ACCESS BANK PLC

Consolidated and separate financial statements

for the period ended
30 June 2020

access

more than banking

ACCESS BANK PLC
Index to the consolidated and separate financial statements
For the period 30 June 2020

Corporate information

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

Directors

*Mosun Belo-Olusoga	Chairman
**Ajoritsedere Josephine Awosika, MFR	Chairman
Herbert Onyewumbu Wigwe	Group Managing Director/Chief Executive Officer
Roosevelt Michael Ogbonna	Group Deputy Managing Director
Anthonia Olufeyikemi Ogunmefun	Non-Executive Director
Paul Usoro, SAN	Non-Executive Director
***Abba Mamman Tor Habib	Non-Executive Director
Okey Nwuke	Non-Executive Director
****Ernest Chukwuka Ndukwe, OFR	Independent Non-Executive Director
Adeniyi Adekoya	Independent Non-Executive Director
Iboroma Akpana	Independent Non-Executive Director
Ifeyinwa Osime	Independent Non-Executive Director
Victor Okenyenbunor Etuokwu	Executive Director
Gregory Jobome	Executive Director
Hadiza Ambursa	Executive Director
Adeolu Bajomo	Executive Director
Chizoma Okoli	Executive Director

* Retired effective January 8, 2020
** Appointed effective January 8, 2020
*** Retired effective March 30, 2020
**** Resigned effective March 31, 2020

Company Secretary
Mr Sunday Ekwochi

Corporate Head Office
Access Bank Plc
No 14/15, Prince Alaba Oniru Road, Oniru, Lagos
Victoria Island, Lagos.
(formerly Plot 999c, Danmole Street, off Adeola Odeku/Idejo Street, Victoria Island, Lagos)

Telephone: +234 (01) 4619264 - 9
+234 (01) 2773399-99

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

Independent Auditors
PricewaterhouseCoopers
Landmark Towers, 5b Water Corporation way, Oniru
Victoria Island, Lagos
Telephone: (01) 271 1700
Website: www.pwc.com/ng
FRC Number: FRC/2013/ICAN/00000000639

Corporate Governance Consultant
Ernst & Young
10th Floor UBA House
57, Marina, Lagos
Telephone: +234 (01) 6314500
FRC Number: FRC/2012/ICAN00000000187

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

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

Directors' Report

For the period ended 30 June, 2020

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 period ended 30 June 2020.

Legal form and principal activity

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

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

The Bank has the following subsidiaries: Access Bank (Gambia) Limited, Access Bank (Sierra Leone) Limited, Access Bank (Zambia) Limited, The Access Bank (UK) Limited, Access Bank (Ghana) Plc, Access Bank (Rwanda), Access Pension Fund Custodian Ltd, Access Bank (D.R. Congo) and Access Bank Guinea which was incorporated in December 2019. The Bank also has Diamond Finance B.V, an offshore Special Purpose Vehicle used for the issuance of the U.S.$50,000,000, 7.25 Per Cent participatory Notes which is due in 2021, guaranteed by Access Bank.

The Bank also operates a Representative office in China, Lebanon and India. The Access Bank (UK) Limited operates a branch in United Arab Emirates (UAE).

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

Operating results

	Group	*Restated Group	Bank	*Restated Bank
	June 2020	**June 2019**	**June 2020**	**June 2019**
In thousands of Naira				
Gross earnings	**396,757,240**	**324,375,797**	**338,581,878**	**277,987,450**
Profit before income tax	74,306,223	72,964,975	49,069,737	56,871,263
Income tax	(13,271,428)	(11,091,302)	(6,493,869)	(7,617,977)
Profit for the period	61,034,795	61,873,674	42,575,868	49,253,285
Other comprehensive (loss)/income	17,814,179	2,440,974	6,239,934	2,665,118
Total comprehensive income for the period	78,848,974	64,314,648	48,815,802	51,918,403
Non-controlling interest	(1,490,455)	(107,170)	-	-
Profit attributable to equity holders of the bank	80,339,429	64,421,818	48,815,802	51,918,403

	Group	Group	Bank	Bank
In thousands of Naira	**June 2020**	**June 2019**	**June 2020**	**June 2019**
Earnings per share - Basic (k)	173	190	120	151

	Group	Group	Bank	Bank
In thousands of Naira	**June 2020**	**December 2019**	**June 2020**	**December 2019**
Total equity	670,361,819	606,739,831	573,574,605	539,488,037
Total impaired loans and advances	156,359,040	188,452,451	132,362,293	172,546,009
Total impaired loans and advances to gross risk assets (%)	4.40%	5.79%	4.41%	6.10%

Interim dividend

The Board of Directors proposed lnterim Dividend of 25 Kobo per ordinary share of 50 Kobo each (HY2019: 25Kobo) each on the 35,545,225,622 issued ordinary shares of 50k each payable to shareholders on the register of shareholding at the closure date. Withholding tax was 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 June 2020			
	June 2020		December 2019	
	Direct	Indirect	Direct	Indirect
M. Belo-Olusoga*	4,354,838	-	4,354,838	-
H. O. Wigwe	201,231,713	1,316,619,015	201,231,713	1,240,291,197
R. C. Ogbonna	34,102,945	-	31,325,167	-
A. O. Ogunmefun	-	2,075,928	-	2,075,928
V.O. Etuokwu	16,851,125	-	16,851,125	-
P. Usoro	1,209,634	-	1,209,634	-
A. Awosika**	-	-	-	-
E. Ndukwe****	4,740,630	-	4,740,630	-
A. Mamman Tor Habib***	-	-	-	-
G. Jobome	11,160,835	-	10,168,772	-
I. T Akpana	314,996	-	314,996	-
A. A. Adekoya	-	-	-	-
H. Ambursa	11,743,818	-	10,636,094	-
A. Bajomo	477,957	-	477,957	-
C. Okoli	656,322	-	656,322	-
O. Nwuke	1,739,293	-	1,739,293	-
I. Osime	10,179	-	10,179	-

