453	367,249	38,907,585	125,241,602	363,654,889
Non pledged trading assets	3,773,051	-	-	-	3,773,051
Pledged assets	63,347,823	-	-	-	63,347,823
Derivative financial instruments	72,675	-	-	-	72,675
Loans and advances to banks	345,445	479,970	12,223,236	-	13,048,651
Loans and advances to customers	735,300,741	-	-	-	735,300,741
Investment securities					
- Available for sale	129,239,133	-	134,062	-	129,373,195
- Held to maturity	140,466,810	-	-	-	140,466,810
Other assets	20,460,439	-	9,905,167	6,070,890	36,436,496
Total	**1,292,144,571**	**847,219**	**61,170,050**	**131,312,492**	**1,485,474,331**
Credit risk exposures relating to othr credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	142,850,060	-	-	-	142,850,060
Guaranteed facilities	46,956,539	-	-	-	46,956,539
Clean line facilities for letters of credit and other commitments	162,171,919	-	-	-	162,171,919
Total	**351,978,518**	**-**	**-**	**-**	**351,978,518**

5.2.1 A summary of the Group's interest rate gap position on financial insturments is as follows:

Re-pricing period

Group
In thousands of Naira

31 June 2014	***Note***	**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	20	148,348,429	49,257,962	-	-	206,433,756	134,050,149	538,090,296
Non pledged trading assets	21	9,102,191	2,676,308	3,067,919	1,955	-	85,153	14,933,526
Pledged assets	22	4,906,651	4,553,162	-	-	74,048,476	-	83,508,289
Loans and advances to banks	24	21,571,681	-	231,490	480,267	-	-	22,283,438
Loans and advances to customers	25	368,972,758	124,458,628	120,567,152	198,382,086	114,542,912	-	926,923,537
Investment securities	26	24,493,125	121,178,796	23,249,546	42,723,250	21,463,672	39,619,716	272,728,104
Other assets	27	-	287,236	-	-	-	47,338,276	47,625,512
		577,394,835	**302,412,092**	**147,116,107**	**241,587,559**	**416,488,816**	**221,093,294**	**1,906,092,702**
Non-derivative liabilities								
Deposits from financial institutions	34	69,685,386	22,778,376	80,661	-	-	2,879	92,547,302
Deposits from customers	35	1,024,223,305	109,153,415	118,405,608	162,963,081	28,231,731	8,008,801	1,450,985,940
Other liabilties	36	198,041	-	-	-	-	50,585,744	50,783,785
Debt securities issued	37	-	-	-	-	122,092,276	-	122,092,276
Interest bearing loans & borrowings	38	3,257,691	2,798,047	5,501,780	25,536,816	22,004,833	-	59,099,167
		1,097,364,423	**134,729,838**	**123,988,049**	**188,499,897**	**172,328,840**	**58,597,424**	**1,775,508,471**
Total interest re-pricing gap		(519,969,588)	167,682,254	23,128,058	53,087,662	244,159,976	162,495,870	130,584,231

31 December 2013	***Note***	**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	20	303,141,161	848,929	577,130	-	-	134,892,321	439,459,541
Non- pledged trading assets	21	1,181,048	348,327	849,159	212,806	1,181,710	104,919	3,877,969
Pledged assets	22	4,712,475	-	-	-	58,365,348	332,028	63,409,851
Loans and advances to banks	24	5,959,111	9,545,550	7,644,831	1,430,383	-	-	24,579,875
Loans and advances to customers	25	324,347,405	88,560,378	61,332,439	84,577,627	217,960,416	9,391,439	786,169,704
Investment securities	26	75,301,132	65,024,360	84,786,448	40,332,993	49,134,617	39,231,798	353,811,348
Other assets	27	-	-	-	-	-	43,174,648	43,174,648
		714,642,332	**164,327,544**	**155,190,007**	**126,553,809**	**326,642,091**	**227,127,153**	**1,714,482,936**
Non-derivative liabilities								-
Deposits from financial institutions	34	56,942,176	11,082,063	4,123,716	-	-	-	72,147,955
Deposits from customers	35	830,181,563	133,236,381	345,376,295	2,239,232	-	20,385,188	1,331,418,659
Other liabilties	36	-	-	-	-	-	54,043,974	54,043,974
Debt securities issued	37	-	-	-	55,828,248	-	-	55,828,248
Interest bearing loans & borrowings	38	2,292,943	1,349,297	4,143,416	41,328,553	15,224,773	-	64,338,982
		889,416,682	**145,667,741**	**353,643,427**	**99,396,033**	**15,224,773**	**74,429,162**	**1,577,777,818**
Total interest re-pricing gap		(174,774,350)	18,659,803	(198,453,420)	27,157,776	311,417,318	152,697,991	136,705,118

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

Re-pricing period

Bank

In thousands of Naira	***Note***	**Less than 3 months**	**4 - 6 months**	**7 - 12 months**	**1 - 5 years**	**More than 5 years**	**Non-Interest bearing**	**Total**
30 June 2014								
Non-derivative assets								
Cash and balances with banks	20	64,705,469	-	-	-	236,317,841	129,265,843	430,289,153
Non- pledged trading assets	21	9,102,191	2,676,308	3,067,919	1,955	-	85,153	14,933,526
Pledged assets	22	4,906,651	5,192,161	-	-	71,827,402	-	81,926,214
Loans and advances to banks	24	210,099	48,723,680	231,490	480,267	-	-	49,645,536
Loans and advances to customers	25	346,077,659	115,121,473	113,087,529	183,023,459	107,568,854	-	864,878,974
Investment securities	26	22,601,366	106,014,303	7,888,613	36,064,439	20,941,162	39,431,797	232,941,680
Other assets	27	-	-	-	-	-	43,292,062	43,292,062
		447,603,435	**277,727,925**	**124,275,551**	**219,570,120**	**436,655,259**	**212,074,855**	**1,717,907,145**
Non-derivative liabilities								
Deposits from financial institutions	34	74,137,745	-	-	-		-	74,137,745
Deposits from customers	35	922,706,167	107,901,724	116,511,172	162,934,175	28,231,731	-	1,338,284,969
Other liabilities	36	-	-	-	-		46,492,995	46,492,995
Debt securities	37	-	-	-	-	64,091,095	-	64,091,095
Interest bearing loans & borrowings	38	2,794,381	2,798,047	5,501,780	26,729,775	79,423,304	-	117,247,287
		999,638,293	**110,699,771**	**122,012,952**	**189,663,950**	**171,746,130**	**46,492,995**	**1,640,254,091**
Total interest re-pricing gap		(552,034,858)	167,028,154	2,262,599	29,906,170	264,909,129	165,581,860	77,653,054

In thousands of Naira	***Note***	**Less than 3 months**	**4 - 6 months**	**7 - 12 months**	**1 - 5 years**	**More than 5 years**	**Non-Interest bearing**	**Total**
31 December 2013								
Non-derivative assets								
Cash and balances with banks	20	261,378,186	-	-	-	-	134,430,561	395,808,747
Non- pledged trading assets	21	1,181,048	348,327	849,159	212,806	1,181,710	104,918	3,877,969
Pledged assets	22	4,712,475	-	-	-	58,635,348	-	63,347,823
Loans and advances to banks	24	-	8,223,486	4,345,195	479,970	-	-	13,048,651
Loans and advances to customers	25	304,429,936	80,309,880	56,359,919	76,240,590	217,960,416	-	735,300,741
Investment securities	26	64,346,634	49,038,636	78,232,862	34,280,677	43,941,195	39,231,798	309,071,802
Other assets	27	-	-	-	-	-	36,436,496	36,436,496
		636,048,280	**137,920,330**	**139,787,134**	**111,214,044**	**321,718,669**	**210,203,773**	**1,556,892,229**
Non-derivative liabilities								
Deposits from financial institutions	34	56,942,176	4,208,541	144,635	-	-	-	61,295,352
Deposits from customers	35	785,591,169	95,673,189	335,912,435	-	-	-	1,217,176,793
Other liabilities	37	-	-	-	-	-	49,940,868	49,940,868
Interest bearing loans & borrowings	38	2,292,943	1,349,297	4,143,416	97,331,598	15,224,773	-	120,342,026
		844,826,288	**101,231,027**	**340,200,486**	**97,331,598**	**15,224,773**	**49,940,868**	**1,448,755,039**
Total interest re-pricing gap		(208,778,008)	36,689,303	(200,413,352)	13,882,446	306,493,896	160,262,905	108,137,190

Market risk management

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

5.2.2 Value at risk (VAR)

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

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

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

Group VAR by risk type		**June 2014**		
In thousands of Naira	**Average**	**High**	**Low**	**Actual**
Foreign exchange risk	14,768,455	22,900,028	8,707,910	10,398,653
Interest rate risk	44,985,182	80,154,486	8,212,505	8,212,505
Total	**59,753,637**	**103,054,514**	**16,920,415**	**18,611,158**

Group		**December 2013**		
	Average	**High**	**Low**	**Actual**
Foreign exchange risk	(8,765,308)	13,669,142	(19,943,285)	(19,733,507)
Interest rate risk	(57,972,316)	262,820,854	(460,274,271)	(52,190,081)
Total	**(66,737,624)**	**276,489,996**	**(480,217,556)**	**(71,923,588)**

Bank VAR by risk type		**June 2014**		
In thousands of Naira	**Average**	**High**	**Low**	**Actual**
Foreign exchange risk	14,768,455	22,900,028	8,707,910	10,398,653
Interest rate risk	44,985,182	80,154,486	8,212,505	8,212,505
Total	**59,753,637**	**103,054,514**	**16,920,415**	**18,611,158**

Bank		**December 2013**		
	Average	**High**	**Low**	**Actual**
Foreign exchange risk	(8,765,308)	13,669,142	(19,943,285)	(19,733,507)
Interest rate risk	(49,744,235)	225,518,368	(394,946,980)	(44,782,679)
Total	**(58,509,543)**	**239,187,510**	**(414,890,265)**	**(64,516,186)**

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

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

30 June 2014	**Fixed**	**Floating**	**Non-interest bearing**	**Total**
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	62,891,041	-	475,199,255	538,090,296
Non pledged trading assets	14,933,526	-	-	14,933,526
Pledged assets	83,508,289	-	-	83,508,289
Derivative financial instruments	-	-	2,239,495	2,239,495
Loans and advances to banks	22,284,437	-	-	22,284,437
Loans and advances to customers	-	926,923,538	-	926,923,538
Investment securities:				
– Available-for-sale	81,843,599	-	39,431,797	121,275,396
– Held-to-maturity	151,452,708	-	-	151,452,708
TOTAL	**416,913,600**	**926,923,538**	**516,870,547**	**1,860,707,685**
LIABILITIES				
Deposits from financial institutions	92,547,502	-	-	92,547,502
Deposits from customers	1,450,985,940	-	-	1,450,985,940
Derivative financial instruments	-	-	263,002	263,002
Debt securities issued	122,092,276	-	-	122,092,276
Interest-bearing loans and borrowings	-	59,099,167	-	59,099,167
TOTAL	**1,665,625,718**	**59,099,167**	**263,002**	**1,724,987,887**

31 December 2013	**Fixed**	**Floating**	**Non-interest bearing**	**Total**
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	220,243,617	-	219,215,924	439,459,541
Non pledged trading assets	3,877,969	-	-	3,877,969
Pledged assets	63,409,851	-	-	63,409,851
Derivative financial instruments	-	-	102,123	102,123
Loans and advances to banks	24,579,875	-	-	24,579,875
Loans and advances to customers	-	786,169,704	-	786,169,704
Investment securities:				
– Available-for-sale	150,289,909	-	39,570,237	189,860,146
– Held-to-maturity	163,951,202	-	-	163,951,202
TOTAL	**626,352,423**	**786,169,704**	**258,888,284**	**1,671,410,410**
LIABILITIES				
Deposits from financial institutions	72,147,955	-	-	72,147,955
Deposits from customers	501,645,662	829,772,997	-	1,331,418,659
Derivative financial instruments	-	-	32,955	32,955
Interest-bearing loans and borrowings	-	-	-	64,338,982
TOTAL	**573,793,617**	**829,772,997**	**32,955**	**1,467,938,552**

Bank

30 June 2014	**Fixed**	**Floating**	**Non-interest bearing**	**Total**
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	64,705,469	-	386,109,575	450,815,044
Non pledged trading assets	14,933,526	-	-	14,933,526
Pledged assets	81,926,214	-	-	81,926,214
Derivative financial instruments	-	-	2,173,506	2,173,506
Loans and advances to banks	49,645,536	-	-	49,645,536
Loans and advances to customers	-	864,878,974	-	864,878,974
Investment securities:				-
– Available-for-sale	61,044,388	-	39,431,797	100,476,185
– Held-to-maturity	132,465,495	-	-	132,465,495
TOTAL	**404,720,628**	**864,878,974**	**427,714,878**	**1,697,314,480**

LIABILITIES				
Deposits from financial institutions	74,137,745	-	-	74,137,745
Deposits from customers	1,338,284,969	-	-	1,338,284,969
Derivative financial instruments	-	-	253,266	253,266
Debt securities issued	64,091,095	-	-	64,091,095
Interest-bearing loans and borrowings	91,003,989	26,243,298	-	117,247,287
TOTAL	1,567,517,798	26,243,298	253,266	1,594,014,362

31 December 2013	**Fixed**	**Floating**	**Non-interest bearing**	**Total**
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	166,934,910	-	228,873,837	395,808,747
Non pledged trading assets	3,773,051	-	104,918	3,877,969
Pledged assets	63,347,823	-	-	63,347,823
	-	-	72,675	72,675
Loans and advances to banks	13,048,651	-	-	13,048,651
Loans and advances to customers	-	735,300,741	-	735,300,741
Investment securities:				
– Available-for-sale	129,373,195	-	39,231,798	168,604,993
– Held-to-maturity	140,466,809	-	-	140,466,809
TOTAL	**516,944,439**	**735,300,741**	**268,283,228**	**1,520,528,408**
LIABILITIES				
Deposits from financial institutions	8,191,490	53,103,862	-	61,295,352
Deposits from customers	455,231,840	761,944,953	-	1,217,176,793
Interest-bearing loans and borrowings	57,020,588	63,321,438	-	120,342,026
TOTAL	**520,443,918**	**878,370,253**	**-**	**1,398,814,171**

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate repricing (note 5.2.1) and value at risk (note 5.2.2) that may be undertaken, which is monitored daily by Group Treasury.

Cash flow and fair value interest rate risk

The group's interest rate risk arises from risk assets and 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 - 30 June 2014
Impact on net interest income of +/-100 basis points changes in rates over a one year period (N'000)

Time Band	Cashflow interest rate risk 100 basis points decline in rates	100 basis points increase in rates
Less than 3 months	1,277,911	(1,277,911)
6 months	(826,926)	826,926
12 months	(231,281)	231,281
	219,704	**(219,704)**

Interest sensitivity analysis - 31 December 2013
Impact of 100 basis points changes in rates over a one year period (N'000)

Time Band	Cashflow interest rate risk 100 basis points decline in rates	100 basis points increase in rates
Less than 3 months	625,559	(625,559)
6 months	210,389	(210,389)
12 months	2,169,244	(2,169,244)
	3,005,192	**(3,005,192)**

Bank
Interest sensitivity analysis - 30 June 2014
Impact on net interest income of +/-100 basis points changes in rates over a one year period (N'000)

Time Band	Cashflow interest rate risk rates	increase in rates
Less than 3 months	637,090	(637,090)
6 months	(361,739)	361,739
12 months	278,207	(278,207)
	553,558	**(553,558)**

Interest sensitivity analysis - 31 December 2013
Impact of 100 basis points changes in rates over a one year period (N'000)

Time Band	Cashflow interest rate risk rates	increase in rates
Less than 3 months	684,706	(684,706)
6 months	45,582	(45,582)
12 months	2,174,566	(2,174,566)
	2,904,854	**(2,904,854)**

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 falls 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 sales. 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

30 June 2014	**Caryinq Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive			
Held for trading Bonds	118,041	23,832	20,077
Held for trading T-bills	14,730,332	84,130	69,522
Impact on Other Comprehensive Income			
Available for sale investments	81,843,599	332,180	229,625
TOTAL	**96,691,972**	**356,012**	**249,702**

31 December 2013	**Caryinq Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive			
Held for trading	3,773,051	(61,105)	(90,602)
Impact on Other Comprehensive Income			
Available for sale investments	19,075,871	299,509	272,995
TOTAL	**22,848,922**	**238,404**	**182,393**

Bank

30 June 2014	**Caryinq 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	118,041	23,832	20,077
Held for trading T.bills	14,730,332	84,130	69,522
Held for trading	**14,848,373**	**107,962**	**89,599**
Impact on Other Comprehensive Income			
Available for sale investments	5,236,116	247,762	171,270
TOTAL	**34,932,862**	**355,724**	**260,869**

31 December 2013	**Caryinq Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive			
Held for trading Bonds	1,129,324	(70,374)	(95,343)
Held for trading T.bills	2,356,425	9,270	4,741
Held for trading	3,485,749	(61,104)	(90,602)
Impact on Other Comprehensive Income			
Available for sale investments	16,257,535	255,259	232,662
TOTAL	**19,743,284**	**194,155**	**142,060**

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* **30 June 2014**	***Note***	**Total**	**Naira**	**US $**	**GBP**	**Euro**	**Others**
Cash and balances with banks	20	538,090,296	315,693,878	198,255,152	14,188,995	9,369,613	582,658
Non-pledged trading assets	21	14,933,526	14,933,526	-	-	-	-
Pledged assets	22	83,508,289	83,508,289	-	-	-	-
Derivative financial instruments	23	2,239,495	180,187	1,996,816	58,638	3,854	-
Loans and advances to banks	24	22,284,437	921,856	-	21,362,580	-	-
Loans and advances to customers	25	926,923,538	501,294,267	372,355,236	16,524,733	3,046,904	33,702,398
Investment securities	26	272,728,104	241,402,215	27,088,288	3,341,519	896,082	-
Other assets	27	47,625,512	45,945,391	679,379	495,299	505,051	391
		1,908,333,195	**1,203,879,609**	**600,374,872**	**55,971,763**	**13,821,504**	**34,285,447**
Deposits from financial institutions	34	92,547,502	2,879	81,549,622	7,230,405	3,628,287	136,309
Deposits from customers	35	1,450,985,940	1,038,131,789	393,293,802	12,033,304	7,349,378	177,667
Derivative financial instruments	23	263,002	-	256,395	2,753	3,028	826
Other liabilities	36	50,783,785	34,619,511	10,206,912	1,278,562	4,624,533	54,266
Debt securities issued	37	122,092,276	-	122,092,276	-	-	-
Interest bearing loans & borrowings	38	59,099,167	33,332,370	25,766,797	-	-	-
		1,775,771,672	**1,106,086,549**	**633,165,804**	**20,545,025**	**15,605,226**	**369,068**
Off balance sheet exposusress							
Transaction related bonds and guarantees	42	159,600,242	112,904,500	46,336,002	336,381	23,359	-
Guaranteed facilities	42	54,551,545	21,442,985	14,371,415	-	18,737,145	-
Clean line facilities for letters of credit and other commitments	42	282,187,104	31,382	277,078,506	-	4,692,508	384,708
		496,338,891	**134,378,867**	**337,785,923**	**336,381**	**23,453,012**	**384,708**