* Retired effective January 8, 2020
** Appointed effective January 8, 2020
*** Retired effective March 30, 2020
**** Resigned effective March 31, 2020

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

		June 2020	December 2019
H.O. Wigwe	United Alliance Company of Nig. Ltd	537,734,218	537,734,218
	Trust and Capital Limited	584,056,979	702,556,979
	Coronation Trustees Tengen Mauritius	194,827,818	-
A.O. Ogunmefun	L.O.C Nominees, Limited	2,075,928	2,075,928

Directors' interest in contracts

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

Related director	Interest in entity	Name of company	Services to the Bank
Mrs. Anthonia Ogunmefun	Director and Shareholder	LOC Nominees Ltd	Property Short Term Rental
Dr. Ernest Ndukwe	Director	MTN Nigeria	Telecommunications
Dr. Ernest Ndukwe	Director	Systemspecs	Payment Services
Mr. Paul Usoro (SAN)	Director and Shareholder	Paul Usoro & Co	Legal Services
Mr. Paul Usoro (SAN)	Director and Shareholder	PZ Cussons Nigeria Plc	Manufacturing of household items
Mrs. Ifeyinwa Osime	Director and Shareholder	Wapic Insurance Plc	Insurance
Mrs. Ifeyinwa Osime	Director	Wapic Life Ltd	Insurance
Dr. Okey Nwuke	Director	Coscharis Group	Vehicles Sales and Maintenance
Dr. Okey Nwuke	Director and Shareholder	Simply Gifts and Interiors Ltd	Corporate Gifts and Interiors
Dr. Okey Nwuke	Director and Shareholder	First Ally Asset Management Limited	Asset Management Services
Dr. Okey Nwuke	Director and Shareholder	Claritus Limited	Property Rentals
Mr. Herbert Wigwe	Shareholder	Wapic Insurance Plc and its subsidiaries	Insurance
Mr. Herbert Wigwe	Shareholder	Coronation Securities Limited and its subsidiaries	Financial Services
Mr. Herbert Wigwe	Indirect Shareholder	United Securities Limited	Securities Registrar Services
Dr. Gregory Jobome	Director	CRC Credit Bureau Ltd	Credit Bureau Reference Service

Analysis of shareholding:

The shareholding pattern of the Bank as at 30 June 2020 was as stated below:

	June 2020			
Range	Number of Shareholders	% of Shareholders	Number of shares held	% of Shareholders
Domestic Shareholders				
1 - 1,000	483,157	52%	92,181,238	0%
1,001 - 5,000	271,121	29%	603,525,464	2%
5001 - 10,000	68,786	7%	473,628,178	1%
10,001 - 50,000	74,686	8%	1,511,938,262	4%
50,001- 100,000	11,155	1%	806,908,306	2%
100,001 - 500,000	8,591	1%	1,732,301,714	5%
500,001 - 1,000,000	1,058	0%	763,627,363	2%
1,000,001 - 5,000,000	895	0%	1,782,347,357	5%
5,000,001 - 10,000,000	128	0%	925,413,274	3%
10,000,001 - 50,000,000	141	0%	3,276,711,894	9%
50,000,001 - 100,000,000	36	0%	2,513,572,537	7%
100,000,001 - 500,000,000	37	0%	7,124,366,823	20%
500,000,001 - 1,000,000,000	7	0%	4,570,568,158	13%
1,000,000,001 - 10,000,000,000	5	0%	6,894,376,775	19%
	919,803	**99.85%**	**33,071,467,343**	**93.04%**
Foreign Shareholders				
1 - 1,000	334	0.04%	109,390	0.00%
1,001 - 5,000	340	0.04%	901,534	0.00%
5001 - 10,000	156	0.02%	1,159,555	0.00%
10,001 - 50,000	363	0.04%	8,395,533	0.02%
50,001- 100,000	61	0.01%	4,300,193	0.01%
100,001 - 500,000	42	0.00%	8,476,118	0.02%
500,001 - 1,000,000	9	0.00%	6,033,728	0.02%
1,000,001 - 5,000,000	5	0.00%	12,830,886	0.04%
5,000,001 - 10,000,000	3	0.00%	22,276,994	0.06%
10,000,001 - 50,000,000	7	0.00%	123,715,993	0.35%
50,000,001 - 100,000,000	3	0.00%	243,491,250	0.69%
100,000,001 - 500,000,000	2	0.00%	296,680,834	0.83%
500,000,001 - 1,000,000,000	1	0.00%	564,553,083	1.59%
1,000,000,001 - 10,000,000,000	1	0.00%	1,180,833,188	3.32%
	1,327	**0.14%**	**2,473,758,279**	**6.96%**
Total	**921,130**	**100.00%**	**35,545,225,622**	**100.00%**

Shareholding Analysis as at 30 June 2020

Type of Shareholding	Holdings	Holding %
Retail investors	9,098,514,008	25.60%
Domestic institutional investors	24,024,801,093	67.59%
Foreign institutional investors	2,345,653,386	6.60%
Government related entities	76,257,135	0.21%
	35,545,225,622	**100%**

The shareholding pattern of the Bank as at 31 December 2019 is as stated below:

Range	December 2019 Number of Shareholders	% of Shareholders	Number of shares held	% of Shareholders
Domestic Shareholders				
1 - 1,000	483,110	52.45%	92,187,759	0.26%
1,001 - 5,000	271,393	29.46%	604,186,062	1.70%
5001 - 10,000	68,870	7.48%	473,976,101	1.33%
10,001 - 50,000	74,687	8.11%	1,510,926,761	4.25%
50,001- 100,000	11,106	1.21%	803,091,167	2.26%
100,001 - 500,000	8,454	0.92%	1,702,332,414	4.79%
500,001 - 1,000,000	1,018	0.11%	735,081,095	2.07%
1,000,001 - 5,000,000	875	0.09%	1,745,587,871	4.91%
5,000,001 - 10,000,000	119	0.01%	867,656,944	2.44%
10,000,001 - 50,000,000	143	0.02%	3,310,512,009	9.31%
50,000,001 - 100,000,000	35	0.00%	2,499,101,362	7.03%
100,000,001 - 500,000,000	41	0.00%	9,578,283,038	26.95%
500,000,001 - 1,000,000,000	3	0.00%	2,191,617,277	6.17%
1,000,000,001 - 10,000,000,000	5	0.00%	7,085,032,376	19.93%
	919,859	**99.86%**	**33,199,572,236**	**93.40%**
Foreign Shareholders				
1 - 1,000	312	0.03%	99,909	0.00%
1,001 - 5,000	325	0.04%	855,737	0.00%
5001 - 10,000	148	0.02%	1,090,478.00	0.00%
10,001 - 50,000	343	0.04%	7,895,134	0.02%
50,001- 100,000	58	0.01%	4,029,667.00	0.01%
100,001 - 500,000	33	0.00%	6,120,644	0.02%
500,001 - 1,000,000	5	0.00%	2,974,385.00	0.01%
1,000,001 - 5,000,000	4	0.00%	10,302,750	0.03%
5,000,001 - 10,000,000	3	0.00%	21,115,836.00	0.06%
10,000,001 - 50,000,000	7	0.00%	125,715,993	0.35%
50,000,001 - 100,000,000	2	0.00%	123,385,748	0.35%
100,000,001 - 500,000,000	2	0.00%	296,680,834	0.83%
500,000,001 - 1,000,000,000	1	0.00%	564,553,083	1.59%
1,000,000,001 - 10,000,000,000	1	0.00%	1,180,833,228	3.32%
	1,244	**0.14%**	**2,345,653,426**	**6.60%**
Total	**921,103**	**100%**	**35,545,225,662**	**100%**

Shareholding Analysis as at 31 December 2019

Type of Shareholding	Holdings	Holding %
Retail investors	9,098,514,008	25.60%
Domestic institutional investors	24,024,801,093	67.59%
Foreign institutional investors	2,345,653,386	6.60%
Government related entities	76,257,135	0.21%
	35,545,225,622	**100%**

Substantial interest in shares

According to the register of members at 30 June 2020, the following shareholders held more than 5% of the issued share capital of the Bank as follows:

	June 2020 Number of shares held	% of shareholding	December 2019 Number of shares held	% of shareholding
Stanbic Nominees Nigeria Limited*	4,780,911,687	13.45%	5,276,579,505	14.84%

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

Donations and charitable gifts

The Bank identifies with the aspirations of the community and the environment in which it operates. The Bank made contributions to charitable and non-charitable organisations amounting to N2,028,941,002 (December 2019: N363,911,848) during the period, as listed below:

S/N	Purpose		Amount
1	COVID 19 Relief Fund	Contribution towards the COVID 19 Relief Fund	1,000,000,000
2	Contribution to states	Contribution towards the fight against Covid 19 including supplies for the Isolation Center in Rivers	778,965,072
3	Ogun State Security Trust Fund (OGSTF)	Supporting the Ogun State Security Trust Fund	100,000,000
4	Olusegun Obasanjo Presidential Library	Contribution towards digitization of the Olusegun Obasanjo Presidential Library	50,000,000
5	Central Bank of Nigeria (CBN)	Sponsorship of the infrastructure summit held at CBN office	41,462,500
6	Nigeria Police Force	Contribution towards the remodelling of FCID Police force Head Quater Abuja	4,674,334
7	Xploit Consult	Support Xploit Consulting Women and Girl's Participation in Mainstream Development Program to commemorate the 2020 International Women's Day (IWD)	4,650,000
8	Hacey Health Initiative	Hacey health - Community Health Care Provider Empowement amid Covid19	4,500,000
9	Air France	Sponsor distribution of 10,000 units of face masks to passengers of Air france	4,000,000
10	Kidney Foundation for Africa (KFA)	Commemorate the World Kidney Day by supporting KFA International Conference themed "Chronic Kidney disease - Stop the Epidemic in Africa"	4,000,000
11	Nirvana Initiative	Supporting the 2020 Nirvana Initiative Program to commemorate the World Tuberculosis Day	4,000,000
12	GBC Health & Hacey Health	Supporting GBC Health and Hacey Health for the 2020 World Malaria Day Program	4,000,000
13	Childhood Advancement Response & Empowerment (CARE	Support CARE Initiative Street Covid 19 Response Program	4,000,000
14	Glow Initiative for Economic Empowerment (GIEE)	Supporting the Commemoration of the 2020 World Wildlife Day (WWLD)	3,500,000
15	Nirvana Initiative	Support Nirvana Initiative Covid 19 Warrior Kit Intervention in the area of Food Supplies	3,500,000
16	Akwa Ibom State	Support the supply of Scrubs amidst the Covid 19 Pandemic	3,000,000
17	Xploit Consult	Supporting Xploit Consult in providing Succour for Community of Vulnerable People in Undeserved Communities	3,000,000
18	Chartered Institute of Bankers of Nigeria (CIBN)	Contribution towards the Financial Literacy Campaign by Banker's Committee	2,399,096
19	Hacey Health Initiative	Supporting Hacey Health Initiative for the End Female Genital Mutilation (FGM) Program	2,000,000
20	SMEFunds	Contribution to SME Funds for the Family Clean Cooking Support program (FCCSP)	2,000,000
21	Lorem Excellentiam	Supporting the commemoration of the 2020 Global Money Week through the support of 1,000 financial literacy activity boo	1,290,000
22	Centre for Youth Studies (CYS)	Supporting CYS Program for Persons Living with Disabilities	1,000,000
23	Estrategico and Stanforte Edge	Support for the Persons Living with Disabilities (PWD) Covid 19 Campaign	1,000,000
24	Centre for Youth Studies (CYS)	Supporting CYS Covid 19 Relief Program for Correctional Centres	1,000,000
25	Glow Initiative for Economic Empowerment (GIEE)	Supporting Glow Initiative for Rural Women Coronavirus Awareness Initiative	1,000,000
			2,028,941,002