Group *In thousands of Naira* **31 December 2013**	***Note***	**Total**	**Naira**	**US $**	**GBP**	**Euro**	**Others**
Cash and balances with banks	20	439,459,541	260,494,916	124,326,370	20,207,125	17,077,120	17,354,010
Non-pledged trading assets	21	3,877,969	3,877,969	-	-	-	-
Pledged assets	22	63,409,851	63,347,823	-	-	-	62,028
Derivative financial instruments	23	102,123	-	80,829	12,889	8,405	-
Loans and advances to banks	24	24,579,875	345,445	23,291,359	19,991	923,080	-
Loans and advances to customers	25	786,169,704	456,666,385	289,536,072	3,041,954	3,305,957	33,619,336
Investment securities	26	353,811,348	301,559,580	29,012,648	-	1,374,147	21,864,973
Other assets	27	43,174,649	20,460,438	11,142,427	630,530	2,756,847	8,184,406
		1,714,585,060	**1,106,752,556**	**477,389,706**	**23,912,489**	**25,445,556**	**81,084,753**
Deposits from financial institutions	34	72,147,955	7,161,530	54,577,844	1,296,884	8,424,934	686,763
Deposits from customers	35	1,331,418,659	933,913,152	317,797,743	9,582,405	14,034,476	56,090,883
Derivative financial instruments	23	32,957	-	8,755	16,835	7,366	-
Other liabilities	36	54,043,974	31,235,288	13,187,678	333,421	6,836,079	2,451,508
Debt securities issued	37	55,828,248	-	55,828,248	-	-	-
Interest bearing loans & borrowings	38	64,338,982	38,247,211	26,091,771	-	-	-
		1,577,810,774	**1,010,557,181**	**467,492,039**	**11,229,545**	**29,302,855**	**59,229,154**
Off balance sheet exposuress							
Transaction related bonds and guarantees	42	158,715,258	108,458,868	36,417,906	-	432,422	13,406,062
Guaranteed facilities	42	54,741,356	21,442,945	14,689,365	-	18,609,046	
Clean line facilities for letters of credit and other commitments	42	228,957,302	-	216,689,716	218,918	10,024,148	2,024,520
		442,413,916	**129,901,813**	**267,796,987**	**218,918**	**29,065,616**	**15,430,582**

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* **30 June 2014**	***Note***	**Total**	**Naira**	**US $**	**GBP**	**Euro**	**Others**
Cash and balances with banks	20	450,815,044	345,062,908	94,909,401	5,825,111	4,581,435	436,189
Non-pledged trading assets	21	14,933,526	14,933,526	-	-	-	-
Pledged assets	22	81,926,214	81,926,214	-	-	-	-
Derivative financial instruments	23	2,173,506	180,187	1,993,319	-	-	-
Loans and advances to banks	24	49,645,536	921,856	48,723,680	-	-	-
Loans and advances to customers	25	864,878,974	501,294,267	360,236,516	130,648	3,046,904	170,639
Investment securities	26	232,941,680	226,905,238	6,036,442	-	-	-
Other assets	27	43,292,062	42,444,786	262,870	90,066	494,340	-
		1,740,606,542	**1,213,668,982**	**512,162,228**	**6,045,825**	**8,122,679**	**606,828**
Deposits from financial institutions	34	74,137,745	-	73,115,100	40,721	845,615	136,309
Deposits from customers	35	1,338,284,969	966,268,599	361,646,844	6,554,908	3,814,442	176
Derivative financial instruments	23	253,266	52	253,214	-	-	-
Other liabilities	36	46,492,995	33,353,342	7,434,517	1,165,811	4,500,988	38,337
Debt securities issued	37	64,091,095		64,091,095	-	-	-
Interest bearing loans & borrowings	38	117,247,287	32,964,995	84,282,292	-	-	-
		1,640,507,357	1,032,586,988	590,823,062	7,761,440	9,161,045	174,822
Off balance sheet exposuress							
Transaction related bonds and guarantees	42	149,413,251	112,904,500	36,149,011	336,381	23,359	-
Guaranteed facilities	42	48,897,174	21,442,985	8,717,044	-	18,737,145	-
Clean line facilities for letters of credit and other commitments	42	209,485,932	31,382	204,220,078	157,256	4,692,508	384,708
		407,796,357	134,378,867	249,086,133	493,637	23,453,012	384,708

31 December 2013		**Total**	**Naira**	**US $**	**GBP**	**Euro**	**Others**
Cash and balances with banks	20	395,808,747	259,896,634	122,464,877	5,868,743	7,167,728	410,765
Non-pledged trading assets	21	3,877,969	3,877,969	-	-	-	-
Pledged assets	22	63,347,823	63,347,823	-	-	-	-
Derivative Financial Instruments	23	72,675	-	72,675	-	-	-
Loans and advances to banks	24	13,048,651	345,445	12,703,206	-	-	-
Loans and advances to customers	25	735,300,741	456,665,385	275,174,006	111,002	3,305,957	44,391
Investment securities	26	309,071,802	301,559,580	7,512,222	-	-	-
Other assets	27	36,436,495	20,460,438	10,979,145	20,951	2,578,707	2,397,254
		1,556,964,903	**1,106,153,274**	**428,906,131**	**6,000,696**	**13,052,392**	**2,852,410**
Deposits from financial institutions	34	61,295,352	7,161,530	52,766,940	355,836	962,600	48,446
Deposits from customers	35	1,217,176,793	933,913,285	269,649,901	6,666,809	6,946,406	392
Other liabilities	36	49,940,868	28,863,854	12,186,448	308,107	6,317,073	2,265,386
Interest bearing loans & borrowings	38	120,342,026	38,247,211	82,094,815	-	-	-
		1,448,755,039	**1,008,185,880**	**416,698,104**	**7,330,752**	**14,226,079**	**2,314,224**
Off balance sheet exposuress							
Transaction related bonds and guarantees	42	142,850,060	108,458,868	34,068,343	-	322,849	-
Guaranteed facilities	42	46,956,539	21,442,945	6,904,547	-	18,609,047	-
Clean line facilities for letters of credit and other commitments	42	162,171,919	-	154,854,385	64,778	5,609,545	1,643,211
		351,978,518	**129,901,813**	**195,827,275**	**64,778**	**24,541,441**	**1,643,211**

Liquidity risk management

The following table shows the undiscounted cash flows on the Group’s financial assets and liabilities and on the basis of their earliest possible contractual maturity. The Gross nominal inflow / (outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment.

The amounts in the table below have been compiled as follows:

Type of financial instrument	Basis on which amounts are compiled
Non-derivative financial liabilities and financial assets	Undiscounted cash flows, which include estimated interest payments.
Issued financial guarantee contracts, and unrecognised loan commitments	Earliest possible contractual maturity. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.
Derivative financial liabilities and financial assets held for risk management purposes	Contractual undiscounted cash flows. The amounts shown are the gross nominal inflows and outflows for derivatives that have simultaneous gross settlement (e.g. forward exchange contracts and currency swaps) and the net amounts for derivatives that are net settled.
Trading derivative liabilities and assets forming part of the Group’s proprietary trading operations that are expected to be closed out before contractual maturity	Fair values at the date of the statement of financial position. This is because contractual maturities are not reflective of the liquidity risk exposure arising from these positions. These fair values are disclosed in the ‘less than one month’ column.
Trading derivative liabilities and assets that are entered into by the Group with its customers	Contractual undiscounted cash flows. This is because these instruments are not usually closed out before contractual maturity and so the Group believes that contractual maturities are essential for understanding the timing of cash flows associated with these derivative positions.

The Group’s expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. For example, demand deposits from customers are expected to remain stable or increase and unrecognised loan commitments are not all expected to be drawn down immediately. As part of the management of liquidity risk arising from financial liabilities, the Group holds liquid assets comprising Cash and balances with banks, and debt securities issued by federal government, which can be readily sold to meet liquidity requirements.
In addition, the Group maintains agreed lines of credit with other banks and holds unencumbered assets eligible for use as collateral.

5.3.1 Residual contractual maturities of financial assets and liabilities

Group **30 June 2014**	*Note*	**Carrying amount**	**Gross nominal inflow/(outflow)**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
In thousands of Naira								
Cash and balances with banks	20	538,090,296	547,826,683	310,335,091	1,305,826	771,544	-	235,414,223
Non-pledged trading assets	21	14,848,373	20,588,651	14,646,778	2,777,646	3,161,693	2,534	-
Pledged assets	22	83,508,289	155,123,235	5,000,000	7,782,016	2,960,902	23,687,212	115,693,105
Derivative financial instruments	23	2,239,495	2,239,577	317,681	-	1,921,896	-	-
Loans and advances to banks	24	22,284,438	24,000,852	23,285,676	-	232,458	482,718	-
Loans and advances to customers	25	926,923,537	943,884,023	380,243,325	124,697,538	121,415,327	201,560,121	115,967,712
Investment securities	26	272,728,104	259,241,928	25,055,048	120,584,959	25,353,753	58,649,236	29,598,932
Other assets	27	47,625,512	47,625,612	44,427,316	2,901,570	214,413	82,313	-
		1,908,248,044	**2,000,530,562**	**803,310,914**	**260,049,556**	**156,031,985**	**284,464,135**	**496,673,972**
Deposits from financial institutions	34	92,547,502	189,478,960	123,230,483	66,167,540	80,936	-	-
Deposits from customers	35	1,450,985,940	1,462,330,594	1,384,991,829	55,552,047	21,577,349	209,369	-
Derivative financial instruments	23	263,002	262,901	262,901	-	-	-	-
Other liabilities	36	50,783,785	50,912,929	50,912,929	-	-	-	-
Debt securities issued	37	122,092,276	150,677,005	-	3,014,575	3,014,575	30,145,750	114,502,105
Interest bearing loans & borrowings	38	59,099,167	63,482,342	3,257,691	2,798,047	5,501,780	24,807,168	27,117,656
		1,775,771,672	**1,917,144,731**	**1,562,655,833**	**127,532,210**	**30,174,640**	**55,162,287**	**141,619,761**
Gap (asset - liabilities)		132,476,371	83,385,831	(759,344,918)	132,517,346	125,857,345	229,301,848	355,054,211
Cumulative liquidity gap		2,049,621,102	1,646,041,664	(631,812,708)	(499,295,363)	(373,438,017)	(144,136,170)	210,918,041
Off-balance sheet								
Transaction related bonds and guarantees	42	159,600,242	159,600,242	10,372,674	20,004,519	15,461,350	26,951,419	86,810,280
Guaranteed facilities	42	54,551,545	54,551,545	25,386,377	7,471,938	6,462,416	7,984,880	7,245,934
Clean line facilities for letters of credit and other commitments	42	282,187,104	282,187,104	233,752,247	44,522,792	2,924,310	987,755	-
		496,338,891	**496,338,891**	**269,511,298**	**71,999,249**	**24,848,076**	**35,924,054**	**94,056,214**

Group **31 December 2013**	*Note*	**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	20	439,459,541	439,459,542	264,639,659	1,097,783	1,315,801	-	172,406,298
Non-pledged trading assets	21	3,773,051	5,114,214	1,416,576	416,473	1,039,850	921,589	1,319,726
Pledged assets	22	63,409,851	100,095,999	6,032,902	1,211,788	2,423,577	12,762,012	77,665,720
Derivative financial instruments	23	102,123	102,123	102,123	-	-	-	-
Loans and advances to banks	24	24,579,875	26,753,256	8,437,494	9,571,785	7,429,123	775,308	539,546
Loans and advances to customers	25	786,169,704	788,847,822	331,598,823	87,849,143	63,066,928	85,329,870	221,003,058
Investment securities	26	314,241,111	370,106,042	81,546,997	67,456,866	94,035,298	66,655,718	60,411,163
Other assets	27	43,174,648	43,174,648	37,394,082	-	5,780,566	-	-
		1,674,909,904	**1,773,653,646**	**731,168,656**	**167,603,838**	**175,091,143**	**166,444,497**	**533,345,511**
Deposits from financial institutions	34	72,147,955	72,257,134	55,496,033	12,608,327	4,152,775	-	-
Deposits from customers	35	1,331,418,659	1,333,474,753	848,190,371	133,482,680	348,933,912	2,416,093	451,697
Derivative financial instruments	23	1,967,540	2,000,495	2,000,495	-	-	-	-
Other liabilities	36	54,043,974	54,043,974	49,775,515	4,268,459	-	-	-
Debt securities issued	37	55,828,248	55,828,248	-	-	-	-	55,828,248
Interest bearing loans & borrowings	38	64,338,982	80,283,462	4,560,709	2,077,505	8,150,902	41,740,259	23,754,088
		1,579,745,358	**1,597,888,067**	**960,023,123**	**152,436,971**	**361,237,589**	**44,156,352**	**80,034,033**
Gap (asset - liabilities)		95,164,546	175,765,579	(228,854,466)	15,166,866	(186,146,446)	122,288,145	453,311,476
Cumulative liquidity gap				1,417,187,197	1,432,354,063	1,246,207,618	1,368,495,763	1,821,807,241
Off -balance sheet								
Transaction related bonds and guarantees	42	158,715,258	158,715,258	36,391,163	21,880,870	13,727,023	24,498,529	62,217,673
Guaranteed facilities	42	54,741,356	54,741,357	27,078,764	6,572,665	10,309,368	4,610,667	6,169,892
Clean line facilities for letters of credit and other commitments	42	228,957,302	228,957,302	152,715,496	47,959,692	27,919,468	362,646	-
		442,413,916	**442,413,917**	**216,185,423**	**76,413,227**	**51,955,859**	**29,471,842**	**68,387,565**

5.3.1 Residual contractual maturities of financial assets and liabilities

Bank **30 June 2014** *In thousands of Naira*	*Note*	**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	20	450,815,044	450,815,044	215,400,821	-	-	-	235,414,223
Non-pledged trading assets	21	14,848,373	15,175,680	9,233,807	2,777,646	3,161,693	2,534	
Pledged assets	22	81,926,214	155,123,235	5,000,000	7,782,016	2,960,902	23,687,212	115,693,105
Derivative financial instruments	23	2,173,506	2,173,506	251,610	-	1,921,896	-	
Loans and advances to banks	24	49,645,536	49,657,374	218,518	48,723,680	232,458	482,718	-
Loans and advances to customers	25	864,878,974	881,079,516	356,909,095	115,350,803	113,901,782	185,980,382	108,937,454
Investment securities	26	193,509,885	227,251,338	23,163,289	112,533,036	11,079,939	51,795,792	28,679,282
Other assets	27	43,292,062	43,292,062	40,401,779	2,890,283	-	-	-
		1,701,089,594	1,824,567,755	650,578,919	290,057,464	133,258,670	261,948,638	488,724,064
Deposits from financial institutions	34	74,137,745	74,571,070	31,214,115	43,356,955	-	-	-
Deposits from customers	35	1,338,284,969	1,349,629,623	1,287,998,015	52,784,704	8,637,535	209,369	-
Derivative financial instruments	23	253,266	253,266	253,266	-	-	-	-
Other liabilities	36	46,492,995	47,606,742	44,315,771	3,290,971	-	-	-
Debt securities issued	37	64,091,095	107,384,050	-	3,014,575	3,014,575	30,145,750	71,209,150
Interest bearing loans & borrowings	38	117,247,287	123,089,759	2,794,381	2,798,047	5,501,780	26,729,775	85,265,776
		1,640,507,357	1,702,534,510	1,366,575,548	105,245,252	17,153,889	57,084,894	156,474,926
Gap (asset - liabilities)		60,582,237	122,033,245	(715,996,630)	184,812,212	116,104,780	204,863,744	332,249,138
Cumulative liquidity gap				(715,996,630)	(531,184,418)	(415,079,637)	(210,215,893)	122,033,245
Off balance-sheet								
Transaction related bonds and guarantees	42	149,413,252	149,413,251	9,710,605	18,727,667	14,474,481	25,231,159	81,269,339
Guaranteed facilities	42	48,897,174	48,897,174	22,755,031	6,697,458	5,792,574	7,157,232	6,494,879
Clean line facilities for letters of credit and other commitments	42	209,485,931	209,485,932	173,529,572	33,052,179	2,170,906	733,275	-
		407,796,357	407,796,357	205,995,208	58,477,303	22,437,961	33,121,667	87,764,218

31 December 2013	*Note*	**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	20	395,808,747	395,808,747	223,864,210	-	-	-	171,944,537
Non-pledged trading assets	21	3,773,051	5,055,502	1,357,864	416,473	1,039,850	921,589	1,319,726
Pledged assets	22	63,347,823	100,095,999	6,032,902	1,211,788	2,423,577	12,762,012	77,665,720
Derivative Financial Instruments	23	9,423,411	9,423,411	9,423,411	-	-	-	-
Loans and advances to banks	24	13,048,651	13,442,286	50,160	8,237,533	4,031,688	1,122,906	-
Loans and advances to customers	25	735,300,741	741,032,506	310,161,701	80,309,880	56,359,919	76,240,590	217,960,416
Investment securities	26	269,840,005	324,318,271	66,311,490	50,780,561	86,825,357	60,661,154	59,739,710
Other assets	27	36,436,496	36,436,496	30,655,930	-	5,780,566	-	-
		1,526,978,925	**1,625,613,220**	**647,857,668**	**140,956,235**	**156,460,957**	**151,708,251**	**528,630,109**
Deposits from financial institutions	34	61,295,352	61,376,623	57,097,580	4,127,708	151,335	-	-
Deposits from customers	35	1,217,176,793	1,218,851,031	786,275,557	95,890,264	336,056,653	176,860	451,697
Other liabilities	36	49,940,868	49,940,868	45,996,477	3,944,391	-	-	-
Interest bearing loans & borrowings	38	120,342,026	135,088,313	4,528,997	2,000,692	8,118,102	97,213,926	23,226,596
		1,448,755,039	**1,465,256,835**	**893,898,611**	**105,963,055**	**344,326,090**	**97,390,786**	**23,678,293**
Gap (asset - liabilities)		78,223,886	160,356,384	(246,040,943)	34,993,180	(187,865,133)	54,317,465	504,951,816
Cumulative liquidity gap				(246,040,943)	(211,047,763)	(398,912,896)	(344,595,432)	160,356,383
Off balance-sheet engagements								
Transaction related bonds and guarantees	42	142,850,060	142,850,060	35,654,495	19,902,373	9,308,603	17,184,986	60,799,603
Guaranteed facilities	42	46,956,539	46,956,539	23,313,012	5,179,053	7,683,916	4,610,667	6,169,891
Clean line facilities for letters of credit and other commitments	42	162,171,919	162,171,919	114,338,950	23,663,555	23,806,768	362,646	-
		351,978,518	**351,978,518**	**173,306,457**	**48,744,981**	**40,799,287**	**22,158,299**	**66,969,494**

5.3.2 Financial instruments below and above 1 year's maturity

Group	June 2014			December 2013		
In thousands of Naira	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Cash and balances with banks	302,676,073	235,414,223	**538,090,296**	267,053,244	172,406,297	**439,459,541**
Non pledged trading assets	14,848,373	-	**14,848,373**	1,636,654	2,241,315	**3,877,969**
Pledged assets	11,041,888	72,466,401	**83,508,289**	9,668,267	53,741,584	**63,409,851**
Derivative financial instruments	2,239,495	-	**2,239,495**	102,123	-	**102,123**
Loans and advances to banks	21,804,171	480,267	**22,284,438**	20,921,683	3,658,192	**24,579,875**
Loans and advances to customers	613,998,538	312,924,999	**926,923,537**	479,836,776	306,332,928	**786,169,704**
Investment securities	138,477,856	94,818,451	**233,296,307**	226,792,988	127,018,360	**353,811,348**
Other assets	475,591	47,149,921	**47,625,512**	-	43,174,648	**43,174,648**
	1,105,561,984	**763,254,262**	**1,868,816,246**	**1,006,011,735**	**708,573,325**	**1,714,585,058**
Deposits from financial institutions	58,617,942	33,929,560	**92,547,502**	72,147,955	-	**72,147,955**
Deposits from customers	1,450,401,300	584,641	**1,450,985,940**	1,328,550,869	2,867,790	**1,331,418,659**
Derivative financial instruments	263,002	-	**263,002**	32,955	-	**32,955**
Debt securities issued	-	122,092,276	**122,092,276**	-	55,828,248	**55,828,248**
Current tax liabilities	6,459,362	-	**6,459,362**	6,899,558	-	**6,899,558**
Other liabilities	50,783,785	3,601	**50,787,386**	56,847,216	-	**56,847,216**
Interest-bearing loans and borrowings	11,094,208	48,004,959	**59,099,167**	14,789,115	49,549,867	**64,338,982**
	1,577,619,598	**204,615,037**	**1,782,234,635**	**1,479,267,669**	**108,245,905**	**1,587,513,574**

Bank	June 2014			December 2013		
In thousands of Naira	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Cash and balances with banks	215,400,821	235,414,223	**450,815,044**	223,864,210	171,944,537	**395,808,747**
Non pledged trading assets	14,848,373	-	**14,848,373**	1,636,654	2,241,315	**3,877,969**
Pledged assets	9,459,813	72,466,401	**81,926,214**	9,668,267	53,679,556	**63,347,823**
Derivative financial instruments	2,173,506	-	**2,173,506**	72,675	-	**72,675**
Loans and advances to banks	49,173,031	472,505	**49,645,536**	11,925,744	1,122,907	**13,048,651**
Loans and advances to customers	519,222,868	345,656,106	**864,878,974**	441,099,735	294,201,006	**735,300,741**
Investment securities	136,504,282	57,005,603	**193,509,885**	188,670,938	120,400,864	**309,071,802**
Other assets	-	43,292,062	**43,292,062**	-	36,436,496	**36,436,496**
	946,782,694	**754,306,900**	**1,701,089,594**	**876,938,223**	**680,026,682**	**1,556,964,905**
Deposits from financial institutions	41,188,736	32,949,009	**74,137,745**	61,295,352	-	**61,295,352**
Deposits from customers	1,338,075,600	209,369	**1,338,284,969**	1,216,548,236	628,557	**1,217,176,793**
Derivative financial instruments	253,266	-	**253,266**	-	-	**-**
Debt securities issued	-	64,091,095	**64,091,095**	-	-	**-**
Current tax liabilities	5,601,402	-	**5,601,402**	6,075,590	-	**6,075,590**
Other liabilities	46,492,995	-	**46,492,995**	52,092,559	-	**52,092,559**
Interest-bearing loans and borrowings	11,094,208	106,153,079	**117,247,287**	14,647,791	105,694,235	**120,342,026**
	1,442,706,207	203,402,552	**1,646,108,759**	**1,350,659,528**	**106,322,792**	**1,456,982,320**

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. The comparative December computation has also been adjusted retrospectively. 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: share capital, share premium, retained earnings and other reserves, and
- Tier 2 capital: unrealised gains arising on the fair valuation of equity instruments held as available-for-sale and foreign currency translation reserves with adjustments for deferred tax assets, intangibles and investments in subsidiaries.

In thousands of Naira	Group June 2014	Group December 2013	Bank June 2014	Bank December 2013
Tier 1 capital				
Ordinary share capital	11,441,460	11,441,460	11,441,460	11,441,460
Share premium	161,036,211	161,036,211	161,036,211	161,036,210
Retained earnings	27,590,868	22,232,375	27,340,895	25,895,392
Other reserves	55,660,770	48,003,894	57,447,187	46,808,934
Non-controlling interests	3,393,033	1,768,109	-	-
	259,122,342	**244,482,049**	**257,265,753**	**245,181,996**
Add/(Less):				
Fair value reserve for available-for-sale securities	(6,406,996)	(6,237,939)	(6,306,342)	(6,262,140)
Regulatory risk reserve	(17,658,859)	(13,074,749)	(15,880,741)	(11,177,662)
Foreign currency translational reserves	5,131,887	4,815,485	-	-
Other reserves	(211,232)	(112,783)	(211,232)	(112,783)
Total Tier 1	**239,977,142**	**229,872,063**	**234,867,438**	**227,629,411**
Add/(Less):				
Deferred tax assets	(10,884,756)	(10,687,635)	(10,215,174)	(9,847,852)
Intangible assets	(3,841,803)	(3,659,071)	(2,822,941)	(2,661,553)
Adjusted Tier 1	**225,250,584**	**215,525,357**	**221,829,323**	**215,120,005**
Tier 2 capital				
Debt securities issued	64,091,095	-	64,091,095	-
Fair value reserve for available-for-sale securities	6,406,996	6,237,939	6,306,342	6,262,140
Foreign Currency Translational reserves	(5,131,887)	(4,815,485)	-	-
Other reserves	211,232	112,783	211,232	112,783
Total Tier 2	**65,577,436**	**1,535,237**	**70,608,669**	**6,374,923**
Total Tier 1 and Tier 2 Capital	**290,828,019**	**217,060,594**	**292,437,992**	**221,494,928**
Less:				
Investments in unconsolidated subsidiaries	-	-	(40,120,573)	(38,029,992)
Total regulatory capital	**290,828,019**	**217,060,594**	**252,317,419**	**183,464,936**
Risk-weighted assets	**1,369,574,395**	**1,209,463,253**	**1,244,542,885**	**1,096,697,585**
Capital ratios				
Total regulatory capital expressed as a percentage of total risk-weighted assets	21%	18%	20%	17%
Total tier 1 capital expressed as a percentage of risk-weighted assets	16%	18%	18%	20%

7 Operating segments

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

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

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

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

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

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

The Group reportable segments above were previously described as follows;

- **Institutional banking** - The institutional banking division provides bespoke comprehensive banking products and a full range of services to multinationals, large domestic corporates and other institutional clients.

- **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.

- **Financial markets** - The financial markets division 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. The group is also responsible for formulation and implementation of financial market products for the Bank's customers.

- **Retail banking -** The retail banking division provides finanicial products and services to individuals. These include private banking services, private customer current accounts, savings accounts deposits, investment savings products, custody, credit and debit cards and customer loans.

  Retail banking also includes loans, deposits and other transactions and balances with retail and public sector customers.

7 Operating segments

In both the old and new segment arrangement, an additional column has been presented referred to as Unallocated Segments. This relates to all other transactions than are outside the normal corse of business and can not be directly related to a specific segment financial information.
Total revenue in the segments represents; Interest Income, Fees and Commission Income, Net gains on Financial Instruments held for trading, Foreign Exchange income, Other Operating Income and Fair Value Gains on Investment Propoerty.

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;

Material total assets and liabilities	**Group**
	June 2014
In thousands of Naira	
Other assets	73,644,788
Investments in equity accounted investee	3,924,773
Derivative financial instruments	2,239,495
Deferred tax (net)	10,884,756
Total assets	**90,693,811**
Derivative financial instruments	263,002
Other liabilities	50,912,929
Interest-bearing loans and borrowings	59,099,167
Deferred tax liabilities	22,735
Retirement benefit obligations	2,152,553
Total liabilities	**110,275,098**

Material revenue and expenses	**Group**
	June 2014
Revenue derived from external customers	
Gain on disposal of Investment property	344,000
Interest expense	
Interest expense on Eurobond	(2,099,250)

7 Operating segments (Continued)

30 June 2014

In thousands of Naira	Corporate & Investment Banking	Commercial Banking	Business Banking	Personal Banking	Unallocated Segments	Total Continuing Operations	Discontinued Operations	Total
Revenue:								
Derived from external customers	42,591,031	46,600,393	8,045,568	20,351,368	344,000	117,932,360	51,003	117,983,363
Derived from other business segments	(1,466)	313	749	403	-	-	-	-
Total Revenue	42,589,564	46,600,706	8,046,317	20,351,771	344,000	117,932,360	51,003	117,983,363
Interest expenses	(11,840,985)	(14,522,160)	(2,888,674)	(3,483,941)	(2,099,250)	(34,835,010)	(10,177)	(34,845,187)
Profit/(Loss) on ordinary activities before taxation	16,248,019	16,812,306	(5,044,336)	857,045	(1,755,250)	27,117,783	(6,719)	27,111,064
Income tax expense						(4,044,420)	-	(4,044,420)
Pre-tax loss on re-measurement of assets of disposal group	-	-	-	-	-	-	-	-
Profit after tax						23,073,363	(6,719)	23,066,644
Other segment information:								
Depreciation and amortisation	(2,350,689)	(1,745,561)	(91,933)	(58,185)	-	(4,246,368)	-	(4,246,368)
	-	-	-	-	-	-	-	-
Assets and liabilities:								
Tangible segment assets	1,152,439,458	713,929,489	30,277,640	33,674,930	-	1,930,321,516	22,688,483	1,953,009,999
Unallocated segment assets	-	-	-	-	90,594,579	90,594,579	-	90,594,579
Total assets	1,152,439,458	713,929,489	30,277,640	33,674,930	90,594,579	2,020,916,095	22,688,483	2,043,604,578
Segment liabilities	341,805,976	811,133,933	185,750,291	336,615,987	-	1,675,306,187	-	1,675,306,187
Unallocated segment liabilities	-	-	-	-	110,307,694	110,307,694	-	110,307,694
Total liabilities	341,805,976	811,133,933	185,750,291	336,615,987	110,307,694	1,785,613,881	-	1,785,613,881
								-
Net assets	810,633,482	(97,204,444)	(155,472,651)	(302,941,057)	(19,713,115)	235,302,214	22,688,483	257,990,697

31 December 2013 *In thousands of Naira*	**Institutional Banking**	**Commercial Banking**	**Financial Markets**	**Retail Banking**	**Unallocated Segments**	**Continuing Operations**	**Discontinued Operations**	**Total**
Revenue:								
Derived from external customers	57,716,244	85,880,717	16,793,960	41,730,180	4,770,116	206,891,217	6,710,092	213,601,309
Derived from other business segments	(1,635,281)	666,324	314,719	654,237	-	-	-	-
Total Revenue	56,080,964	86,547,042	17,108,679	42,384,417	4,770,116	206,891,216	6,710,092	213,601,309
Interest expenses	(29,343,182)	(24,742,433)	(4,506,681)	(5,623,112)	(4,021,979)	(68,237,387)	(229,392)	(68,466,778)
(Loss)/profit on ordinary activities before taxation	19,591,968	25,831,334	(5,027,266)	3,852,238	748,137	44,996,411	(1,152,907)	43,843,505
Income tax expense						(7,498,759)	(47,152)	(7,545,911)
Pre-tax loss on re-measurement of assets of disposal group						-	(1,200,059)	(1,200,059)
Profit after tax						37,497,652	(2,400,118)	35,097,535
Other segment information:								
Depreciation and amortisation	(4,791,720)	(3,420,153)	(227,707)	(253,632)	(21,332)	(8,714,543)	(75,929)	(8,790,472)
Assets and liabilities:								
Tangible segment assets	969,785,573	720,137,802	37,927,258	24,004,593	83,610,771	1,835,465,997	55,750,624	1,891,216,621
Unallocated segment assets	-	-	-	-	-	-	-	-
Total assets	969,785,573	720,137,802	37,927,258	24,004,593	83,610,771	1,835,465,997	55,750,624	1,891,216,621
Segment liabilities	337,567,545	693,660,138	148,902,642	289,378,204	121,475,421	1,590,983,950	37,293,229	1,628,277,179
Unallocated segment liabilities	-	-	-	-	-	-	-	-
Total liabilities	337,567,545	693,660,138	148,902,642	289,378,204	121,475,421	1,590,983,950	37,293,229	1,628,277,179
Net assets	632,218,028	26,477,664	(110,975,385)	(265,373,610)	(37,864,650)	244,482,048	18,457,395	262,939,442

7 Geographical segments

The Group operates in three geographic regions, being:

- Nigeria
- Rest of Africa
- Europe

30 June 2014 *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Total Continuing Operations**	**Discontinued Operations**	**Total**
Derived from external customers	103,071,622	10,803,455	4,057,283	117,932,360	51,003	117,983,363
Derived from other segments	-	-	-	-	-	-
Total Revenue	103,071,622	10,803,455	4,057,283	117,932,360	51,003	117,983,363
Interest expense	(32,880,088)	(1,876,997)	(2,208,056)	(36,965,140)	(10,177)	(36,975,317)
Fee and commission expenses	-	-	(12,262)	(12,262)	-	(12,262)
Operating Income	70,191,534	8,926,458	1,836,965	80,954,957	40,826	80,995,783
Profit/(loss) before income tax	22,412,793	4,148,045	557,992	27,118,830	(6,719)	27,112,110
Assets and liabilities:						
Total assets	1,711,098,574	114,168,769	218,390,466	2,043,657,809	-	2,043,657,809
Total liabilities	1,493,139,240	88,676,591	202,719,636	1,784,535,466	-	1,784,535,466
Net assets	217,959,334	25,492,178	15,670,830	259,122,342	-	259,122,342

31 December 2013	**Nigeria**	**Rest of Africa**	**Europe**	**Total continuing operations**	**Discontinued operations**	**Total**
Derived from external customers	180,230,975	20,555,979	6,104,264	206,891,218	6,710,092	213,601,310
Derived from other segments	-	-	-	-	-	-
Total Revenue	180,230,975	20,555,979	6,104,264	206,891,218	6,710,092	213,601,310
Interest expense	(61,171,695)	(4,009,098)	(3,056,594)	(68,237,387)	(229,392)	(68,466,779)
Fee and commission expenses	-	(105,638)		(105,638)	(22,055)	(127,693)
Operating Income	119,059,280	16,441,243	3,047,670	138,548,193	6,458,645	145,006,838
Profit/(loss) before income tax	43,251,768	3,574,026	(290,814)	46,534,980	(4,803,531)	41,731,449
Assets and liabilities:						
Total assets	1,629,452,830	74,749,016	130,918,649	1,835,120,495	55,750,624	1,835,120,495
Total liabilities	1,394,356,479	84,997,770	111,629,701	1,590,983,950	37,293,229	1,590,983,950
Net assets	235,096,351	(10,248,754)	19,288,948	244,136,545	18,457,395	244,136,545

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 2012 and for the year ended 31 December 2013. 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 June 2014	Group June 2013	Bank June 2014	Bank June 2013
Interest income				
Cash and balances with banks	2,192,146	764,280	1,769,317	292,827
Loans and advances to banks and customers	61,037,939	41,042,105	56,403,900	34,984,569
Investment securities				
- Available for Sale	1,057,413	1,660,718	1,057,413	1,660,718
- Held for trading	4,588,991	2,634,257	4,588,991	459,344
- Held to maturity	14,701,301	25,818,913	12,559,930	25,818,913
	83,577,790	**71,920,273**	**76,379,551**	**63,216,371**
Interest expense				
Deposit from financial institutions	(1,173,829)	(2,788,105)	(1,132,794)	(682,915)
Deposit from customers	(30,927,761)	(28,318,662)	(28,966,668)	(26,765,869)
Securities dealing	(8,460)	(411,075)	(3,073)	(411,075)
Interest bearing loans and borrowings	(2,724,960)	(2,404,919)	(2,777,553)	(2,398,791)
	(34,835,010)	**(33,922,761)**	**(32,880,088)**	**(30,258,650)**
Net interest income	**48,742,780**	**37,997,512**	**43,499,463**	**32,957,721**

Interest income for the Bank in the year ended 30 June 2014 includes N3.5 Bn (30 June 2013: N2.9Bn) accrued on impaired financial assets

9a (Impairment)/writeback on financial assets

In thousands of Naira	Group June 2014	Group June 2013	Bank June 2014	Bank June 2013
(Additional)/write back of collective impairment charges on loans and advances to banks(note 24)	(2,501)	74,963	(2,501)	74,963
Writeback/(Additional) of collective impairment charges on loans and advances to customers (note 25)	(1,723,901)	7,932,238	(1,528,332)	8,123,145
(Additional)/write back of specific impairment charges on loans and advances to banks (see note 24)	-	-	-	-
(Additional)/write back of specific impairment charges on loans and advances to customers (see note 25)	(1,795,529)	260,842	(1,432,118)	634,247
Reversal of impairment on other assets (see note 27)	15,435	857,782	15,435	857,782
Reversal of impairment on available for sale equities (see note 26)	-	591,265	-	225,906
	(3,506,496)	**9,717,090**	**(2,947,516)**	**9,916,043**

9b Impairment on non financial assets

In thousands of Naira	Group June 2014	Group June 2013	Bank June 2014	Bank June 2013
Additional impairment on investment in subsidiaries	-	-	-	(358,811)
	-	**-**	**-**	**(358,811)**

10 Fee and commission income

In thousands of Naira	Group June 2014	Group June 2013	Bank June 2014	Bank June 2013
Credit related fees and commissions	6,813,271	4,045,591	5,717,668	2,939,474
Commission on turnover and handling commission	2,589,936	3,105,895	2,360,473	3,045,116
Other fees and commissions	10,028,255	9,168,289	7,429,232	7,424,033
	19,431,462	**16,319,775**	**15,507,373**	**13,408,623**

Credit related fees and commissions relate to fees charged to corporate customers other than fees included in determining the effective interest rates relating to loans and advances carried at amortized cost.

11 Net gains on financial instruments classified as held for trading

In thousands of Naira	Group June 2014	Group June 2013	Bank June 2014	Bank June 2013
Fixed income securities	318,082	641,189	280,292	595,368
Derivative held for trading	1,847,564	-	1,847,564	-
	2,165,646	**641,189**	**2,127,856**	**595,368**

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

12 Foreign exchange income

In thousands of Naira	Group June 2014	Group June 2013	Bank June 2014	Bank June 2013
Foreign exchange net trading income	5,015,938	2,810,866	3,226,055	2,810,866
Unrealised foreign exchange gains on revaluation	452,440	1,139,494	452,440	539,534
	5,468,378	**3,950,360**	**3,678,495**	**3,350,400**

13 Other operating income

In thousands of Naira	Group June 2014	Group June 2013	Bank June 2014	Bank June 2013
Dividends on available for sale equity securities	2,396,589	2,385,904	2,875,629	2,481,945
Gain on disposal of property and equipment	45,894	928,591	36,587	928,659
Rental income	113,447	210,115	113,447	210,115
Gain on disposal of equity investment	-	459,269	-	459,269
Bad debt recovered	444,423	1,342,724	356,230	1,313,561
Other income	3,987,622	977,212	3,720,585	444,172
	6,987,975	**6,303,815**	**7,102,478**	**5,837,721**

14 Personnel expenses

In thousands of Naira	Group June 2014	Group June 2013	Bank June 2014	Bank June 2013
Wages and salaries	14,774,860	14,184,550	12,305,906	11,843,025
Increase in liability for long term incentive plan	234,083	603,795	219,256	603,795
Contributions to defined contribution plans	330,790	412,305	224,382	221,751
Restricted share performance plan (a)	31,671	59,910	31,671	59,910
	15,371,404	**15,260,560**	**12,781,215**	**12,728,481**

(a) Under the Restricted Share Performance Plan (RSPP), shares of the Bank are awarded to employees based on their performance at no cost to them. Under the terms of the plan, the shares vest over a 3 year period from the date of award. The scheme applies to only employees of the Bank that meet the stipulated performance criteria irrespective of where they work within the Group. The RSPP is an equity-settled scheme, where the Bank recognizes an expense and a corresponding increase in equity. Initial estimates of the number of equity settled instruments that are expected to vest are adjusted to current estimates and ultimately to the actual number of equity settled instruments that vest unless differences are due to market conditions.

By the resolution of the Board and Shareholders, the Bank sets aside an amount not exceeding five (5) 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 so purchased. Upon vesting, the SPE transfers the shares to the employee whose interest has vested. The SPE is consolidated in the Group's financial statements.

(i) The fair value of RSPP shares purchased during the period was obtained from Nigeria Stock Exchange quotation of June 2014 priced at Naira 9.70 per share. A further statutory fee was paid at an average of 6 Kobo per share making a total carrying price of N9.76 per share.

The scheme is still in progress since vesting period for the first allotment of shares is expected to mature in 31 December 2015. No modification has been made to the original plan of the scheme hence no shares have been granted to employees as at 30 June 2014.