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

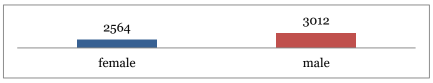
Human resources

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

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

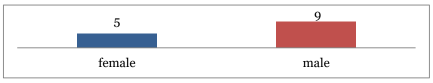
(a) Composition of employees by gender

Total number of female employees	2,564
Total number of male employees	3,012



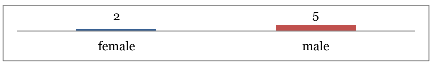
(b) Board Composition By Gender

Total number of female on the Board	5
Total number of men on the Board	9



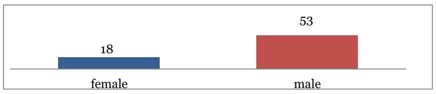
(c) Top Management (Executive Director To CEO) Composition By Gender

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



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

Total number of female in Top Management position	18
Total number of men in Top Management position	53



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

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

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

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

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

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

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

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

Long Term Local Credit Ratings

	Long Term	**Date**
Standard & Poor's	BBB	Mar-20
Fitch Ratings	A+	May-20
Agusto & Co	AA-	Jun-20
Moody's	A1	Jun-20

Long Term Counterparty Credit Ratings

	Long Term	
Standard & Poor's	B-	Mar-20
Fitch Ratings	B	May-20
Moody's	B2	Jun-20

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

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

1	Mr. Henry Omatsola Aragho	-	Shareholder	Chairman
2	Mr. Olutoyin Eleoramo	-	Shareholder	Member
3	Mr. Idaere Gogo-Ogan	-	Shareholder	Member
4	Mr. Adeniyi Adekoya	-	Director	Member
5	Mr. Iboroma Akpana	-	Director	Member
6	Dr. Okey Nwuke	-	Director	Member

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

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

BY ORDER OF THE BOARD

No 14/15, Prince Alaba Oniru Road
Oniru, Lagos.

Sunday Ekwochi
Company Secretary
FRC/2013/NBA/00000005528

Description	June 30, 2020		December 31, 2019	
	Units	Percentage (In relation to Issued Share Capital)	Units	Percentage (In relation to Issued Share Capital)
Issued Share Capital	35,545,225,662	100.00%	35,545,225,662	100.00%
Details of Substantial Shareholdings (5% and above)				
Name(s) of Shareholders				
Stanbic Nominees Limited	4,780,911,687	13.45%	5,276,579,505	14.84%
Total Substantial Shareholdings	**4,780,911,687**	**13.45%**	**5,276,579,505**	**14.84%**
Details of Directors Shareholdings (direct and indirect), excluding directors' holding substantial interests				
[Name(s) of Directors]				
M. Belo-Olusoga*	4,354,838	0.01%	4,354,838	0.01%
H. O. Wigwe	1,517,850,728	4.27%	1,441,522,910	4.06%
R. C. Ogbonna	34,102,945	0.10%	31,325,167	0.09%
A. O. Ogunmefun	2,075,928	0.01%	2,075,928	0.01%
V.O. Etuokwu	16,851,125	0.05%	16,851,125	0.05%
P. Usoro	1,209,634	0.00%	1,209,634	0.00%
E. Ndukwe**	4,740,630	0.01%	4,740,630	0.01%
G. Jobome	11,160,835	0.03%	10,168,772	0.03%
I. T Akpana	314,996	0.00%	314,996	0.00%
H. Ambursa	11,743,818	0.03%	10,636,094	0.03%
A. Bajomo	477,957	0.00%	477,957	0.00%
C. Okoli	656,322	0.00%	656,322	0.00%
O. Nwuke	1,739,293	0.00%	1,739,293	0.00%
I. Osime	10,179	0.00%	10,179	0.00%
Total Directors' Shareholdings	**1,607,289,228**	**4.52%**	**1,526,083,845**	**4.29%**
Details of Other Influential Shareholdings, if any (E.g Government, Promoters)				
[Name(s) of Entities/Government]				
Restricted Share Performance Plan (RSPP)	729,103,014	2.05%	492,053,323	1.38%
Ministry of Finance Incorporated	59,964,771	0.17%	54,890,258	0.15%
Bauchi Local Government Council	2,204,991	0.01%	2,204,991	0.01%
Abia State Government Council	2,143,241	0.01%	2,143,241	0.01%
Toro Local Government Council	1,976,888	0.01%	1,976,888	0.01%
Total of Other Influential Shareholdings	**795,392,905**	**2.24%**	**553,268,701**	**1.56%**
Free Float in Unit and Percentage				
[Issued Share Capital (%) - (Total Substantial Shareholdings (%) + Total Directors' Shareholdings (%) + Total of Other Influential Shareholdings (%))]	28,361,631,842	79.79%	28,189,293,612	79.31%
Share Price	6.55		10.00	
Free Float in Value				
[Free Float Unit x Share Price]		**185,768,688,565.10**		**281,892,936,115.00**

* Retired effective January 8, 2020
** Resigned effective March 31, 2020

CUSTOMER COMPLAINTS AND FEEDBACK

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

Complaints Channels

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

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

Complaints Handling

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

Resolve or Refer command Centre

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

Complaints Tracking and Reporting

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

ACCESS BANK PLC CUSTOMER'S COMPLAINTS FOR THE PERIOD ENDED 30 June 2020

	NAIRA						
S/N	DESCRIPTION	NUMBER		AMOUNT CLAIMED (NAIRA)		AMOUNT REFUNDED (NAIRA)	
		2020	2019	2020	2019	2020	2019
1	Pending complaints B/F	90,918	9,277	4,113,395,469	2,782,204,605	-	-
2	Received Complaints	681,505	1,492,080	17,862,484,407	453,225,455,706	-	-
3	Resolved complaints	605,224	1,410,439	226,637,642	451,894,264,843	226,637,642	3,954,787,501
4	Unresolved Complaints escalated to CBN for intervention	-		-	-	-	-
5	Unresolved complaints pending with the bank C/F	167,199	90,918	21,749,242,234	4,113,395,469	-	-

	USD						
S/N	DESCRIPTION	NUMBER		AMOUNT CLAIMED (USD)		AMOUNT REFUNDED (USD)	
		2020	2019	2020	2019	2020	2019
1	Pending complaints B/F	43	39	82,513,726	10,801,209	-	-
2	Received Complaints	2497	10,143	29,549,256	2,586,120,957	-	-
3	Resolved complaints	2280	10,139	433,733	2,514,408,440	433,733	3,239,116
4	Unresolved Complaints escalated to CBN for intervention	-	-	-	-	-	-
5	Unresolved complaints pending with the bank C/F	260	43	111,629,249	82,513,726	-	-

	GBP						
S/N	DESCRIPTION	NUMBER		AMOUNT CLAIMED (GBP)		AMOUNT REFUNDED (GBP)	
		2020	2019	2020	2019	2020	2019
1	Pending complaints B/F	5	2	118,103	60,308		-
2	Received Complaints	93	233	369,449	10,212,292	-	-
3	Resolved complaints	76	230	-	10,154,497	-	-
4	Unresolved Complaints escalated to CBN for intervention	-	-	-	-	-	-
5	Unresolved complaints pending with the bank C/F	22	5	487,552	118,103	-	-

	EUR						
S/N	DESCRIPTION	NUMBER		AMOUNT CLAIMED (EUR)		AMOUNT REFUNDED (EUR)	
		2020	2019	2020	2019	2020	2019
1	Pending complaints B/F	4	2	8,837	14,109	-	-
2	Received Complaints	118	481	314,426	5,092,486	-	-
3	Resolved complaints	109	479	-	5,097,758	-	-
4	Unresolved Complaints escalated to CBN for intervention	-	-	-	-	-	-
5	Unresolved complaints pending with the bank C/F	13	4	323,263	8,837	-	-

Solicited Customer Feedback

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

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

REPORTS TO THE CBN ON FRAUD AND FORGERIES

		June 2020			June 2019		
S/N	Category	Frequency	Actual Loss	% Loss	Frequency	Actual Loss	% Loss
1	ATM/Electronic Fraud	3,967	-	0.00%	2,267	-	0.00%
2	Cash Theft/ Suppression	25	35,633,180	43.05%	25	41,812,540	55.84%
3	Fraudulent Transfer/Withdrawals	14	47,134,961	56.95%	14	22,270,000	29.74%
4	Fraudulent Loan	-	-	0.00%	-	-	0.00%
5	Armed Robbery	-	-	0.00%	2	10,642,000	14.21%
6	Cyber Attack	-	-	0.00%	-	-	0.00%
7	Clearing	-	-	0.00%	1	148,000	0.20%
8	Presentation of Forged Instrument	-	-	0.00%	-	-	0.00%
	TOTAL	**4,006**	**82,768,141**	**100%**	**2,309**	**74,872,540**	**100%**

CORPORATE GOVERNANCE REPORT FOR HALF YEAR ENDED JUNE 30, 2020

The Board of Access Bank Plc ('the Bank') is pleased to present the Corporate Governance Report for the Half Year ended June 30, 2020. The report provides insight into the operations of our governance framework and Board's key activities during the reporting period.

The Board recognizes that effective governance is required for unrivalled corporate performance and sustainable prosperity of the firm. It operates on the understanding that sound governance practices are fundamental to earning the trust of stakeholders, which is critical to sustainable growth. The Board has thus focused on protecting stakeholders' interests and enhancing shareholders' value by improving the Bank's corporate governance framework and processes. The Group's corporate governance framework is designed to align management's actions with the interest of shareholders while ensuring an appropriate balance with the interests of other stakeholders.

Our corporate governance systems ensure on-going compliance with the Bank's governance charter and relevant codes of corporate governance as well as the post listing requirements of the stock exchanges where our securities are listed. Our governance model is founded on key pillars of diversity, accountability, responsibility, transparency, independence, fairness and discipline. The Bank's governance policies and structure are regularly reviewed to reflect changes in the operating environment, regulation and best practices.

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

The Board

The Board is led by the Group Chairman and sets the Group's strategy and risk appetite. It also approves capital and operating plans for the attainment of the Group's strategic objectives on the recommendation of Management.

There were significant changes to the Board composition in H1, 2020 including the retirement of two Non-Executive Directors and the resignation of an Independent Non-Executive Director.

Mrs. Mosun Belo-Olusoga, the Bank's former Chairman, retired from the Board with effect from January 8, 2020 following the completion of the maximum 12-year term allowed for Non-Executive Directors by the Central Bank of Nigeria's Code of Corporate Governance for Banks and Discount Houses.

Dr. (Mrs.) Ajoritsedere Awosika was subsequently appointed as the new Chairman to lead the Board in the Bank's transformation journey of becoming Africa's Gateway to the World.

Mr. Abba Habib, retired from the Board as a Non-Executive Director with effect from March 30, 2020 following his decision not to seek renewal of his term due to personal engagements.