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

Description of shares		**June 2014** Number of Shares	**June 2014** Weighted Share Price per Share - Naira	**December 2013** Number of Shares	**December 2013** Weighted Share Price per Share - Naira
(i)	Outstanding at the beginning of the period;	38,196,543	11.5	nil	nil
(ii)	Shares purchased during the period	52,408,582	9.76	40,063,365	9.76
(iii)	Unallocated shares	nil	nil	1,866,822	11.50
(iv)	Forfeited during the period;	413,870	9.76	nil	nil
(v)	Exercised during the period;	nil	nil	nil	nil
(vi)	Shares allocated to staff at end of period;	52,822,453	9.76	38,196,543	11.50
		Naira	**Price per Share - Naira**	**Naira**	**Price per Share - Naira**
Share based expense recognised during the period		98,449,140	9.76	112,782,658	11.50

ii. The average number of persons in employment at the Group level during the period comprise:

	Group June 2014	**Group June 2013**	**Bank June 2014**	**Bank June 2013**
	Number	**Number**	**Number**	**Number**
Managerial	312	230	226	186
Other staff	3,056	2,766	2,223	1,986
	3,368	**2,996**	**2,449**	**2,172**

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 June 2014	**Group June 2013**	**Bank June 2014**	**Bank June 2013**
	Number	**Number**	**Number**	**Number**
Below N900,000	134	148	-	-
N900,001 - N1,990,000	108	88	-	-
N1,990,001 - N2,990,000	138	506	-	389
N2,990,001 - N3,910,000	902	470	610	231
N3,910,001 - N4,740,000	21	33	-	-
N4,740,001 - N5,740,000	610	656	528	582
N5,740,001 - N6,760,000	51	387	-	344
N6,760,001 - N7,489,000	542	240	523	217
N7,489,001 - N8,760,000	291	10	282	-
N8,760,001 - N9,190,000	3	2	-	-
N9,190,001 - N11,360,000	185	230	165	215
N11,360,001 - N14,950,000	134	100	118	88
N14,950,001 - N17,950,000	114	49	106	42
N17,950,001 - N21,940,000	53	5	46	
N21,940,001 - N26,250,000	37	24	33	23
N26,250,001 - N30,260,000	3	20	-	17
N30,261,001 - N45,329,000	33	26	31	24
Above N45,329,000	9	2	7	-
	3,368	**2,996**	**2,449**	**2,172**

15 Other operating expenses

In thousands of Naira	Group June 2014	Group June 2013	Bank June 2014	Bank June 2013
Other premises and equipment costs	3,396,138	3,547,092	3,071,449	3,433,898
Professional fees	1,372,720	1,309,694	734,970	1,133,496
Insurance	389,571	449,884	323,651	271,944
Business travel expenses	1,363,492	1,291,696	1,286,307	1,109,348
Asset Management Corporation of Nigeria (AMCON) surcharge (see note (a) below)	4,250,000	5,058,240	4,250,000	5,058,240
Loss on disposal of investments	17	162,642	17	160,961
Deposit insurance premium	2,927,692	2,841,955	2,927,692	2,841,955
Auditor's renumeration	168,878	168,878	135,607	135,607
General administrative expenses	18,098,676	14,851,286	16,327,877	12,298,198
	31,967,184	**29,681,367**	**29,057,570**	**26,443,647**

(a) This represents the Group’s contribution to AMCON’s sinking fund for the period ended 30 June 2014. Effective 1 January 2011, the banks in Nigeria were required to contribute 0.3% of total assets as at the preceding year end to AMCON's sinking fund in line with existing guidelines. This was increased to 0.5% in 2013.

The contribution to AMCON is a levy on all financial institutions in Nigeria. It is non-refundable and does not represent any ownership interest nor does it confer any rights or obligations (save to pay the levy) on the contributor.

16a Discontinued operations

In the December 2013 financial statements, the Group accounted for the Bank's subsidiary; FinBank Burundi as discontinued operations as they were classified as held for sale. During the period ended 30 June 2014, FinBank Burundi was sold. Analysis of the result of discontinued operations and the result recognised in the re-measurement of assets or disposal groups is as shown below:

For the period ended February 2014 *In thousands of Naira*	**Access Bank Burundi**	**Total**
up to date:	**February 2014**	
Interest income	33,228	33,228
Interest expense	(10,177)	(10,177)
Net interest income	23,051	23,051
Fee and commission income	12,922	12,922
Net fee and commission income	12,922	12,922
Other operating income	4,853	4,853
Total operating income	**40,826**	**40,826**
Personnel expenses	(16,060)	(16,060)
Other operating expenses	(31,487)	(31,487)
Total expenses	(47,547)	(47,547)
Loss before tax	(6,719)	(6,719)
Income tax expense	-	-
Loss after tax	**(6,719)**	**(6,719)**
Loss after tax attributable to:		
Owners of the bank	(5,846)	(5,846)
Non-controlling interests	(873)	(873)
Loss after tax for the period	(6,719)	(6,719)
Basic loss per share (kobo)	(0.12)	(0.12)

16b The aggregate book value of the net assets for the subsidiary disposed at the date of disposal is as follows:

Cash and balances with banks	956,473	956,473
Loans and advances to customers	1,400,651	1,400,651
Investment securities	546,762	546,762
Other assets	94,593	94,593
Property and equipment	225,883	225,883
Total assets	**3,224,362**	**3,224,362**
Deposits from customers	(2,031,040)	(2,031,040)
Other liabilities	(166,526)	(166,526)
Total liabilities	**(2,197,566)**	**(2,197,566)**
Net assets of disposal group	**1,026,796**	**1,026,796**
Proceeds on disposal	776,201	776,201
Less:		
Share of other components of net assets exluding translation reserve	(990,499.17)	(990,499)
Share of foreign exchange gain/(loss) arising from disposal	97,187	97,187
Goodwill	(369,714)	(369,714)
Loss from discontinued operations	**(486,827)**	**(486,827)**
Bank		
Proceeds on disposal	776,200	776,200
Cost of investments	(1,141,875)	(1,141,875)
Allowance for impairment	261,409	261,409
Loss on disposal	**(104,266)**	**(104,266)**

16c Discontinued operations

For the period ended 30 June 2013

In thousands of Naira	WAPIC Insurance	Access Bank Burundi	Inter continental Homes & Savings	Inter continental Bank UK	Omni Finance Bank Cote D'Ivoire	Total
Results of discontinued operations						
Interest income	655,675	155,326	18,224	15,217	74,952	919,394
Interest expense	-	(47,277)	(11,922)	(4,821)	(54,999)	(119,019)
Net interest income	655,675	108,049	6,302	10,396	19,953	800,375
Fee and commission income	12,346	30,497	1,193	6,654	42,032	92,722
Fee and commission expense	(416,475)	-	(153)	(260)	-	(416,888)
Net fee and commission income	(404,129)	30,497	1,040	6,394	42,032	(324,166)
Net trading income	(296)	9,244	-	296	14,577	23,821
Other operating income	31,446	54,436	74,903	-	122,892	283,677
Total operating income	**282,696**	**202,226**	**82,245**	**17,086**	**199,454**	**783,707**
Net impairment loss on financial assets	465,989	-	(37,955)	-	(7)	428,027
Personnel expenses	(380,713)	(85,768)	(25,477)	(46,722)	(113,241)	(651,921)
Operating lease expenses	-	-	-	-	-	-
Depreciation and amortization	(77,982)	(33,056)	(4,045)	(1,379)	(89,581)	(206,043)
Underwriting profit	(204,625)	-	-	-	-	(204,625)
Other operating expenses	(96,025)	(91,197)	(13,358)	(33,467)	(165,338)	(399,385)
Total expenses	(293,356)	(210,021)	(80,835)	(81,568)	(368,167)	(1,033,947)
Loss before tax from discontinued operations	**(10,660)**	**(7,795)**	**1,410**	**(64,482)**	**(168,713)**	**(250,240)**
Income tax expense	3,185	-	-	-	-	3,185
Loss from discontinued operations (net of tax)	**(7,475)**	**(7,795)**	**1,410**	**(64,482)**	**(168,713)**	**(247,055)**
After tax loss attributable to:						
Owners of the Bank	(3,887)	(10,929)	733	(64,482)	(158,590)	(237,155)
Non-controlling interests	(3,588)	3,134	677	-	(10,123)	(9,900)
After tax loss for the period	(7,475)	(7,795)	1,410	(64,482)	(168,713)	(247,055)
Basic loss per share (kobo)	(0.14)	(71.90)	0.03	(208.01)	(4.05)	(284.07)
Cash flows from/(used in) discontinued operation						
Net cash used in operating activities	2,566,246	(166,571)	135,566	1,011,090	549,385	4,095,716
Net cash from investing activities	(835,144)	(5,477)	231,939	1,088,569	(1,046)	478,841
Net cash from financing activities	-	76,803	11,922	-	-	88,725
Effect on cashflows	**1,731,102**	**(95,245)**	**379,427**	**2,099,659**	**548,339**	**4,663,282**

16d The aggregate book values of the net assets for two subsidiaries disposed at the respective dates of disoposal were as follows:

For the year ended December 2013

In thousands of Naira	**Inter continental Homes & Savings Limited**	**Inter continental Bank UK**	**Total**
	January 2013	**March 2013**	
Cash and cash equivalents	374,534	11,027,379	11,401,913
Loans and advances to banks	-	4,060,575	4,060,575
Loans and advances to customers	1,551,045	781,982	2,333,027
Investment securities	105,502	1,585,976	1,691,478
Trading properties	3,377,221	-	3,377,221
Investment properties	431,944	-	431,944
Property and equipment	693,922	48,019	741,941
Intangible assets	31,617	19,484	51,101
Deferred tax assets	722,718	-	722,718
Other assets	342,853	183,909	526,762
Total assets	**7,631,356**	**17,707,324**	**25,338,680**
Deposits from banks	-	(8,009,531)	(8,009,531)
Deposits from customers	(1,062,594)	(6,421,984)	(7,484,578)
Derivative financial instruments	-	(145,590)	(145,590)
Current tax liabilities	(31,285)	-	(31,285)
Other liabilities	(902,368)	(192,200)	(1,094,568)
Interest-bearing loans and borrowings	(995,884)	-	(995,884)
Total liabilities	**(2,992,131)**	**(14,769,305)**	**(17,761,436)**
Net assets of disposal group	**4,639,225**	**2,938,019**	**7,577,244**
Proceeds on disposal			
- cash and cash equivalent consideration	2,100,000	3,872,960	5,972,960
Group's share of net assets	(2,412,397)	(2,938,019)	(5,350,416)
Gain on disposal	(312,397)	934,941	622,544
Profit from disposal			**622,544**
Profit from discontinued operations			
Post tax profit/loss of discontinued operations			(247,055)
Post tax gain/loss on the disposal of disposal group			622,544
			375,489
Bank			
Proceeds on disposal	2,100,000	3,872,960	5,972,960
Cost of Investments	(3,387,938)	(7,301,401)	(10,689,339)
Provision written back	1,001,475	3,307,929	4,309,404
Loss on disposal	**(286,463)**	**(120,512)**	**(406,975)**

16e Reclassification to discontinued operations and restatement of prior year group figures

The income statement for June 2013 was restated to reclassify items relating to WAPIC Insurance which became a discontinued operation in December 2013.

Summary of reclassifications to discontinued operations of prior period figures

	GROUP		
	Reported	**Reclassified to discontinued operations (i)**	**Continuing Operations**
	June 2013	**June 2013**	**June 2013**
	N ' 000	**N ' 000**	**N ' 000**
Continuing operations			
Interest income	72,575,948	655,675	71,920,273
Interest expense	(33,922,761)	-	(33,922,761)
Net interest income	38,653,187	655,675	37,997,512
Writeback/(impairment charge) on financial assets	10,183,079	465,989	9,717,090
Net interest income after impairment charges	48,836,266	1,121,664	47,714,602
Fee and commission income	16,316,091	(3,684)	16,319,775
Fee and commission expense	(400,445)	(400,445)	-
Net fee and commission income	15,915,646	(404,129)	16,319,775
Net gains on financial instruments classified as held for trading	640,893	(296)	641,189
Foreign exchange income	3,950,360	-	3,950,360
Other operating income	6,335,261	31,446	6,303,815
Fair value gain on investment property	2,470,116	-	2,470,116
Writeback/(Impairment) charge on non-financial assets	-		-
Personnel expenses	(15,641,273)	(380,713)	(15,260,560)
Operating lease expenses	(731,288)	-	(731,288)
Depreciation and amortization	(6,078,358)	(77,982)	(6,000,376)
Other operating expenses	(29,982,017)	(300,650)	(29,681,367)
Operating profit	25,715,606	(10,660)	25,726,266
Share of profit of equity accounted investee	374,862	-	374,862
Profit before income tax	**26,090,468**	**(10,660)**	**26,101,128**
Income tax expense	(5,376,866)	3,185	(5,380,051)
Profit/(loss) for the period from continuing operations	20,713,602	(7,475)	20,721,077
Discontinued operations			
Loss from discontinued operations	382,964	-	382,964
Profit for the period	**21,096,566**	**(7,475)**	**21,104,041**
Other comprehensive income (OCI) for the period:			
Items that will not be reclassified to the income statement:			
Share of OCI of equity accounted investee	7,228	-	7,228
Items that may be subsequently reclassified to the income statement:			
Foreign currency translation differences for foreign subsidiaries			
- Unrealised (losses)/gains arising during the period	(3,483,356)	-	(3,483,356)
Net changes in fair value of AFS financial instruments			
-Fair value changes on AFS financial instruments from associates	455,840	-	455,840
Other comprehensive (loss)/gain for the period, net of related tax effects:	(3,020,288)	-	(3,020,288)
Total comprehensive income for the period	**18,076,278**	**(7,475)**	**18,083,753**
			-
Profit attributable to:			
Owners of the Bank	20,997,307	-	20,997,307
Non-controlling interest	99,259	-	99,259
Profit for the period	**21,096,566**	**-**	**21,096,566**
		-	-
Total comprehensive income attributable to:			
Owners of the Bank	17,975,018	-	17,975,018
Non-controlling interest	101,260	-	101,260
Total comprehensive income for the period	**18,076,278**	**-**	**101,260**
Total comprehensive income for the period:			
Continuing operations	17,693,314	-	17,693,314
Discontinued operations	382,964	-	382,964
	18,076,278	-	18,076,278

17 Income tax expense

In thousands of Naira	Group June 2014	Group June 2013	Bank June 2014	Bank June 2013
Current tax expense				
Corporate income tax	3,559,449	2,935,531	1,977,668	1,716,219
Education tax	100,985	-	100,985	-
Prior year's under provision	751,307	2,731,080	751,307	2,731,080
	4,411,741	5,666,611	2,829,960	4,447,299
Deferred tax expense				
Origination of temporary differences	(367,321)	(286,560)	(367,321)	(315,303)
Total income tax expense	**4,044,420**	**5,380,051**	**2,462,639**	**4,131,996**

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

	Group June 2014	Group December 2013	Bank June 2014	Bank December 2013
Balance at the beginning of period/year	6,899,558	8,937,964	6,075,590	7,686,568
Tax paid	(4,902,751)	(10,850,841)	(3,354,962)	(8,936,329)
Income tax charge	3,660,434	6,546,118	2,078,653	4,515,932
On disposal of subsidiary	-	(406,978)	-	-
Underprovision of prior period tax	751,307	2,819,776	751,307	2,809,419
Reclassifications	50,814	-	50,814	-
Translation adjustments	-	(124,344)	-	-
Income tax receivable	-	(22,137)	-	-
Balance at the end of the period/year	**6,459,362**	**6,899,558**	**5,601,402**	**6,075,590**

Income tax liability is to be settled within one period

In thousands of Naira	Group June 2014	Group June 2014	Group June 2013	Group June 2013
Profit before income tax		27,117,783		26,101,128
Income tax using the domestic tax rate	30%	8,135,335	30%	7,827,140
Effect of tax rates in foreign jurisdictions	-1%	(263,305)	-1%	(253,330)
Non-deductible expenses	8%	2,061,532	8%	2,032,247
Tax exempt income	-54%	(14,650,761)	-45%	(11,812,451)
Tax losses (utilised)/unutilised	14%	3,717,590	14%	2,733,501
Education tax levy	0%	-	0%	-
Over provided in prior years	5%	1,378,466	5%	1,326,244
Impact of dividend as tax base	10%	2,844,410	10%	2,736,654
Total income tax expense in comprehensive income	3%	821,154	3%	790,046
Effective tax rate	**15%**	**4,044,420**	**24%**	**5,380,051**

In thousands of Naira	Bank June 2014	Bank June 2014	Bank June 2013	Bank June 2013
Profit before income tax		22,412,793		22,376,786
Income tax using the domestic tax rate	30%	6,723,838	30%	6,713,036
Non-deductible expenses	6%	1,392,994	10%	2,230,300
Tax exempt income	-37%	(8,260,144)	-56%	(12,563,504)
Education tax levy	0%	100,985	16%	3,646,026
Capital gain tax	0%	37,440	0%	48,814
Over provided in prior years	3%	751,307	6%	1,326,244
Impact of dividend as tax base	8%	1,716,219	12%	2,731,080
Effective tax rate	**11%**	**2,462,639**	**18%**	**4,131,996**

18 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 June 2014	Group June 2013	Bank June 2014	Bank June 2013
Profit for the year from continuing operations	23,073,363	20,721,077	19,950,154	18,244,790
(Loss)/profit for the year from discontinued operations	(486,827)	375,489	-	-
Weighted average number of ordinary shares in issue	22,882,919	22,882,919	22,882,919	22,882,919
In naira per share				
Basic earnings per share from continuing operations	1.01	0.91	0.87	0.80
Basic (loss)/earnings per share from discontinued operations	(0.02)	0.02	-	-

(b) Diluted from continuing operations

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has debt with a convertible option.

In thousands of Naira	Group June 2014	Group June 2013	Bank June 2014	Bank June 2013
Profit for the year from continuing operations	23,073,363	20,721,077	19,950,154	18,244,790
Interest expense on convertible debt (net of tax)	-	8,572	-	8,572
Profit used to determine diluted earnings per share	23,073,363	20,721,077	19,950,154	18,244,790
(Loss)/profit from discontinued operations	(486,827)	375,489	-	-
Weighted average number of ordinary shares in issue	22,882,919	22,882,919	22,882,919	22,882,919
Adjustment for:				
Assumed conversion of convertible debt	-	6,510	-	6,510
Weighted average number of ordinary shares for diluted earnings per share	22,882,919	22,889,429	22,882,919	22,889,429
In naira per share				
Diluted earnings per share from continuing operations	1.01	0.91	0.87	0.80
Diluted (loss)/earnings per share from discontinued operations	(0.02)	0.02	-	-

The equity settled share based payment is anti dilutive

19 Non-current assets and non-current liabilities held for sale

(a) Non-current assets held for sale

Access Bank Plc took over collateral of some customers and these were recorded in the books as Investment properties, as the Bank had no intention to make use of the property for administrative use. These properties have been classified as held for sale as Access intends to dispose of them within twelve (12) months in line with IFRS 5, Non-current assets and assets held for sale.

Assets held for sale

In thousands of Naira	Group June 2014	Group December 2013	Bank June 2014	Bank December 2013
Investment properties	22,688,483	-	22,688,483	-
	22,688,483	**-**	**22,688,483**	**-**

(b) Assets of disposal group classified as held for sale

As at 31 December 2013, Access Bank Burundi was presented as disposal group held for sale following the commitment of the Group's management to a plan to sell the operations of the subsidiary. The sale was eventually concluded in February 2014.
The disposal groups comprised assets and liabilities as follows:

For the year ended 31 December 2013	**Access Bank Burundi**	**Total**
Cash and balances with banks	900,046	900,046
Loans and advances to customers	576,434	576,434
Investment securities	703,723	703,723
Property and equipment	266,853	266,853
Other assets	66,590	66,590
Intangible assets	334,095	334,095
Total assets	**2,847,741**	**2,847,741**
Deposits from banks	972,741	972,741
Deposits from customers	405,327	405,327
Other liabilities	121,427	121,427
Total liabilities	**1,499,495**	**1,499,495**
Net assets of disposal group	**1,348,246**	**1,348,246**

20 Cash and balances with banks

In thousands of Naira	**Group June 2014**	**Group December 2013**	**Bank June 2014**	**Bank December 2013**
Cash on hand and balances with banks (see note (i))	136,816,256	114,541,529	106,716,924	109,655,119
Restricted deposits with central banks (see note (ii))	236,982,834	172,406,297	235,414,223	171,944,537
Unrestricted balances with central banks	52,676,484	31,143,134	43,978,428	24,775,442
Money market placements	111,614,722	121,368,581	64,705,469	89,433,649
	538,090,296	**439,459,541**	**450,815,044**	**395,808,747**

(i) Included in cash in hand and balances with other banks is an amount of N10.681Bn (31 Dec 2013: N10.276Bn) 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 41).
This has been excluded for cash flow purposes.

(ii) Restricted deposits with central banks comprise the cash reserve requirements of the Central Bank of Nigeria and other central banks of jurisdictions that the group operates in. These balances are not available for day to day operations of the group.

21 Non pledged trading assets

In thousands of Naira	**Group June 2014**	**Group December 2013**	**Bank June 2014**	**Bank December 2013**
Government bonds	118,041	1,402,326	118,041	1,402,326
Treasury bills	14,730,332	2,370,725	14,730,332	2,370,725
Equity securities	85,153	104,918	85,153	104,918
	14,933,526	**3,877,969**	**14,933,526**	**3,877,969**

22 Pledged assets

In thousands of Naira	**Group June 2014**	**Group December 2013**	**Bank June 2014**	**Bank December 2013**
Treasury bills	11,041,888	4,774,503	9,459,813	4,712,475
Government bonds	72,466,401	58,635,348	72,466,401	58,635,348
	83,508,289	**63,409,851**	**81,926,214**	**63,347,823**
The related liability for assets pledged as collateral include:				
Bank of Industry (BOI)	26,794,610	28,122,636	26,794,610	28,122,636

(i) The assets pledged as collateral include assets pledged to third parties under secured borrowing with the related liability disclosed above. Also included in pledged assets are assets pledged as collateral or security deposits to clearing house and payment agencies of N31.7bn (December 2013: N26.7bn) for which there is no related liability.

As at 30 June 2014, the Bank held no collateral, which it was permitted to sell or repledge in the absence of default by the owner of the collateral (December 2013: nil).

23 Derivative financial instruments

In thousands of Naira	Notional amount	Fair Value Assets/ (Liabilities)	Notional amount	Fair Value Assets/ (Liabilities)
	June 2014		December 2013	
Group				
Foreign exchange derivatives				
Total derivative assets held for trading	118,672,989	2,239,495	11,471,603	102,123
Total derivative liabilities held for trading	19,058,964	(263,002)	2,000,495	(32,955)

	Notional amount	Fair Value Assets/ (Liabilities)	Notional amount	Fair Value Assets/ (Liabilities)
	June 2014		December 2013	
Bank				
Foreign exchange derivatives				
Total derivative assets held for trading	118,607,000	2,173,506	9,423,411	72,675
Total derivative liabilities held for trading	18,992,975	(253,266)	-	-

Derivative financial instruments consist of short term forward and swap 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 within twelve months. All derivative contracts are considered to be valued using level two i.e. are priced with reference to observable market data.

24 Loans and advances to banks

In thousands of Naira	Group June 2014	Group December 2013	Bank June 2014	Bank December 2013
Loans and advances to banks	22,296,275	24,589,212	49,657,374	13,057,988
Less collective allowances for impairment	(11,838)	(9,337)	(11,838)	(9,337)
	22,284,437	**24,579,875**	**49,645,536**	**13,048,651**

Specific allowances for impairment on loans and advances to banks

In thousands of Naira	Group June 2014	Group December 2013	Bank June 2014	Bank December 2013
Balance, beginning of year	-	96,755	-	96,755
Impairment loss for the year:				
- Net charge/allowance no longer required	-	(96,755)	-	(96,755)
Balance, end of year	-	-	-	-

Collective allowances for impairment on loans and advances to banks

In thousands of Naira	Group June 2014	Group December 2013	Bank June 2014	Bank December 2013
Balance beginning of year	9,337	12,599	9,337	12,599
Impairment loss for the year:				
- Net charge/allowance no longer required	2,501	(3,262)	2,501	(3,262)
Balance end of year	11,838	9,337	11,838	9,337

25 Loans and advances to customers
a Group

June 2014 *In thousands of Naira*	**Gross amount**	**Specific impairment allowance**	**Collective impairment allowance**	**Total impairment allowance**	**Carrying amount**
Loans to individuals	19,271,767	(82,070)	(621,388)	(703,458)	18,568,309
Loans to corporate entities and other organizations	924,612,258	(8,603,907)	(7,653,122)	(16,257,029)	908,355,229
	943,884,025	**(8,685,977)**	**(8,274,510)**	**(16,960,487)**	**926,923,538**

December 2013 *In thousands of Naira*	**Gross amount**	**Specific impairment allowance**	**Collective impairment allowance**	**Total impairment allowance**	**Carrying amount**
Loans to individuals	15,598,776	(1,139,512)	(483,798)	(1,623,310)	13,975,467
Loans to corporate entities and other organizations	785,065,647	(6,804,598)	(6,066,811)	(12,871,409)	772,194,237
	800,664,423	**(7,944,110)**	**(6,550,609)**	**(14,494,719)**	**786,169,704**

Impairment on loans and advances to customers

	Specific allowances		**Collective allowances**	
In thousands of Naira	**June 2014**	**December 2013**	**June 2014**	**December 2013**
Balance beginning of year	7,944,110	24,233,009	6,550,609	13,728,715
Impairment loss for the year:				
- Charge for the year/(allowance no longer required)	1,795,529	2,914,576	1,723,901	(7,670,933)
Effect of foreign currency movements		872,556		992,633
Write-offs	(1,053,662)	(20,076,031)	-	(499,807)
Balance end of year	**8,685,977**	**7,944,110**	**8,274,510**	**6,550,609**

25 Loans and advances to customers
b Bank

June 2014 *In thousands of Naira*	**Gross amount**	**Specific impairment allowance**	**Collective impairment allowance**	**Total impairment allowance**	**Carrying amount**
Loans to individuals	15,609,350	-	(603,723)	(603,723)	15,005,627
Loans to corporate entities and other organizations	865,470,166	(8,244,630)	(7,352,189)	(15,596,819)	849,873,347
	881,079,516	**(8,244,630)**	**(7,955,912)**	**(16,200,542)**	**864,878,974**

December 2013 *In thousands of Naira*	**Gross amount**	**Specific impairment allowance**	**Collective impairment allowance**	**Total impairment allowance**	**Carrying amount**
Loans to individuals	12,095,929	-	(483,733)	(483,733)	11,612,196
Loans to corporate entities and other organizations	736,444,903	(6,812,512)	(5,943,847)	(12,756,359)	723,688,545
	748,540,833	**(6,812,512)**	**(6,427,580)**	**(13,240,092)**	**735,300,741**

Impairment on loans and advances to customers

	Specific Impairment		**Collective Impairment**	
In thousands of Naira	**June 2014**	**December 2013**	**June 2014**	**December 2013**
Balance beginning of year	6,812,512	19,843,639	6,427,580	13,361,042
Impairment loss for the year:				
- Charge for the year/(allowances no longer required)	1,432,118	332,628	1,528,332	(6,433,655)
Write-offs	-	(13,363,755)	-	(499,807)
Balance end of year	**8,244,630**	**6,812,512**	**7,955,912**	**6,427,580**

Advances under Finance Leases
Loans and advances to customers at amortised cost include the following finance lease receivables for leases of certain property and equipment where the group is the lessor:

In thousands of Naira	Group June 2014	Group December 2013	Bank June 2014	Bank December 2013
Gross investment in finance lease, receivable	5,236,116	3,385,413	5,236,116	3,385,413
Unearned finance income on finance leases	(819,242)	(364,259)	(819,242)	(364,259)
Net investment in finance leases	4,416,874	3,021,154	4,416,874	3,021,154
Gross investment in finance leases, receivable:				
Less than one year	380,980	507,958	380,980	507,958
Between one and five years	4,855,136	2,877,455	4,855,136	2,877,455
Later than five years	-	-	-	-
	5,236,116	3,385,413	5,236,116	3,385,413
Unearned finance income on finance leases	(819,242)	(819,242)	(819,242)	(364,259)
Present value of minimum lease payments	4,416,874	2,566,171	4,416,874	3,021,154
The present value of minimum lease payments may be				
Less than one year	351,957	309,776	351,957	309,777
Between one and five years	4,064,917	2,256,395	4,064,917	2,711,377
Later than five years	-	-	-	-

26 Investment securities

Available for sale investment securities *In thousands of Naira*	Group June 2014	Group December 2013	Bank June 2014	Bank December 2013
Debt securities				
Government bonds	1,899,475	2,818,336	1,899,475	2,818,336
Treasury bills	73,322,423	140,780,793	53,941,869	119,864,079
Eurobonds	6,621,701	6,690,780	5,203,044	6,690,780
Equity securities				
Equity securities with readily determinable fair values	39,431,797	39,231,798	39,431,797	39,231,798
Unquoted equity securities at cost	3,145,697	3,484,137	3,145,697	3,145,697
	124,421,093	193,005,844	103,621,882	171,750,690
Specific allowance for impairment on equity securities	(3,145,697)	(3,145,698)	(3,145,697)	(3,145,698)
	121,275,396	**189,860,146**	**100,476,185**	**168,604,992**

Held to maturity investment securities *In thousands of Naira*	Group June 2014	Group December 2013	Bank June 2014	Bank December 2013
Debt securities				
Treasury bills	24,651,541	17,503,150	9,954,320	-
Federal government bonds	42,017,625	62,199,278	39,841,143	59,140,483
State government bonds	7,528,342	9,922,603	7,528,342	9,922,603
AMCON bonds (see note below)	62,593,310	59,123,792	62,593,310	59,123,792
Corporate bonds	5,717,133	7,386,140	4,151,702	4,463,693
Eurobonds	1,381,477	821,441	833,398	821,441
Local contractors bonds	7,563,280	6,994,798	7,563,280	6,994,798
	151,452,708	**163,951,202**	**132,465,495**	**140,466,810**
Investment securities	**272,728,104**	**353,811,348**	**232,941,680**	**309,071,802**

Specific allowance for impairment on available for sale investment securities at cost

In thousands of Naira	Group June 2014	Group December 2013	Bank June 2014	Bank December 2013
Balance, beginning of year	3,145,698	3,388,177	3,145,698	3,371,604
Allowance no longer required	-	(155,906)	-	(155,906)
Amount written off	-	(70,000)	-	(70,000)
Exchange difference	-	(16,573)	-	-
Balance, end of year	3,145,698	3,145,698	3,145,698	3,145,698

AMCON consideration bonds represent consideration bonds issued by the Asset Management Corporation of Nigeria (AMCON) and fully guaranteed by the Federal Government of Nigeria. The consideration bonds were issued in exchange for non-performing loans and the issued shares in Intercontinental Bank, as part of the acquisition by Access Bank. Based on the terms of the transactions, AMCON reserves the right to re-evaluate the valuation of the sale. Any changes to the transaction consideration is prospectively adjusted through income.

27 Other assets

In thousands of Naira	Group June 2014	Group December 2013	Bank June 2014	Bank December 2013
Accounts receivable	62,705,742	43,158,075	58,538,384	37,235,693
Cash collateral receivable on letters of credit transactions	1,013,367	16,330,069	847,276	15,976,057
Receivable from AMCON	5,498,909	5,780,565	5,498,909	5,780,566
Prepayments	25,994,277	8,381,805	23,931,504	6,232,228
Subscription for investment	25,000	925,030	765,449	1,657,636
	95,237,295	74,575,544	89,581,522	66,882,180
Allowance for impairment on other assets				
Accounts receivable	(21,567,507)	(21,630,790)	(21,567,507)	(21,630,790)
Subscription for investment	(25,000)	(925,030)	(25,000)	(925,030)
	(21,592,507)	(22,555,820)	(21,592,507)	(22,555,820)
Total	73,644,788	52,019,724	67,989,015	44,326,360

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 at 1 January 2013	24,746,230	940,030	24,211,826	940,030
Impairment loss for the year:				
- Allowance during the year	509,012	-	509,012	-
- Allowance no longer required	(1,645,277)	(15,000)	(1,645,277)	(15,000)
Net impairment for the year	(1,136,265)	(15,000)	(1,136,265)	(15,000)
Allowance written off	(1,979,175)	-	(1,444,772)	-
Translation difference	-	-	-	-
Balance as at 31 December 2013/1 January 2014	21,630,790	925,030	21,630,789	925,030
Impairment loss for the period:				
- Allowance during the year	153,913	-	153,913	-
- Allowance no longer required	(169,348)	-	(169,348)	-
Net impairment for the year	(15,435)	-	(15,435)	-
Allowance written off	(47,848)	(900,030)	(47,848)	(900,030)
Balance as at period end 30 June 2014	21,567,507	25,000	21,567,507	25,000

28 Investment properties

In thousands of Naira	Group June 2014	Group December 2013	Bank June 2014	Bank December 2013
Balance, beginning of the period/year	23,974,789	14,360,567	23,974,789	14,072,673
Additions during the period/year	-	5,159,830	-	5,159,830
Asset classified as held for sales	(22,688,483)	-	(22,688,483)	-
Fair value gain	-	4,850,286	-	4,850,286
On disposal of subsidiary	-	(287,894)	-	-
Disposals during the period/year	(1,286,306)	(108,000)	(1,286,306)	(108,000)
Balance, end of the period/year	-	23,974,789	-	23,974,789

29 Investments in equity accounted investee

In thousands of Naira	Group June 2014	Group December 2013	Bank June 2014	Bank December 2013
Balance, beginning of period/year	3,623,326	2,774,647	1,521,812	1,980,808
Share of profit for the period/year	301,110	1,465,814	-	-
Share of OCI for the period/ar	337	(17,215)	-	-
Dividends paid	-	(96,041)	-	-
Disposal during the period/year	-	(503,879)	-	(458,996)
Balance, end of period/year	3,924,773	3,623,326	1,521,812	1,521,812

Set out below are the summarised financial information for associates which are accounted for using the equity method.

	Associated Discount House Limited		Magnate Technologies	
	June 2014	December 2013	June 2014	December 2013
Assets				
Cash and balances with banks	7,432,471	11,117,515	3,258	15,064
Non pledged trading assets	5,382,913	9,622,924	-	-
Loans and advances to customers	11,210,994	1,736,058	-	-
Investment Securities:				
Held to maturity	14,883,527	8,728,382	-	-
Available for sale securities	18,403,796	13,374,599	-	-
Assets pledged as collateral	34,750,000	21,366,884	-	-
Other assets	1,089,969	459,840	11,809	23,454
Intangible assets	57,115	65,174	-	-
Property, plant and equipment	102,053	124,911	226,108	367,139
Deferred tax	4,098,254	4,098,254	-	-
Assets held for sale	48,756	48,756	-	-
Total Assets	97,459,848	70,743,297	241,175	405,657
Financed by:				
Deposits from banks	49,234,570	39,331,966	-	95,237
Deposits from customers	31,638,345	21,528,055	208,368	333,677
Other liabilities	23,697	68,812	59,644	-
Total Liabilities	290,496	279,402	-	-
	81,187,108	61,208,235	268,012	428,914
Net Assets	16,272,741	9,535,062	(26,837)	(23,257)
Profit before tax	818,516	1,802,723	(9,009)	(27,077)
Income tax	(32,741)	1,319,512	-	-
Profit for the period	785,775	3,122,235	(9,009)	(27,077)
Other comprehensive income	880	(44,922)	-	-
Group's share of profit (adjusted)	301,110	1,465,814	(3,604)	(10,831)
Group's share of OCI	337	(17,215)	-	-

Associated Discount House was incorporated in Nigeria while Magnate Technology and Services Limited, is incorporated in Ghana.

The Group holds an equity interest of 1,067,117,591 ordinary shares of N 1.00 each in Associated Discount House (ADH) Limited as at 30 June 2014, representing 38% equity participation in the company (31 December 2013: 1,067,117,591 ordinary shares, 38%). No Dividend income was received from ADH during the period.

The company was incorporated in October 1992 with the principal activities being the trading in treasury bills, Federal Government of Nigeria bonds, Bankers Acceptance and Commercial papers and the provision of funds/portfolio management and financial advisory services to its various financial and non-financial clients.

The Group holds an equity interest of 40% in Magnate Technology and Services Limited (MTSL) as at 30 June 2014 (31 December 2013 - 40%).
The company was incorporated in February, 2003 with the principal activity of providing security and communication services to its numerous clients via the use of its ICT platform.

There were no published price quotations for any associate. There are no significant restrictions on the ability of the associates to transfer funds to the group in the form of cash dividends, or repayments of loans or advances. Both associates were accounted for using the equity method.

The Group exercises significant influence in Associated Discount House and Magnate Technologies Limited respectively by virtue of its more than 20% shareholding in each of the entities and the representation of at least one director on the board of the companies and significant participation in the companies' operating and financial policies.

There are SME investments of N3.1 bn (December 2013: N3.1 bn) of which the Bank has shareholdings of more than 20% but less than 50%. These investments were classified as available for sale rather than as investment in associates or subsidiaries because the company does not have the power to excercise any influence or control over the entity. The Company's determination that it does not have any influence over these entities through it's shareholding has been based on the following factors in particular:

i. Access Bank Plc does not have any representation on the Board of these companies, nor does it have a right to appoint a director;

ii Access Bank Plc does not participate in the policy-making decisions, nor does it have a right to participate in such policy-making decisions of these companies;

iii There are no material transactions between Access Bank Plc and these companies, there is no interchange of personnel between the two companies and there is no sharing of technical information between the companies.

iv These investments are carried at cost as their fair value cannot be measured reliably. They are investments in small and medium scale enterprises with no available financial information. These amounts have been fully impaired as at 30 June 2014.

30 Subsidiaries (with continuing operations)
(i) Group entities

All holding in investment in subsidiary is direct. There are no indirect holding.

Set out below are the group's subsidiaries as at 30 June 2014. 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 .

	Nature of business	Country of incorporation	Ownership interest June 2014	December 2013
Access Bank Gambia Limited	Banking	Gambia	70%	88%
Access Bank Sierra Leone Limited	Banking	Sierra Leone	97%	97%
Access Bank Rwanda Limited	Banking	Rwanda	75%	75%
Access Bank Zambia	Banking	Zambia	92%	87%
The Access Bank UK	Banking	United Kingdom	100%	100%
Access Bank R.D. Congo	Banking	Congo	74%	100%
Access Bank Ghana	Banking	Ghana	92%	92%
Access Finance B.V. (see note (a) below)	Banking	Netherlands	100%	100%

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

(ii) Subsidiaries undergoing liquidation

	Nature of business	Country of incorporation	Ownership interest June 2014	December 2013
Flexmore Technologies Limited	IT Services	Nigeria	0%	100%

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

(iii) Structured entities:

	Nature of business	Country of incorporation	Ownership interest June 2014	December 2013
Restricted Share Performance Plan (RSPP)	Financial services	Nigeria	100%	100%
(iv) Associates				
Associated Discount House Limited	Financial services	Nigeria	38%	38%
Magnate Technology and Services Limited	IT Services	Ghana	40%	40%

30 Investment in subsidiary

In thousands of Naira	Bank June 2014	Bank December 2013
Subsidiaries with continuing operations		
Access Bank, UK	13,928,819	13,928,819
Access Bank, Ghana	13,704,428	13,704,428
Access Bank Rwanda	1,578,825	1,578,825
Access Bank, Congo	2,779,650	2,779,650
Access Bank, Zambia	4,274,925	1,819,425
Access Bank, Gambia	1,853,756	1,853,756
Access Bank, Sierra Leone	1,019,952	1,019,952
Investment in RSPP scheme	976,126	460,580
Access Bank Finance B.V.	4,092	4,092
Subsidiaries held for sale		
FinBank, Burundi	-	1,141,874
Subsidiaries undergoing liquidation		
Intercontinental Capital Markets Limited	-	672,500
Intercontinental Finance and Investment Limited	-	100,000
Intercontinental Registrars Limited	-	200,000
Intercontinental Trustees Limited	-	100,000
Intercontinental Securities Limited	-	391,598
Flexmore Technologies Limited	100,000	100,000
	40,220,573	39,855,499
Specific allowances for impairment on investment in subsidiaries	(100,000)	(1,825,507)
Balance, end of year	**40,120,573**	**38,029,992**

Specific allowances for impairment on investment in subsidiaries

In thousands of Naira	Bank June 2014	Bank December 2013
Balance, beginning of year	1,825,507	11,210,490
Amount reclassified	-	(120,908)
Charge for the year	-	1,505,591
Allowance no longer required		(682,409)
Allowance written off	(1,725,507)	(10,087,257)
Balance, end of year	100,000	1,825,507

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 and each of the entities were consolidated in these group financial statements.