D. Ernest Ndukwe also resigned from the Board as an Independent Non-Executive Director with effect from March 31, 2020 to pursue his personal endeavours.

Composition and Role

As at June 30, 2020, the Board was made up of 14 members comprising 7 Non-Executive and Executive Directors each. Five of the Board members are female while four of the Directors are Independent Non-Executive Directors.

The Board at its 163rd Quarterly held on April 23, 2020 approved the appointment of an Independent Non-Executive Director. The appointment has been submitted to the Central Bank of Nigeria for approval.

Board Members Profile

Dr. (Mrs.) Ajoritsedere Awosika, MFR
Chairman/Independent Non-Executive Director

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

She holds a doctorate degree in pharmaceutical technology from the University of Bradford, United Kingdom. She was appointed to the Board of Access Bank in April 2013 and served as the Vice-Chairman of the Board Audit Committee and Chairman of the Board Credit and Finance Committee.

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

She became the Chairman of the Board on January 8, 2020 following the retirement of Mrs. Mosun Belo-Olusoga.

She is 67 years old as at the end of the reporting period.

Anthonia Ogunmefun
Non-Executive Director

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

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

She is 68 years old as at the end of the reporting period.

Paul Usoro, SAN
Non-Executive Director

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

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

He holds a Bachelor of Laws degree from the University of Ife (1981) and was called to the Nigerian Bar in 1982. Mr Usoro joined the Board in January 2014 and currently chairs the Board Human Resources and Sustainability Committee and Board Technical Committee on Retail Expansion. He is also the Vice-Chairman of the Board Risk Management Committee

He is 61 years old as at the end of the reporting period.

Adeniyi Adekoya
Independent Non- Executive Director

Mr. Adekoya is a highly experienced maritime and oil and gas industry expert with significant experience in investment banking. He was a one-time General Manager of Peacegate Holdings Ltd where he was responsible for setting up and developing the company's marine operations. He was also a consultant to Maine Nigeria Ltd where he developed the framework for a private placement to raise USD 500 million start-up capital and led the company's participation in bid rounds for oil blocks in the Republic of Equatorial Guinea.

Mr. Adekoya worked with Mobil Oil Producing Nigeria Unlimited as a Budget Officer, Exploration Department and obtained financial service industry experience from AIM Fund and Trimark Investment Service, both in Ontario, Canada. Mr. Adekoya holds a bachelor's degree in business administration from the University of Lagos.

He joined the Board in March 2017 and currently chairs the Board Audit Committee and Board Digital and Information Technology Committee. He is also the Vice-Chairman of the Board Governance, Nomination and Remuneration Committee. He sits on the boards of Synerpet Ltd and Weston Integrated Services Ltd.

He is 53 years old as at the end of the reporting period.

Iboroma Akpana
Independent Non- Executive Director

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

Based on his work, he was recognised in the Chambers Global 2006, 2007, 2008 and 2009 editions as a 'Leading Individual' in Nigeria in its Corporate and Commercial section. Similarly, the International Financial Law Review 1000 ranked him as a Leading Lawyer' in Nigeria in its 2006, 2007, 2008 and 2009 editions while the Legal 500 Europe, Middle East and Africa profiled him as a 'Recommended Individual'.

Mr. Akpana is a member of the International Bar Association, American Bar Association, New York State Bar Association, Nigerian Bar Association and the Law Society of England and Wales. He joined the Board in March 2017 and chairs the Board Governance, Nomination and Remuneration Committee. He is also the Vice-Chairman of the Board Audit Committee and Board Credit and Finance Committee. He sits on the Boards of AMNI International Petroleum Development Company Limited and Contractors Plus Limited.

He is 55 years old as at the end of the reporting period.

Ifeyinwa Osime
Independent Non-Executive Director

Mrs. Osime is a versatile and result oriented professional with over 30 years' experience in the insurance industry and commercial legal practice at management and board levels. She has deep knowledge and experience in the management of administrative, legal, and company secretarial functions in financial and other related institutions.

She had championed and established a special needs programme which is actively involved in the management and care of children and young people with special needs. She is currently engaged in legal practice with Macpherson Legal Practitioners, a Lagos-based law firm. She is an Independent Non-Executive Director of WAPIC Insurance Plc and WAPIC Life Ltd.

Mrs. Osime was the former Chairperson of PHB Healthcare Limited, a former Director, Bank PHB Plc (now Keystone Bank Limited) and a former Director of Insurance PHB Limited (now KBL Insurance). She was the Company Secretary/ Legal Adviser of African Development Insurance Company Limited (now NSIA Insurance) between 1989 and 1997.

She holds an LLM degree from University of London (1989) with specialization in Corporate and Commercial Law and an LLB Degree from the University of Benin (1986).

She joined the Board in November 2019 and is the Vice-Chairman of the Board Digital and Information Technology Committee.

She is 53 years old as at the end of the reporting period.

Dr. Okey Nwuke
Non-Executive Director

Dr. Okey Nwuke has over 28 years' experience in finance and corporate governance working with top corporates and leading commercial banks in Nigeria. He is a Fellow of both the Institute of Chartered Accountants of Nigeria and Chartered Institute of Taxation of Nigeria, an honorary member of Chartered Institute of Bankers of Nigeria and a member of Business Recovery and Insolvency Practitioners.

He has garnered considerable expertise in credit analysis and bank financial management through professional training as a Chartered Accountant, from relevant training programmes as well as on the job training. He was an Executive Director in Access Bank from 2004 to 2013 and served as the Chairman of the Board of Directors of the Bank's subsidiaries in Rwanda and Burundi. Dr. Nwuke was a pioneer Non-Executive Director of Stanbic IBTC Pension Managers Limited representing Access Bank.

Dr. Nwuke's key competencies include finance, strategy development and execution, organizational restructuring and transformation, leadership and change management. He joined the Board of Coscharis Group in August 2014 and is currently responsible for the strategic drive to position it for sustainability. He currently chairs the Shareholders' Audit Committee of NASCON Plc and sits on the Boards of First Ally Asset Management Limited and Simply Gifts and Interiors Limited.

He holds a B.Sc. Degree in Accountancy from University of Nigeria, Nsukka and an MBA (Distinction) in International Banking and Finance from the Birmingham Business School, United Kingdom. Dr. Nwuke holds a Doctorate Degree in Business Administration (DBA) from Walden University, Minnesota, USA with a research focus on leadership transition challenges in family businesses. He has been exposed to several leadership and professional development programmes at renowned institutions including Harvard Business School, Boston (AMP 175), Wharton Business School, Pennsylvania (both in U.S.A), INSEAD and IMD.

He joined the Board in November 2019 and chairs the Board Credit and Finance Committee. He is also the Vice-Chairman of the Board Technical Committee on Retail Expansion.

He is 53 years old as at the end of the reporting period.

Herbert Wigwe, FCA
Group Managing Director /Chief Executive Officer

Mr. Wigwe started his professional career with Coopers & Lybrand Associates, an international firm of Chartered Accountants. He spent over 10 years at Guaranty Trust Bank Plc where he managed several portfolios, including financial institutions, large corporates and multinationals. He left Guaranty Trust Bank as an Executive Director to
co-lead the transformation of Access Bank Plc in March 2002 as Deputy Managing Director. He was appointed Group Managing Director/CEO effective January 1, 2014.

Mr Wigwe is an alumnus of the Harvard Business School Executive Management Programme. He holds a master's degree in Banking and International Finance from the University College of North Wales, a master's degree in Financial Economics from the University of London and a B.Sc. degree in Accounting from the University of Nigeria,
Nsukka. He is also a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN).

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

He is 53 years old as at the end of the reporting period.

Roosevelt Ogbonna, FCA, CFA
Group Deputy Managing Director

Mr Ogbonna was appointed Executive Director, Commercial Banking Division in October 2013 and became Group Deputy Managing Director on May 1, 2017. He has over 20 years' experience in banking, cutting across Treasury, Commercial and Corporate Banking. He joined Access Bank in 2002 as a Manager from Guaranty Trust Bank Plc.

He is a Fellow of the Institute of Chartered Accountants of Nigeria and holds a second-class upper degree in Banking and Finance from the University of Nigeria, Nsukka. He is also a Chartered Financial Analyst and has attended Executive Management Development Programmes in several leading institutions.

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

He is 46 years old as at the end of the reporting period.

Victor Etuokwu, HCIB
Executive Director
Personal Banking

Mr. Etuokwu's appointment as Executive Director was renewed in January 2018 following the expiration of his initial term. He was first appointed Executive Director of Access Bank in January 2012, He oversees the Personal Banking Division and has over two decades of banking experience cutting across Operations, Information Technology, and Business Development.

He joined the Bank in July 2003 from Citibank Nigeria. Mr Etuokwu holds a Bachelor of Science degree and a Master's in Business Administration from the University of Ibadan and the University of Benin respectively.

He is an Honorary Senior Member of the Chartered Institute of Bankers of Nigeria and represents the Bank on the boards of E-Tranzact Plc and Unified Payments Services Limited. He also sits on the Board of ACT Foundation.

He is 53 years old as at the end of the reporting period.

Gregory Jobome
Executive Director
Chief Risk Officer

Dr. Jobome is a thoroughbred banking professional with a strong academic background. He obtained a first-class degree in Economics from the University of Maiduguri in 1986 and a Distinction in Master of Business Administration degree from Obafemi Awolowo University in 1990. Dr Jobome also obtained a Master of Science Degree (1994) and a Doctorate degree (2002) both in Economics and Finance from Loughborough University, UK.

He has over 26 years of working experience obtained from Guaranty Trust Bank Plc, the University of Liverpool Management School, Manchester Business School and Access Bank Plc. He joined Access Bank Plc in July 2010 as a General Manager and Chief Risk Officer. Prior to joining the Bank, he was a Risk Management Consultant to Guaranty Trust Bank Plc.

Dr Jobome has been instrumental to the many giant strides attained by the Bank in the risk management space. Dr. Jobome is a highly sought-after resource person and has held several key industry leadership positions, including; Director, CRC Credit Bureau Ltd; President, Risk Management Association of Nigeria; Member, Working Group on Regulatory Reforms of the Institute of International Finance and Member, Capacity Building Committee, Chartered Institute of Bankers of Nigeria. He was appointed to the Board in January 2017.

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

He is 55 years old as at the end of the reporting period.

Hadiza Ambursa
Executive Director
Commercial Banking

Ms. Ambursa was appointed Executive Director, Commercial Banking North in November 2017.

She has over two decades of banking experience from Guaranty Trust Bank and Access Bank. Her experience spans across Transaction Services, Public Sector, Commercial Banking and Corporate Finance. Prior to joining Access Bank in 2003, she was a Relationship Manager, Public Sector in Guaranty Trust Bank Plc.

Ms. Ambursa graduated with a Bachelor of Science degree in Political Science from University of Jos in 1991 and obtained a master's degree in Law and Diplomacy in 1996 from the same university. She subsequently attended Massachusetts Institute of Technology ('MIT') where she obtained a Master's in Business Administration in 2009. She has attended several Executive Management Development Programmes in leading institutions, including Harvard Business School and MIT.

She is 50 years old as at the end of the reporting period.

Adeolu Bajomo

Executive Director
Information Technology & Operations

Mr. Bajomo is a globally focused financial services executive with achievements cutting across banking, insurance and capital market.