30 (b) Condensed results of consolidated entities

(i) The condensed financial data of the consolidated entities as at 30 June 2014, 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	1,835,097	6,403,790	716,735	729,773	471,583	237,102	232,973	-	14,131
Operating expenses	(663,375)	(1,988,015)	(545,347)	(561,093)	(506,925)	(316,259)	(231,968)	-	(3,883)
Net impairment on financial assets	(623,978)	(623,978)	(11,472)	-	(2,687)	79,157	-	-	-
Profit before tax	547,744	3,791,797	159,916	168,680	(38,029)	-	1,005	-	10,248
Taxation	(117,765)	(1,393,818)	(54,576)	-	-	(5,674)	-	-	(9,948)
Profit for the year	429,979	2,397,979	105,340	168,680	(38,029)	(5,674)	1,005	-	300
Assets									
Cash and balances with banks	81,320,280	25,832,733	4,763,896	3,690,223	3,890,282	-	1,831,944	-	1,918,208
Derivative financial instruments	65,989	-	-	-	-	-	-	-	-
Loans and advances to banks	35,567,242	-		-	-	-	-	-	56,623,179
Loans and advances to customers	17,007,748	31,626,416	1,928,146	4,965,415	2,860,338	-	468,204	-	-
Investment securities	24,738,948	6,709,979	3,282,993	-	2,419,136	-	2,635,368	-	-
Other assets	828,644	2,745,252	253,000	243,902	2,584,411	-	287,236	-	-
Investment in subsidiaires	-	-	-	-	-	-	-	976,126	-
Property and equipment	90,758	1,940,425	94,045	691,039	473,379	-	213,059	-	-
Intangible assets	42,250	161,587	42,171	12,085	27,024	-	28,393	-	-
Deferred tax assets	187,220	128,920	-	-	389,396	-	92,965	-	-
Assets classified as held for sale	-	-	-	-	-	-	-	-	-
	159,849,079	69,145,312	10,364,251	9,602,664	12,643,966	-	5,557,169	976,126	58,541,387
Financed by:									
Deposits from banks	114,838,638	918,478	2,867	-	462,373	-	6,859	-	-
Deposits from customers	29,412,224	53,283,564	7,711,829	6,537,406	8,452,110	-	4,216,530	-	-
Derivative Liability	9,736	-	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-	58,001,181
Retirement benefit obligations	-	-	-	-	-	-	3,601	-	-
Current income tax liability	-	808,466	17,759	15,552	-	-	-	-	16,183
Other Liabilities	418,338	1,681,612	551,561	639,985	424,962	-	287,982	-	23,336
Contingent Settlement Provisions	-	151,655	-	-	-	-	-	-	-
Equity	15,170,143	12,301,537	2,080,235	2,409,721	3,304,521	-	1,042,197	976,126	500,687
	159,849,079	69,145,312	10,364,251	9,602,664	12,643,966	-	5,557,169	976,126	58,541,387
Net cashflow from investing activities	(1,379,451)	(10,558)	(368,332)	(648,384)	(706,255)	(3,907,125)	294,421	-	-
Net cashflow from financing activities	-	(1,847,623)	(1,735,625)	-	(1,717,782)	-	-	-	(2,101,104)
Increase in cash and cash equivalents	(25,026,068)	(2,861,814)	(2,589,998)	52,738	(1,507,617)	(9,061,862)	298,859	-	14,781
Cash and cash equivalent, beginning of year	101,556,215	812,994	2,469,592	1,750,275	14,232,061	11,066,360	5,813,223	-	73,058
Cash and cash equivalent, end of year	75,150,696	(3,907,001)	(2,224,363)	1,154,629	10,300,407	(1,902,629)	6,406,503	-	(2,013,265)

30 (c) Condensed results of consolidated entities

(i) The condensed financial data of the consolidated entities as at 31 December 2013, 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.**	**Finbank Burundi**
Operating income	2,720,093	11,417,150	1,025,704	1,086,486	420,068	758,862	584,969	-	76,584	-
Operating expenses	(2,197,059)	(5,028,351)	(560,134)	(1,459,070)	(530,277)	(544,781)	(482,177)	-	(18,210)	-
Net impairment on financial assets	-	(1,577,530)	(42,276)	(371,673)	(8,107)	(42,355)	-	-	-	-
Profit before tax	523,034	4,811,269	423,294	(744,257)	(118,316)	171,726	102,792	-	58,374	-
Taxation	56,038	(1,839,187)	-	-	-	-	(30,008)		-	
Profit for the year	579,072	2,972,082	423,294	(744,257)	(118,316)	171,726	72,784	-	58,374	-
Assets										
Cash and balances with banks	101,614,630	18,656,703	4,072,329	1,511,868	1,836,151	840,753	1,752,203	-	73,210	-
Non pledged trading assets	-	10,119,159	-	-	2,114,404	-	1,992,773	-	-	-
Derivative financial instruments	29,447	-	-	-	-	-	-	-	-	-
Loans and advances to banks	22,463,310	-	-	-	-	-	-	-	56,500,033	-
Loans and advances to customers	6,777,681	28,467,321	3,632,070	4,242,434	3,426,494	2,753,387	937,248	-	-	-
Investment securities	22,356,206	2,395,464	2,927,472	2,834,070	-	62,028	-	-	-	-
Other assets	826,124	4,009,346	547,309	203,652	1,470,875	228,902	270,628	-	1,900,027	-
Investment in associates	-	19,059	-	-	-	-	-	-	-	-
Investment in subsidiaires	-	-	-	-	-	-	-	460,579	-	-
Property and equipment	62,265	1,948,035	13,441	709,362	504,177	535,876	205,564	-	-	-
Intangible assets	40,223	149,349	74,781	52,031	19,864	25,590	16,012	-	-	-
Deferred tax assets	293,032	-	-	-	427,287	-	91,554	-	-	-
Assets classified as held for sale	-	-	-	-	-	-	-	-	-	2,847,741
	154,462,918	65,764,436	11,267,402	9,553,417	9,799,252	4,446,536	5,265,982	460,579	58,473,270	2,847,741
Financed by:										
Deposits from banks	106,834,234	1,000,781	5,607	-	231,929	510,618	-	-	-	-
Deposits from customers	33,210,249	47,872,002	8,823,609	8,278,860	8,556,023	2,964,587	3,950,819	-	-	-
Derivative Liability	32,955	-	-	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-	55,828,249	-
Retirement benefit obligations	-	-	-	-	-	-	3,326	-	-	-
Current income tax liability	-	606,473	-	(2,322)	-	-	-	-	8,545	-
Other Liabilities	311,316	1,135,156	485,560	484,433	830,526	189,111	286,432	-	2,170,273	-
Borrowings	-	1,017,544	-	-	-	-	-	-	-	-
Deferred tax liability	-	166,643	-	-	-	-	-	-	-	-
Liabilities classified as held for sale	-	-	-	-	-	-	-	-	-	(1,499,495)
Equity	14,074,164	13,965,837	1,952,626	792,446	180,774	782,220	1,025,405	460,579	466,203	(1,348,246)
	-	-	-	-	-	-	-		-	-
	154,462,918	65,764,436	11,267,402	9,553,417	9,799,252	4,446,536	5,265,982	460,579	58,473,270	(2,847,741)
Net cashflow from investing activities	(14,432,257)	7,468,969	(1,045,459)	(1,462,237)	10,957	(71,651)	(122,952)	-	-	-
Net cashflow from financing activities	4,161,776	(266,456)	-		-	(22,466)	-	-	(2,236,147)	-
Increase in cash and cash equivalents	8,066,801	6,882,971	444,043	(1,860,153)	249,758	202,664	592,076	-	72,913	-
Cash and cash equivalent, beginning of year	93,547,615	11,690,372	3,759,203	3,445,126	1,416,211	637,505	846,418	-	220	-
Cash and cash equivalent, end of year	91,343,935	25,775,856	3,157,787	122,736	1,676,926	746,052	1,315,542	-	(2,163,014)	-

31 Property and equipment

Group

In thousands of Naira

	Leasehold improvement and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Cost						
Balance at 1 January 2014	53,782,026	12,708,148	24,439,933	7,745,878	6,108,452	104,784,437
Acquisitions	1,309,272	1,787,103	1,502,413	951,314	217,237	5,767,339
Disposals	(146,125)	(110,954)	(507,235)	(598,861)	(113,005)	(1,476,180)
Transfers	613,848	12,065	23,228	4,848	(653,989)	-
Translation difference	(575,959)	(149,242)	(263,917)	(84,002)	(57,622)	(1,130,742)
Balance at 30 June 2014	**54,983,062**	**14,247,120**	**25,194,422**	**8,019,177**	**5,501,073**	**107,944,854**
Balance at 1 January 2013	50,399,801	25,517,339	29,770,062	12,964,846	10,758,289	129,410,336
Acquisitions	6,931,558	1,402,808	4,299,440	1,603,968	531,082	14,768,856
Disposals	(786,222)	(18,995)	(729,628)	(842,795)	(1,309,945)	(3,687,585)
Transfers	1,886,263	9,827	1,920,451	63,321	(3,879,862)	-
Write offs	(1,498,501)	(5,066,959)	(3,594,610)	(2,123,712)	-	(12,283,782)
On disposal of subsidiary	(2,782,931)	(9,007,928)	(6,977,773)	(3,775,488)	-	(22,544,120)
Translation difference	(367,942)	(127,944)	(248,009)	(144,262)	8,888	(879,269)
Balance at 31 December 2013	53,782,026	12,708,148	24,439,933	7,745,878	6,108,452	104,784,437

Depreciation and impairment losses	Leasehold improvement and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Balance at 1 January 2014	6,241,450	9,603,718	16,617,943	5,078,023	-	37,541,134
Charge for the year	798,962	807,986	1,491,940	584,881	-	3,683,769
Disposal	(2,562)	(57,489)	(249,400)	(431,595)	-	(741,046)
Translation difference	(87,708)	(129,038)	(222,583)	(65,194)	-	(504,523)
Balance at 30 June 2014	**6,950,142**	**10,225,177**	**17,637,900**	**5,166,115**	**-**	**39,979,334**
Balance at 1 January 2013	9,176,583	20,884,685	23,764,029	10,950,602	-	64,775,899
Charge for the year	1,213,580	1,633,226	3,064,388	1,575,406	-	7,486,600
Disposal	(132,953)	(108,179)	(110,558)	(724,212)	-	(1,075,902)
Transfers to assets held for sale	(1,258,663)	(4,200,550)	(3,228,455)	(3,135,238)	-	(11,822,906)
Reversal	(2,674,660)	(8,528,388)	(6,719,305)	(3,523,260)	-	(21,445,613)
Translation difference	(82,437)	(77,076)	(152,156)	(65,275)	-	(376,944)
Balance at 31 December 2013	6,241,450	9,603,718	16,617,943	5,078,023	-	37,541,134
Carrying amounts:						
Balance at 30 June 2014	**48,032,921**	**4,021,942**	**7,556,521**	**2,853,061**	**5,501,073**	**67,965,521**
Balance at 31 December 2013	47,540,576	3,104,430	7,821,990	2,667,854	6,108,452	67,243,303

31 Property and equipment

Bank

In thousands of Naira	Leasehold improvement and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Cost						
Balance at 1 January 2014	50,375,733	11,531,838	22,442,381	6,708,380	6,013,544	97,071,876
Acquisitions	1,011,506	1,662,856	1,260,649	748,500	133,956	4,817,467
Disposals	(146,126)	(110,954)	(507,235)	(551,465)	(118,952)	(1,434,734)
Transfers	607,901	12,066	23,228	4,847	(648,042)	-
Balance at 30 June 2014	**51,849,015**	**13,095,807**	**23,219,023**	**6,910,262**	**5,380,506**	**100,454,611**
Balance at 1 January 2013	42,626,272	10,263,732	19,290,330	6,058,836	8,653,438	86,892,608
Acquisitions	6,649,453	1,274,589	3,846,279	1,370,738	455,647	13,596,706
Disposals	(785,249)	(10,492)	(729,628)	(734,004)	(1,158,065)	(3,417,438)
Transfers	1,885,257	4,009	35,400	12,810	(1,937,476)	-
Balance at 31 December 2013	50,375,733	11,531,838	22,442,381	6,708,380	6,013,544	97,071,876

Depreciation and impairment losses	Leasehold improvement and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Balance at 1 January 2014	5,477,163	8,716,667	15,330,242	4,344,559	-	33,868,631
Charge for the year	736,342	707,980	1,360,601	511,144	-	3,316,067
Disposal	(2,562)	(57,489)	(249,400)	(385,370)	-	(694,821)
Balance at 30 June 2014	**6,210,943**	**9,367,158**	**16,441,443**	**4,470,333**	**-**	**36,489,877**
Balance at 1 January 2013	4,577,906	7,284,568	12,463,095	3,628,589	-	27,954,158
Charge for the year	1,020,880	1,441,493	2,946,042	1,294,068	-	6,702,483
Disposal	(121,623)	(9,394)	(78,895)	(578,098)	-	(788,010)
Balance at 31 December 2013	5,477,163	8,716,667	15,330,242	4,344,559	-	33,868,631
Carrying amounts:						
Balance at 30 June 2014	**45,638,071**	**3,728,649**	**6,777,581**	**2,439,929**	**5,380,506**	**63,964,734**
Balance at 31 December 2013	44,898,568	2,815,170	7,112,139	2,363,821	6,013,544	63,203,245

(a) Included in property and equipment is land under Nigerian law, all land vests with government and subject to a 99year lease. As such land has been accounted for as a finance lease in line with the amendment to IAS 17 *Leases* which deletes previous guidance stating that "a lease of land with an indefinite economic life is classified as an operating lease".

(b) The amount of contractual commitments for the acquisition of property and equipment as at 30 June 2014 is N388,518,648 (31 December 2013: N1,541,766,732)

(c) Estimates of useful life and residual value, and the method of depreciation, are reviewed at a minimum at each reporting period. Any changes are accounted for prospectively as a change in estimate.

32 Intangible assets
(a) Group

In thousands of Naira	Goodwill	WIP	Purchased Software	Total
Cost				
June 2014				
Balance at 1 January 2014	681,007	-	7,297,795	7,978,802
Acquisitions	-	248,500	570,055	818,555
Translation difference	-	-	(58,070)	(58,070)
Balance at 30 June 2014	681,007	248,500	7,809,780	8,739,287
December 2013				
Balance at 1 January 2013	681,007	-	9,682,951	10,363,958
Acquisitions	-	-	1,555,181	1,555,181
Transfer (to) other assets	-	-	8,614	8,614
Disposals	-	-	(105,613)	(105,613)
Transfers to assets held for sale	-	-	231,943	231,943
Translation difference	-	-	(4,075,281)	(4,075,281)
Balance at 31 December 2013	681,007	-	7,297,795	7,978,802
Amortization and impairment losses				
Balance at 1 January 2014	-	-	4,319,731	4,319,731
Amortization for the period	-	-	577,281	577,281
Translation difference	-	-	473	473
Balance at 30 June 2014	-	-	4,897,485	4,897,485
Balance at 1 January 2013	-	-	6,959,014	6,959,014
Amortization for the period	-	-	1,227,944	1,227,944
Amount written off	-	-	(105,613)	(105,613)
Reclassification	-	-	(6,405)	(6,405)
Translation difference	-	-	254,461	254,461
On disposal of subsidiary	-	-	(4,009,670)	(4,009,670)
Balance at 31 December 2013	-	-	4,319,731	4,319,731
Net Book Value				
Balance at 30 June 2014	**681,007**	**248,500**	**2,912,295**	**3,841,802**
Balance at 31 December 2013	681,007	-	2,978,064	3,659,071

There were no capitalised borrowing costs related to the internal development of software during the period under review 30 June 2014 (2013: nil). Computer software has a definite useful life of five years in line with the Bank's accounting policy, while Goodwill has an indefinite useful life and is annually assessed for impairment.

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

In thousands of Naira	June 2014	December 2013
Access Bank Rwanda	681,007	681,007
	681,007	681,007

There were no capitalised borrowing costs related to the internal development of software during the period ended 30 June 2014 (31 December 2012: nil)

The recoverable amount of Goodwill as at 30 June 2014 is greater than its carrying amount and is thus not impaired.

(ii) Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. No impairment losses on goodwill were recognized during the period under review 30 June 2014 (2013: Nil)

The recoverable amount of Goodwill as at 30 June 2014 is greater than its carrying amount and is thus not impaired.

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

	Access Bank Rwanda
Compound annual volume growth (i)	7.22%
Long term growth rate (ii)	7.22%
Discount rate (ii)	14.51%

(i) Compound annual volume growth rate in the initial five-year period.
(ii) Weighted average growth rate used to extrapolate cash flows beyond the budget period.
(ii) Pre-tax discount rate applied to the cash flow projections.
There are no changes to Goodwill in 2014

June 2014	Access Bank Rwanda
Opening balance	681,007
Transfer to held for sale	-
Closing balance	681,007

Cash Flow Forecast
Cash flows were projected based on past experience, actual operating results and the 5-year business plan.

Growth Rates
Pre-tax discount rate of 12.16% was applied in determining the recoverable amounts for the only entity with goodwil (Access Bank Rwanda). This discount rate was estimated based on past experience, inflation rate, risk-free rate and the weighted average cost of capital allocated by the Group to these units.

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

32 Intangible assets
(b) Bank

In thousands of Naira	WIP	Purchased Software	Total
Cost			
June 2014			
Balance at 1 January 2014	-	6,002,340	6,002,340
Acquisitions	248,500	437,131	685,631
Balance at 30 June 2014	248,500	6,439,471	6,687,971
December 2013			
Balance at 1 January 2013	-	4,708,185	4,708,185
Acquired through business combination	-	1,399,768	1,399,768
Acquisitions	-	(105,613)	(105,613)
Balance at 31 December 2013	-	6,002,340	6,002,340
Amortization and impairment losses			
Balance at 1 January 2014	-	3,340,787	3,340,787
Amortization for the period	-	524,243	524,243
Balance at 30 June 2014	-	3,865,030	3,865,030
Balance at 1 January 2013	-	2,368,675	2,368,675
Amortization for the period	-	1,077,725	1,077,725
Amount written off	-	(105,613)	(105,613)
Balance at 31 December 2013	-	3,340,787	3,340,787
Carrying amounts			
Balance at 30 June 2014	**248,500**	**2,574,441**	**2,822,941**
Balance at 31 December 2013	-	2,661,553	2,661,553

33 Deferred tax assets and liabilities

a Group

Deferred tax assets and liabilities are attributable to the following:

In thousands of Naira	June 2014			December 2013		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property and equipment, and software	6,291,024	-	6,291,024	2,462,099	-	2,462,099
Allowances/(Reversal) for loan losses	177,601	-	177,601	1,951,192	-	1,951,192
Tax loss carry forward	4,680,782	-	4,680,782	5,937,642	-	5,937,642
Exchange gain/(loss) unrealised	-	(135,732)	(135,732)	-	(180,476)	(180,476)
Fair value gain on investment property	-	(151,655)	(151,655)	-	(485,029)	(485,029)
Others	-	-	-	-	(49,938)	(49,938)
	-	-	-	-	-	-
Actuarial gain/(loss) on retirement benefit obligation	-	-	-	1,014,284	-	1,014,284
Net defered tax assets/(liabilities)	11,149,407	(287,387)	10,862,021	11,365,217	(715,441)	10,649,774

b Bank

Deferred tax assets and liabilities are attributable to the following:

In thousands of Naira	June 2014			December 2013		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property and equipment, and software	6,033,165	-	6,033,165	2,384,904	-	2,384,904
Allowances/(Reversal) for loan losses	160,370	-	160,370	1,928,274	-	1,928,274
Tax loss carry forward	4,157,371	-	4,157,371	5,159,612	-	5,159,612
Exchange gain/(loss) unrealised	-	(135,732)	(135,732)	-	(154,192)	(154,192)
Fair value gain on investment property	-	-	-	-	(485,029)	(485,029)
Actuarial gain/(loss) on retirement benefit obligation	-	-	-	1,014,284	-	1,014,284
Net defered tax assets/(liabilities)	10,350,906	(135,732)	10,215,174	10,487,073	(639,221)	9,847,853

There were no unrecognized deferred tax assets or liabilities as at 30 June 2014 (31 December 2013: nil)

	Group June 2014	Group December 2013	Bank June 2014	Bank December 2013
Deferred income tax assets				
– Deferred income tax asset to be recovered after more than 12 months	8,918,395	7,888,834	4,317,741	7,087,886
– Deferred income tax asset to be recovered within 12 months	2,231,012	3,476,383	6,033,165	3,399,187
	11,149,407	11,365,217	10,350,906	10,487,073
Deferred income tax liabilities				
– Deferred income tax liability to be recovered after more than 12 months	(151,655)	(534,968)	-	(485,029)
– Deferred income tax liability to be recovered within 12 months	(135,732)	(180,476)	(135,732)	(154,193)
	(287,386)	(715,443)	(135,732)	(639,222)

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

In thousands of Naira	Group June 2014	Group December 2013	Bank June 2014	Bank December 2013
Balance, beginning of year	10,649,773	8,113,973	9,847,852	7,007,387
Tax Credit/(charge)	367,321	1,867,135	367,321	2,171,800
Translation adjustments	(155,073)	-	-	-
Items included in OCI	-	668,665	-	668,665
Net deferred tax assets/(liabilities)	10,862,021	10,649,773	10,215,173	9,847,852
Out of which				
Deferred tax assets	11,149,407	11,365,217	10,350,906	10,487,074
Deferred tax liabilities	(287,386)	(715,443)	(135,732)	(639,222)

Temporary difference relating to the Group's Investment in subsidiaries as at June 2014 is N2.9 billion (Dec 2013: N3.4 billion). As the Group exercises control over the subsidiaries, it has the power to control the timing of the reversals of the temporary difference arising from its investments in them. The group has determined that the subsidiaries' profits and reserves will not be distributed in the foreseeable future and that the subsidiaries will not be disposed of. Hence, the deferred tax arising from the temporary differences above will not be recognised.

Items included in Other Comprehensive Income

In thousands of Naira	Group June 2014	Group December 2013	Bank June 2014	Bank December 2013
Actuarial gain/loss on retirement benefit obligation				
Gross loss on retirement benefit obligation	-	2,228,883	-	2,228,883
Deferred tax @ 30%	-	(668,665)	-	(668,665)
Net balance loss after tax	-	1,560,218	-	1,560,218

34 Deposits from financial institutions

In thousands of Naira	Group June 2014	Group December 2013	Bank June 2014	Bank December 2013
Money market deposits	18,622,850	17,953,459	-	8,191,490
Other deposits from banks	73,924,652	54,194,496	74,137,745	53,103,862
	92,547,502	**72,147,955**	**74,137,745**	**61,295,352**

35 Deposits from customers

In thousands of Naira	Group June 2014	Group December 2013	Bank June 2014	Bank December 2013
Term deposits	617,579,199	501,645,662	578,137,206	455,231,840
Demand deposits	722,207,054	711,561,291	654,919,953	655,747,608
Saving deposits	111,199,687	118,211,706	105,227,810	106,197,345
	1,450,985,940	**1,331,418,659**	**1,338,284,969**	**1,217,176,793**

36 Other liabilities

In thousands of Naira	Group June 2014	Group December 2013	Bank June 2014	Bank December 2013
Creditors and accruals	15,935,091	3,857,265	15,086,220	786,401
Certified cheques	2,221,179	3,250,467	2,164,172	3,180,643
Deferred income	-	-	-	-
Customers' deposit for foreign trade	13,026,212	20,968,920	13,039,733	20,705,859
Collection account balances	4,721,884	17,698,448	4,432,269	17,635,882
Litigation claims provision (i)	-	477,087	-	477,087
Other current liabilities	15,008,563	10,595,029	12,884,349	9,306,687
	50,912,929	**56,847,216**	**47,606,743**	**52,092,559**

(i) Movement in Litigation claims provision	Group June 2014	Group December 2013	Bank June 2014	Bank December 2013
Opening balance	477,087	-	477,087	-
Additions	-	477,087	-	477,087
Provision no longer required	(200,000)	-	(200,000)	-
Closing balance	277,087	477,087	277,087	477,087

37 Debt securities issued

In thousands of Naira	Group June 2014	Group December 2013	Bank June 2014	Bank December 2013
Debt securities at amortized cost:				
Eurobond debt security (see Note (a) below)	122,092,276	55,828,248	64,091,095	-
	122,092,276	**55,828,248**	**64,091,095**	-

The amount of N122,092,276,000 comprises of US$350,000,000 guaranteed notes with amortized cost equivalent to N58,001,181,000 issued on 25 July 2012 by Access Finance B.V., Netherlands with a maturity date of 25 July 2017; and US$400,000,000 subordinate notes with amortized cost of N64,091,095,000 of 9.25% resettable interest issued on 24 June 2014 by Access Bank Nigeria with a maturity date of 24 June 2021. The principal amount on the US$350,000,000 notes is repayable at the end of the tenor and the interest is payable semi-annually at 7.25% per annum; likewise the principal amount on the US$400,000,000 notes is repayable at the end of the tenor and the interest is payable semi- annually at 9.25% per annum.

38 Interest bearing loans and borrowings

In thousands of Naira	Group June 2014	Group December 2013	Bank June 2014	Bank December 2013
African Development Bank (see note (a))	2,042,417	2,405,673	2,042,417	2,405,673
Netherlands Development Finance Company (see note (b))	4,032,601	1,550,047	4,032,601	1,550,047
French Development Finance Company (see note (c))	2,439,254	4,798,841	2,439,254	4,798,841
Finnish Fund for Industrial Cooperation (FINFUND)(see note (d))	272,720	400,906	272,720	400,906
Belgian Investment Company for Developing Countries (BIO)(see note (e))	82,014	160,585	82,014	160,585
European Investment Bank (see note (f))	9,276,451	7,518,413	9,276,451	7,518,413
International Finance Corporation (see note (g))	8,097,840	8,239,763	8,097,840	8,239,763
Central Bank of Nigeria under the Commercial	6,750,000	8,750,000	6,750,000	8,750,000
Agriculture Credit Scheme (see note (h))	-	-	-	-
Bank of Industry-Intervention Fund for SMEs (see note (i))	10,904,078	12,797,671	10,904,078	12,797,671
Bank of Industry-Power & Airline Intervention Fund (see note (j))	15,201,792	16,699,539	15,201,792	16,699,539
Access Finance B.V. (see note (k))		-	58,148,120	57,020,588
Other loans and borrowings	-	1,017,544	-	-
	59,099,167	**64,338,982**	**117,247,287**	**120,342,026**

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

(a) The amount of N2,042,416,965 (USD 12,500,000) represents the outstanding balance in the on-lending facility granted to the Bank by ADB (Africa Development Bank) in August 2007 for a period of 9 years. The principal amount is repayable semi-annually from February 2010 while interest is paid semi annually at 3% above 6 months LIBOR. The annual effective interest rate is 4.28%.

(b) The amount of N4,032,601,006(USD 25,000,000) represents the outstanding balance in the on-lending facility granted to the Bank by the Netherlands Develoment Finance Company effective from 15 December 2012 and disbursed in two trenches; February 2013 (USD 10m) and October 2013 (USD 15m) for a period of 6.5 years. The principal amount is repayable semi-annually from December 2014 while interest is paid semi annually at 3.75% above 6 months LIBOR. The annual effective interest rate is 5.28% for the first trench and 4.15% for the second trench.

(c) The amount of N2,439,253,996 (USD 15,000,000) represents the outstanding balance in the on-lending facility granted to the Bank by the French Development Finance Company effective from 15 December 2012 and disbursed in two trenches; February 2013 (USD 6m) and October 2013 (USD 9m) for a period of 6.5 years. The principal amount is repayable semi-annually from December 2014 while interest is paid semi annually at 3.75% above 6 months LIBOR. The annual effective interest rate is 4.43% for the first trench and 4.15% for the second trench.

(d) The amount of N272,720,006 (USD1,666,667) represents the outstanding balance in the on-lending facility granted to the Bank by the Finnish Fund for Industrial Cooperation in July 2007 for a period of 8 years. The principal amount is repayable semi-annually from September 2012 while interest is paid semi annually at 3% above 6 months LIBOR. The annual effective interest rate is 4.46%.

(e) The amount of N82,014,263(USD 500,000) represents the outstanding balance in the on-lending facility granted to the Bank by the Belgian Investment Company for developing countries in March 2007 for a period of 7 years. The principal amount is repayable semi-annually from March 2012 while interest is paid semi annually at 3% above 6 months LIBOR. The annual effective interest rate is 4.74%.

(f) The amount of N9,276,451,361 (USD 57,046,154) represents the outstanding balance in two on-lending facilities granted to the Bank by the European Investment Bank (EIB) in May 2013(USD 25m) and September 2013 (USD 26.75m) and for a period of 6 years each. The average annual effective interest rates are 3.6% for the former and 3.05% for the latter.

(g) The amount of N8,097,839,983(USD 50,000,000) represents the outstanding balance in the two on-lending facilities granted to the Bank by the International Finance Corporation (IFC) in September 2006 (USD 15m) for a period of 8 years and in November 2013 (USD 50m) for a period of 5 years. The principal and interest repayments are made semi-annually from September 2011 (the former) and from November 2013 (the latter). Effective interest rests are 5.95% and 4.88% for the former and latter disbursement respectively.

(h) The amount of N6,750,000,000 represents the outstanding balance in the on-lending facility granted to the Bank by Central Bank of Nigeria in collaboration with the Federal Government of Nigeria (FGN) in respect of Commercial Agriculture Credit Scheme (CACS) established by both CBN and the FGN for promoting commercial agricultural enterprises in Nigeria. The facility is for a maximum period of 7 years at a zero percent interest rate to the Bank. The principal amount is repayable at the expiration of the loan. The Bank did not provide security for this facility.

(i) The amount of N10,544,336,585 represents an outstanding balance on the intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria for the purpose of refinancing or restructuring existing loans to Small and Medium Scale Enterprises (SMEs) and manufacturing companies. The total has a 15 year tenor. A management fee of 1% deductible at source is paid by the Bank under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. Though the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers.

(j) The amount of N15,291,506,527 represents the outstanding balance on intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria, to be applied to eligible power and airline projects. The total facility has a maximum tenor of 15 years. A management fee of 1% deductible at source is paid by the Bank under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. Though the facility is meant for on-lending to borrowers within the power and aviation sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers.

(k) The amount of N58,148,119,585 (USD350,000,000) represents the borrowings of Access Bank Plc from Access Finance BV in respect of the dollar guaranteed notes issued by Access Finance B.V., Netherlands which is due on 25 July 2017. The notes were issued on 25 July 2012 for a period of 5 years with the principal amount repayable at the end of the tenor while interest on the Notes is payable semi-annually at 7.34%, in arrears on 25 January and 25 July in each year. The annual effective interest rate is 7.65%.

39 Retirement benefit obligations

In thousands of Naira	Group June 2014	Group December 2013	Bank June 2014	Bank December 2013
Recognised liability for defined benefit obligations (see note (a) below)	2,152,553	1,929,695	2,148,952	1,929,695
Liability for defined contribution obligations	-	3,326	-	-
	2,152,553	**1,933,021**	**2,148,952**	**1,929,695**

(a) Defined benefit obligations

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

In thousands of Naira	Group June 2014	Group December 2013	Bank June 2014	Bank December 2013
Long term incentive plan (see note (i) below)	2,152,553	1,929,695	2,148,952	1,929,695
Recognised liability	**2,152,553**	**1,929,695**	**2,148,952**	**1,929,695**

(i) Long term incentive plan

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

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

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

In thousands of Naira	Group June 2014	Group December 2013	Bank June 2014	Bank December 2013
Deficit on defined benefit obligations at 1 January	1,929,696	2,220,841	1,929,696	2,220,841
Charge for the period:				
-Interest costs	129,471	145,865	129,471	145,865
-Current service cost	89,785	264,726	89,785	264,726
-Past service cost	-	390,578	-	390,578
-Benefits paid	-	(3,321,200)	-	(3,321,200)
Net actuarial loss for the year remeasured in OCI	-	2,228,886	-	2,228,886
Balance, end of year	**2,148,952**	**1,929,696**	**2,148,952**	**1,929,696**

This represents the Bank's obligations to its top executive management under the long-tem incentive plan to reward directors and other senior executives for the part they play in achieving the Bank's long-term growth objectives.

Expense recognised in income statement:

In thousands of Naira	Group June 2014	Group December 2013	Bank June 2014	Bank December 2013
Current service cost	89,785	264,726	89,785	264,726
Interest on obligation	129,471	145,865	129,471	145,865
Past service cost	-	390,578	-	390,578
Total expense recognised in profit and loss (see Note 14)	**219,256**	**801,169**	**219,256**	**801,169**

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 2013.

	Dec 2013
Future salary increases	0%
Retirement age for both male and female	60 years
Retirement rate: 50 – 59 (average rate)	3%
Withdrawal rate: 16 – 29	5%
Withdrawal rate: 30 – 44	6%
Withdrawal rate: 45 – 50	5%
Withdrawal rate: 51 – 55 (average rate)	4%

Assumptions regarding future mortality before retirement are based on A49/52 ultimate table published by the Institute of Actuaries of United Kingdom. The rate used to discount post employment benefit obligations has been determined by reference to the yield on Nigerian Government bonds of medium duration. This converts into an effective yield of 12% as at 31 December 2013. The inflation component has been worked out at 10% per annum. 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.

40 Capital and reserves

A Share capital

In thousands of Naira	Bank June 2014	Bank December 2013
(a) Authorised:		
Ordinary shares:		
24,000,000,000 Ordinary shares of 50k each	12,000,000	12,000,000
Preference shares:		
2,000,000,000 Preference shares of 50k each	1,000,000	1,000,000
	13,000,000	13,000,000

In thousands of Naira	Bank June 2014	Bank December 2013
(b) Issued and fully paid-up :		
22,882,918,908 Ordinary shares of 50k each	11,441,460	11,441,460

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

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

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

In thousands of Naira	Bank June 2014	Bank December 2013
Balance, beginning of year	11,441,460	8,944,126
Issue of scheme shares to shareholders	-	2,497,334
Transfer from bonus issue reserve	-	-
Balance, end of year	11,441,460	11,441,460

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

In thousands of units	Group June 2014	Group December 2013
Balance, beginning of year	22,882,919	22,882,919
Issue of scheme shares	-	-
Balance, end of year	22,882,919	22,882,919

B Share premium

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

In thousands of units	Group June 2014	Group December 2013
Share premium	161,036,211	161,036,211

C Reserves

(i) 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.

(ii) Small and Medium Scale Industries Reserve (SMEEIS)

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

(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) Translation reserve

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

In thousands of Naira	Group June 2014	Group December 2013
Opening Foreign Currency Translation Reserve [01 January]	(4,815,485)	1,452,962
Additional foreign translation gain/(loss) recognised in reserves	(316,402)	(7,248,271)
Foreign translation gains recognised into profit/loss arising from disposal of subsidiary	-	979,824
	(5,131,887)	**(4,815,485)**

(vii) Regulatory risk reserve

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

(viii) Retained earnings

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

D Non-controlling interest

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

In thousands of Naira	Group June 2014	Group December 2013
Access Bank, Gambia	966,696	104,022
Access Bank, Sierra Leone	31,266	20,508
Access Bank Zambia	264,362	329,770
Access Bank, Rwanda	520,059	488,156
Access Bank, Burundi	-	127,361
Access Bank, Congo	626,527	-
Access Bank, Ghana	984,123	698,292
	3,393,033	**1,768,109**

This represents the NCI share of profit for the year for the Group

In thousands of Naira	Group June 2014	Group December 2013
Access Bank, Gambia	42,452	38,345
Access Bank, Sierra Leone	30	1,456
Access Bank Zambia	(2,997)	1,735
Access Bank, Rwanda	26,335	12,628
Access Bank, Burundi	-	(7,006)
Access Bank, Congo	43,857	-
Access Bank, Ghana	191,838	148,604
	301,515	**195,762**

This represents the NCI share of other comprehensive income of the Group

In thousands of Naira		
Access Bank, Gambia	-	(16,480)
Access Bank, Rwanda	1,768	30,968
	1,768	**14,488**

In thousands of Naira		
Components total share of total comprehensive income of the Group	**303,283**	**210,250**

	Group June 2014	Group December 2013
Proportional Interest of NCI in subsidiaries	%	%
Access Bank, Gambia	30	13
Access Bank, Sierra Leone	3	2
Access Bank Zambia	8	12
Access Bank, Rwanda	25	25
Access Bank, Burundi	0	13
Access Bank Congo	26	0
Access Bank, Ghana	8	5

E Dividends

In thousands of Naira	Bank June 2014	Bank December 2013
Interim dividend proposed/paid (2014: 25k, 2013: 25k)	5,720,730	5,720,730
Interim/Final non- cash dividend (2014:nil, 2013: 18k)	-	4,150,584
	5,720,730	9,871,314
Number of shares	22,882,919	22,882,919
Dividend paid per share in kobo	25	43

The Directors have proposed an interim dividend of 25kobo for the year ended 30 June 2014.

41 Leasing
As lessor

Operating lease receivables
The Group acts as a lessor, whereby items of equipment are purchased and then leased to third parties under arrangements qualifying as operating leases. The items purchased under these lease agreements are treated as equipment in the Group's financial statements and are generally disposed of at the end of the lease term.

As lessee
Operating lease commitments
The Group leases offices, branches and other premises under operating lease arrangements. The leases have various terms and renewal rights. The lease rentals are paid in advance and recognised on straight line basis over the lease period. The outstanding balance is accounted for as prepaid lease rentals. Non-cancellable operating lease rentals are payable as follows:

In thousands of Naira	Group June 2014	Group December 2013	Bank June 2014	Bank December 2013
Less than one year	105,888	307,706	105,888	121,470
Later than one year and no later than five years	1,837,554	2,410,968	1,837,554	2,024,292
Later than five years	1,237,288	1,043,934	1,237,288	1,043,934
Total	**3,180,730**	**3,762,608**	**3,180,730**	**3,189,696**

42 Contingencies
Claims and litigation
The Group is a party to numerous legal actions arising out of its normal business operations. The Directors believe that, based on currently available information and advice of counsel, none of the outcomes that result from such proceedings will have a material adverse effect on the financial position of the Group, either individually or in the aggregate. A provision of N227Mn has been made for the year ended 30 June 2014.

In the normal course of business, the group is a party to financial instruments with off-balance sheet risks. These instruments are issued to meet the credit and other financial requirements of customers.

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

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

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

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

Documentary credits commit the Group to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers.

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

a. These comprise:

In thousands of Naira	Group June 2014	Group December 2013	Bank June 2014	Bank December 2013
Contingent liabilities:				
Transaction related bonds and guarantees	159,600,242	158,715,258	149,413,251	142,850,060
Financial guarantees	54,551,545	54,741,356	48,897,174	46,956,539
	214,151,787	**213,456,614**	**198,310,425**	**189,806,599**
Commitments:				
Clean line facilities for letters of credit and other commitments	282,187,104	228,957,302	209,485,932	162,171,919
	282,187,104	**228,957,302**	**209,485,932**	**162,171,919**

The Bank granted clean line facilities for letters of credit during the period to guarantee the performance of customers to third parties.

43 Cash and cash equivalent

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

In thousands of Naira	Group June 2014	Group December 2013	Bank June 2014	Bank December 2013
Cash on hand and balances with banks	136,816,256	104,264,577	96,035,606	99,378,167
Unrestricted balances with central banks	52,676,484	31,143,134	43,978,428	24,775,442
Money market placements and other cash equivalents	111,614,722	121,368,581	64,705,469	89,433,649
Treasury bills with original maturity of 90days	-	9,980,449	-	9,980,449
	301,107,462	**266,756,741**	**204,719,503**	**223,567,707**

44 Contraventions of the Banks and Other Financial Institutions Act of Nigeria and CBN circulars

S/N	Regulatory Body	Infraction	Penalty
i)	Central Bank of Nigeria	An approval was not obtained from the CBN for the additions to investment properties of N5.15 Billion as at 30 September 2013.	N2 million
ii)	Cenral Bank of Nigeria	Non compliance to Implementation of the PwC recommendation per management letter on long outstanding items in CBN and RTGS accounts.	N2 million
iii)	Cenral Bank of Nigeria	Contravention of the CBN foreign exchange manual in selling business travel allowance to an expatriate with an expired passport.	N2 million

45 Events after reporting date

Subsequent to the end of the reporting period, the Board of Directors proposed an interim dividend of 0.25k each on the issued share capital of 22,882,918,908 ordinary shares of 50 kobo each as at 30 June 2014. There are no other post balance sheet event that require disclosure in these consolidated financial statements.

46 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 other companies which have common directors with the bank and those that are members of the Group. The rates and terms agreed are comparable to other facilities being held in the bank's portfolio. Details of these are described below:

In thousands of Naira	Directors and other key management personnel (and close family members)	Subsidiaries	Associates	Total
Balance, beginning of year	83,796,489	12,479,220	-	**96,275,709**
Net movement during the year	(55,447,948)	36,244,460	-	**(19,203,488)**
Balance, end of year	28,348,541	48,723,680	-	77,072,221
Interest income earned	231,419	41,846	-	273,265
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 30 June 2014 of N4.206bn are repayable in various cycles ranging from monthly to annually over the tenor, and have average interest rates of 14.5%. The loans advanced to the directors during the year 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 currency term loan facility of USD299M granted during the period. It is a non-collateralised loan advanced at an average interest rate of 0.33%. This loan has been eliminated on consolidation and does not form part of the reported Group loans and advances balance.

Interest rates charged on balances outstanding are at rates that would be charged in the normal course of business. No impairment losses have been recorded against balances outstanding during the year/period 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 the period end.

(b) Deposits from related parties

	Directors (and close family members and related entities)	Subsidiaries	Associates	Total
Year Ended 30 June 2014				
In thousands of Naira				
Balance, beginning of year	58,977,652	642,055	-	**59,619,707**
Net movement during the year	(14,868,255)	241,417	34,852	**(14,591,987)**
Balance, end of year	44,109,397	883,472	34,852	45,027,720
Interest expenses on deposits	220,780	3,929	-	224,709

There are no special considerations for the related party deposits. Deposits from related parties are taken at arms length. The average rate on deposit from directors and other key management personnel which are majorly term deposit was approximately 9.7% while average rate on deposit from subsidiaries majorly demand deposits was approximately 1.75%.

(c) Borrowings from related parties

	Subsidiaries	Associates	Total
In thousands of Naira			
Borrowings at 1 January 2014	57,020,588	-	57,020,588
Net movement during the year	2,266,841	-	2,266,841
Borrowings at 30 June 2014	59,287,429	-	59,287,429
Interest expenses on borrowings	1,826,248	-	1,826,248

The borrowings from subsidiaries represent the borrowings of Access Bank Plc from Access Finance BV in respect of the dollar guaranteed notes issued by Access Finance B.V., Netherlands which is due on 25 July 2017. The notes were issued on 25 July 2012 for a period of 5 years with the principal amount repayable at the end of the tenor while interest on the Notes is payable semi-annually at 7.34%, in arrears on 25 January and 25 July in each year. The annual effective interest rate is 7.65%.

(d) Other balances and transactions with related parties

	Directors (and close family members and related entities)	Subsidiaries	Associates	Total
In thousands of Naira				
Cash and cash equivalent	-	-	9,963,827	9,963,827
Derivative financial instrument	72,676	-	-	72,676
Deposit for Investments	-	833,053	-	833,053
Receivables	841,597	170,823	-	1,012,420
Payables	-	173,203	-	173,203
Other Liabilities	697,721	-	-	697,721
Fee and commission income	42,125	-	-	42,125
Off balance sheet exposuress	10,467	-	-	10,467

(e) Key management personnel compensation for the period comprises:

Directors' remuneration

	June 2014	June 2013
In thousands of Naira		
Non-executive Directors		
Fees	46,500	46,500
Other emoluments:		-
Allowances	188,500	184,543
	235,000	231,043
Executive directors		
Short term employee's benefit	340,218	370,948
Defined contribution plan	8,344	9,281
Share based payment	-	-
Long term incentive plan	219,256	603,795
	567,818	**984,024**
Total compensation to key management personnel	**802,818**	**1,215,067**

47 Director-related exposures

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

a. Complete adherence to the requirements for granting insider-related exposure as stated in the Bank's Credit Policy Guidelines, the Insider-related Policy as well as the Bank's duly approved Standard Operating Procedure for managing insider-related exposures.
b. Full compliance with the relevant CBN policies on insider-related lending.
c. All affected Directors are precluded from taking part in the approval process of credit request wherein they have interest.
d. The related Director is required to execute a document authorizing the Bank to use their accruable dividends to defray any related-obligor's delinquent exposures.
e. The Directors are required to execute documents for the transfer of their shares to the Bank's nominated broker to ensure effective control as required by the CBN policy to enhance the bank's Corporate Governance structure.
f. Section 89 of the Bank's Article of Association also reiterated that "a related Director shall vacate office or cease to be a Director, if the Director directly or indirectly enjoys a facility from the Bank that remains non-performing for a period of more than 12months."

The Bank's gross exposure to all its directors as at June 30, 2014 is N4,205,973,825. 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:

Analysis of loans and advances to key management personnel
In thousands of naira

S/N	Name of borrower	Relationship to reporting institution	Name of related Directors	Exposure type	Outstanding Principal	Status	Nature of security
1	Combined Industrial Agro	Chairman	Mr. Gbenga Oyebode	Overdraft	155,473	Performing	Corporate Guarantee of Assets Management Group Limited.
2	Asset Management Group Limited	Chairman	Mr. Gbenga Oyebode	Term Loans	556,039	Performing	Legal Mortgage, Personal Guarantee and Rental Income Domiciliation
				On-Lending Loans	307,596	Performing	
3	Timbuktu Media Limited	Chairman & Director	Mr. Gbenga Oyebode & Mr. Tunde Folawiyo	Cbn-Boi Intervention Fund	75,000	Performing	Sales Domiciliation, Personal Guarantee and All Asset Debenture
4	Sic Property And Investment Company Ltd	Director	Mr Dere Otubu	Term Loans	1,105,000	Performing	Debenture, Legal Mortgage and Lien on Share
5	Marina Securities Limited	Brother of Ex-Director of the Bank	Mr Aigboje Imoukhuede	Overdraft	913,558	Performing	Legal Mortgae and Cash Investment and Lien on Investment Portfolio
6	C.G Biodstadt Limited	Ex-Director	Dr. Cosmas Maduka	OVERDRAFT	680,771	Performing	Negative pledge and guarantee
7	Coscharis Motors Limited	Ex-Director	Dr. Cosmas Maduka	TERM LOAN	363,750	Performing	
				USANCE	31,286	Performing	
				TERM LOAN	17,500	Performing	
Total					**4,205,974**		

Analysis of off balance sheeet exposures
In thousands of naira

S/N	Name of company/individual	Relationship to reporting institution	Name of the Director	Facility type	Outstanding credit	Status	Nature of security
1	MARINA SECURITIES LIMITED	Ex-Director	Mr Aigboje Imoukhuede	CONTINGENT	10,467	Performing	Legal Mortgage and Cash Investment and Lien on Investment Portfolio
Total					**10,467**		

Value Added Statement

In thousands of Naira

	Group June 2014	%	Group December 2013	%
Gross earnings	119,761,381		207,053,212	
Interest expense				
Foreign	(1,009,290)		(6,483,452)	
Local	(35,274,474)		(61,753,935)	
	83,477,617		138,815,825	
Net impairment (loss) on financial assets	(734,565)		5,012,279	
Net impairment loss on other financial assets	(2,771,931)		1,151,265	
Bought-in-materials and services				
Foreign	(535,807)		(336,832)	
Local	(32,583,547)		(52,852,324)	
Value added	**46,851,767**		**91,790,213**	
Distribution of Value Added				
To Employees:				
Employees costs	15,371,404	33%	31,081,954	34%
To government				
Government as taxes	4,044,420	9%	7,498,759	8%
To providers of finance				
Interest on borrowings	681,376	1%	8,819,542	10%
Dividend to shareholders	8,052,541	17%	19,450,480	21%
Retained in business:				
For replacement of property and equipment and intangible assets	4,261,052	9%	8,714,544	9%
For replacement of equipment on lease	861,161	2%	1,451,667	2%
Retained profit (including Statutory and regulatory risk reserves	13,579,812	29%	14,773,266	16%
	46,851,767	**100%**	**91,790,213**	**100%**

Value Added Statement

In thousands of Naira	Bank June 2014	%	Bank December 2013	%
Gross earnings	104,795,752		181,737,641	
Interest expense				
Foreign	(1,009,290)		(6,483,452)	
Local	(29,090,172)		(54,542,394)	
	74,696,290		120,711,795	
Net impairment (loss) on financial assets	(734,565)		6,356,951	
Net impairment loss on other financial assets	(2,317,217)		328,083	
Bought-in-materials and services				
Foreign	(535,807)		(47,393,675)	
Local	(28,521,763)		-	
Value added	**42,586,938**		**80,003,154**	
Distribution of Value Added				
To Employees:				
Employees costs	12,781,215	30%	25,937,818	32%
To government				
Government as taxes	2,462,639	6%	5,153,552	6%
To providers of finance				
Interest on borrowings	2,780,626	7%	5,152,243	6%
Dividend to shareholders	8,009,048	19%	19,450,480	24%
Retained in business:				
For replacement of property and equipment	3,840,310	9%	7,780,207	10%
For replacement of equipment on lease	771,995	2%	1,273,023	2%
Retained profit (including Statutory and regulatory risk reserves	11,941,105	28%	15,255,831	19%
	42,586,938	**100%**	**80,003,154**	**100%**

Other financial Information

Five-year Financial Summary

	IFRS				NGAAP
	June 2014	**December 2013**	**Restated December 2012**	**Restated December 2011**	**December 2010**
Group					
	6 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	538,090,296	439,459,541	405,292,241	267,917,288	123,957,778
Non pledged trading assets	14,933,526	3,877,969	27,906,803	10,812,122	30,969,755
Pledged assets	83,508,289	63,409,851	60,949,856	66,191,144	59,930,096
Derivative financial instruments	2,239,495	102,123	30,949	9,909	1,110,803
Loans and advances to banks	22,284,437	24,579,875	4,564,943	775,765	610,108
Loans and advances to customers	926,923,538	786,169,704	604,073,399	576,228,507	447,810,358
Trading properties	-	-	2,693,227	6,688,000	-
Investment securities	272,728,104	353,811,348	447,281,811	561,733,704	69,892,874
Insurance receivables	-	-	627,337	1,405,000	-
Other assets	73,644,788	52,019,723	67,935,352	44,475,554	20,006,440
Investment properties	-	23,974,789	14,360,567	16,097,044	12,943,078
Investments in equity accounted investee	3,924,773	3,623,326	2,774,647	2,812,805	-
Investment in subsidiary	-	-	-	-	-
Property and equipment	67,965,521	67,243,304	64,634,438	67,647,817	23,807,982
Intangible assets	3,841,802	3,659,070	3,404,945	3,277,608	2,718,899
Deferred tax assets	10,884,756	10,687,635	8,113,973	2,930,928	2,458,597
Assets classified as held for sale	22,688,483	2,847,741	30,827,257	-	-
Total assets	2,043,657,807	1,835,466,000	1,745,471,746	1,629,003,195	796,216,768
Liabilities					
Deposits from financial institutions	92,547,502	72,147,955	96,893,015	135,228,759	69,889,795
Deposits from customers	1,450,985,940	1,331,418,659	1,201,481,996	1,101,703,921	484,723,475
Derivative financial instruments	263,002	32,955	35,515	9,413	725,007
Claims payable	-	-	118,226	450,000	-
Current tax liabilities	6,459,362	6,899,558	8,937,964	9,747,004	3,492,485
Other liabilities	50,912,929	56,847,216	58,418,260	140,772,972	49,977,525
Deferred tax liabilities	22,735	37,861	-	-	-
Liabilities on investment contracts	-	-	65,591	61,000	-
Liabilities on insurance contracts	-	-	3,351,234	2,703,000	-
Debt securities issued	122,092,276	55,828,248	54,685,891	-	-
Interest-bearing loans and borrowings	59,099,167	64,338,982	48,369,849	40,837,800	22,760,350
Retirement benefit obligations	2,152,553	1,933,021	2,487,589	1,876,578	-
Contingent settlement provisions	-	-	3,548,250	3,548,000	-
Liabilities classified as held for sale	-	1,499,495	25,793,512	-	-
Total liabilities	1,784,535,466	1,590,983,950	1,504,186,892	1,436,938,447	631,568,637
Equity					
Share capital and share premium	172,477,671	172,477,671	176,628,255	155,104,963	155,104,963
Retained earnings	27,590,868	22,232,375	17,856,630	(6,744,577)	(10,785,618)
Other components of equity	55,660,770	48,003,894	38,700,374	20,649,521	19,629,454
Non controlling interest	3,393,033	1,768,110	8,099,594	23,054,841	699,332
Total equity	259,122,342	244,482,050	241,284,853	192,064,748	164,648,131
Net Assets	2,043,657,808	1,835,466,000	1,745,471,745	1,629,003,195	796,216,768
Gross earnings	119,761,381	208,204,477	197,081,930	135,635,180	90,644,073
Profit/(Loss) before income tax	27,117,783	44,996,410	46,534,979	27,107,026	12,584,231
Profit/(Loss) from continuing operations	23,073,363	37,497,651	44,839,636	17,077,918	7,727,399
Discontinued operations	(486,827)	(1,200,059)	(5,511,361)	(1,699,596)	-
Profit for the year	22,586,536	36,297,592	39,328,275	15,378,322	7,727,399
Non controlling interest	303,283	195,762	(191,904)	879,093	176,442
Profit attributable to equity holders	22,439,191	36,101,830	39,520,179	14,499,229	7,903,841
Dividend paid	5,720,730	23,601,065	12,588,538	12,588,538	8,944,125
Earning or (loss) per share -Basic	99k	159k	172k	172k	169k
- Adjusted	99k	159k	172k	172k	169k
Number of ordinary shares of 50k	22,882,918,908	22,882,918,908	22,882,918,908	22,882,918,908	17,888,251,478

Other financial Information

Five-year Financial Summary

	IFRS				NGAAP
	June 2014	December 2013	Restated December 2012	Restated December 2011	December 2010
Bank					
	6 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	450,815,044	395,808,747	284,062,159	131,647,158	89,825,872
Non pledged trading assets	14,933,526	3,877,969	3,769,260	5,787,534	-
Pledged assets	81,926,214	63,347,823	60,949,856	66,191,144	-
Derivative financial instruments	2,173,506	72,675	-	-	
Loans and advances to banks	49,645,536	13,048,651	3,054,520	775,765	-
Loans and advances to customers	864,878,974	735,300,741	554,592,199	490,877,501	428,605,827
Trading properties	-	-	-	-	-
Investment securities	232,941,680	309,071,802	420,346,295	127,420,035	128,429,620
Insurance receivables	-	-	-	-	
Other assets	67,989,015	44,326,360	61,431,658	15,676,950	22,172,504
Investment properties	-	23,974,789	14,072,673	12,417,043	12,943,078
Investments in equity accounted investee	1,521,812	1,521,812	1,980,808	-	-
Investment in subsidiary	40,120,573	38,029,992	43,209,688	80,400,287	24,261,123
Property and equipment	63,964,734	63,203,245	58,938,450	17,042,268	20,722,556
Intangible assets	2,822,941	2,661,553	2,339,510	1,146,412	-
Deferred tax assets	10,215,174	9,847,853	7,007,387	-	-
Assets classified as held for sale	22,688,483	-	-	-	-
Total assets	1,906,637,213	1,704,094,012	1,515,754,462	949,382,097	726,960,580
Liabilities					
Deposits from banks	74,137,745	61,295,352	16,312,516	131,494,136	34,742,938
Deposits from customers	1,338,284,969	1,217,176,793	1,093,979,220	522,922,292	440,542,115
Derivative financial instruments	253,266	-	-	-	
Debt securities issued	64,091,095	-	-	-	-
Claims payable	-	-	-	-	
Current tax liabilities	5,601,402	6,075,590	7,686,568	2,084,899	2,959,976
Other liabilities	47,606,743	52,092,559	50,246,164	61,029,366	43,169,762
Retirement benefit obligations	2,148,952	-	2,485,093	1,149,578	-
Liabilities on investment contracts	-	-	-	-	
Liabilities on insurance contracts	-	-	-	-	
Interest-bearing loans and borrowings	117,247,287	120,342,026	103,872,441	40,823,345	22,685,778
Contingent settlement provisions	-	1,929,695	3,548,250	-	-
Deferred tax liabilities	-	-	-	2,841,403	355,197
Liabilities classified as held for sale	-	-	-	-	-
Total liabilities	1,649,371,459	1,458,912,014	1,278,130,251	762,345,019	544,455,766
Equity					
Share capital and share premium	172,477,671	172,477,671	176,628,255	155,104,963	155,104,963
Retained earnings	27,340,896	23,095,392	18,880,711	3,376,997	6,777,393
Other components of equity	57,447,186	49,608,934	42,115,245	28,555,118	20,622,458
Non controlling interest	-	-	-	-	-
Total equity	257,265,754	245,181,997	237,624,211	187,037,078	182,504,814
Net Assets	1,906,637,213	1,704,094,011	1,515,754,462	949,382,097	726,960,580
Gross earnings	-	182,888,906	172,719,708	98,518,061	79,065,123
Profit/(Loss) before income tax	22,412,793	31,365,396	36,259,530	12,141,462	17,668,584
Profit/(Loss) from continuing operations	19,950,154	26,211,844	35,815,611	5,248,866	7,727,399
Discontinued operations	-	-	-	-	-
Profit for the year	19,950,154	26,211,844	35,815,611	5,248,866	7,727,399
Dividend paid	5,720,730	23,601,065	12,588,538	12,588,538	8,944,125
Earning or (loss) per share -Basic	87k	115k	157k	157k	102k
- Adjusted	87k	115k	157k	157k	102k
Number of ordinary shares of 50k	22,882,918,908	22,882,918,908	22,882,918,908	22,882,918,908	17,888,251,478