Mr. Bajomo's appointment as Executive Director, Information Technology and Operations was approved by the Central Bank of Nigeria in January 2018.

Prior to joining the Bank, he was Executive Director, Market Operations and Technology at the Nigerian Stock Exchange. In that role, he delivered market-wide transformation initiatives that firmly established the Exchange as the second largest stock exchange in Africa by market capitalization with over 7 million investors. Mr. Bajomo worked as Regional Head of Transformation Programme at Barclays Bank Plc UK (2007-2011); Head of IT Strategy and Systems at Pearl Insurance Group, UK (2006-2007) and IT Director at Fortis Bank UK (1997-2006) amongst other leadership roles.

He holds an MBA from CASS Business School; MSc Information Systems Engineering from South Bank University, London and a BSc in Civil Engineering from University of Ife. Mr. Bajomo is a chartered member of British Computer Society and a member of Institute of Directors, UK.

He is 54 years old as at the end of the reporting period.

Chizoma Okoli
Executive Director
Business Banking Division

Mrs. Okoli commenced her banking career as an Executive Trainee in the Operations Unit of Diamond Bank Plc in April 1992 and served in various capacities in the bank until her appointment as an Executive Director in Diamond Bank in September 2016.

She joined the Board of Access Bank Plc in March 2019 following the merger with the former Diamond Bank.

She is a 1989 Law Graduate from the University of Benin and was called to the Nigerian Bar in December 1990. She holds an MBA from Warwick Business School, Coventry, UK. Mrs. Okoli has attended various courses in Nigeria and abroad including the Advanced Management Programme of Wharton Executive Education, University of Pennsylvania, and the Senior Management Programme of the Lagos Business School. She is also an Honorary Member of the Chartered Institute of Bankers of Nigeria.

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

Sunday Ekwochi, HCIB
Company Secretary

Mr. Ekwochi was appointed the Company Secretary of the Bank in March 2010. He graduated as a top student in Law from the University of Jos with a second-class upper degree in 1996 and from the Nigerian Law School in February 1998 with a second-class upper degree. He has over 19 years' banking experience from the then African Express Bank, Fidelity Bank and Access Bank Plc.

Mr. Ekwochi qualified as a Chartered Secretary with the Institute of Chartered Secretaries and Administrators, London in 2003. He has attended Management Development Programmes at London Business School, Euromoney, Wharton Business School and IMD. He is an Honorary Senior Member of the Chartered Institute of Bankers of Nigeria.

Mr. Ekwochi serves as the Vice-Chair of the Association of Banks Legal Advisers and Company Secretaries.

Performance Monitoring and Evaluation

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

The Board usually holds an annual Board retreat, where the strategy for the coming year is rigorously debated and agreed between Management and the Board. The Board held its 12th Annual Retreat at Eko Hotel and Suites, Victoria Island, Lagos, Nigeria on February 21-22, 2020. Management provides the Board with quarterly update on implementation of the strategy, affording the Board the opportunity to critique the Management's performance and access significant risk issues as well as mitigating controls implemented.

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

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

Board assessment, when done effectively provides the Board the opportunity to identify and remove obstacles to better performance and to strengthen what works well. The Board has established a system of independent annual evaluation of its performance, that of its committees and individual Directors. The evaluation is done by an independent consultant approved by the Board. Ernst and Young was engaged to conduct the Board performance evaluation for the Financial Year Ended December 31, 2019.

The Board believes that the use of an independent consultant promotes the objectivity and transparency of the evaluation process. Our Board assessment transcends box ticking and involves a rigorous process of on-line self-evaluation and 360° feedback with a heavy focus on qualitative considerations. It includes the evaluation of the Board and the Committees as well as the effectiveness of the Independent Directors.

In compliance with the CBN Code, the 2019 Annual Board Performance Evaluation Report was presented to shareholders at the Bank's 31st Annual General Meeting held on April 30, 2020 by a representative of Ernst and Young while the result of the 2019 Board Performance was presented at the Board meeting held on February 10, 2020.

Board Composition- Guiding Principles

The Group's Fit and Proper Person Policy is designed to ensure that the Bank and its subsidiary entities are managed and overseen by competent, capable and trustworthy individuals. The Board Governance, Nomination and Remuneration Committee is responsible for Executive Directors' succession planning and recommends new appointments to the Board. The Committee takes cognisance of the existing range of skills, experience, background and diversity on the Board in the context of the strategic direction of the Bank before articulating the specifications for the candidate sought. The Committee also considers the need for appropriate demographic and gender balance in recommending candidates for Board appointments. Candidates who meet the criteria set by the Committee are subjected to enhanced due diligence enquiries. We are comfortable that the Board is sufficiently diversified to optimise its performance and deliver sustainable value to stakeholders.

The Board's composition subscribes to global best practice on the need for Non-Executive Directors to exceed Executive Directors. In H1, 2020, the Board had 7 Executive and Non-Executive Directors each, following the retirement of Mrs. Mosun Belo-Olusoga and Mr. Abba Habib as well as the resignation of Dr. Ernest Ndukwe from the Board. The Board has however applied to the CBN for approval of appointment of a prospective Independent Non-Executive Director.

The Board has four Independent Non-Executive Directors, as against two required by the CBN Code. Non-Executive Directors are appointed to the Board to bring independent, specialist knowledge and impartiality to strategy development and execution monitoring. The Board is committed to improving gender diversity in its composition with 35% female memberships as at June 30, 2020 above Nigeria's national average of 12%.

Retirement and Re-election of Directors

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

Messrs Adeniyi Adekoya and Iboroma Akpana retired at the Bank's 31st Annual General Meeting held on April 30, 2020 and being eligible for re-election were duly re-elected by shareholders. The shareholders also approved the appointment of Mrs. Ifeyinwa Osime as an Independent Non-Executive Director and Dr. Okey Nwuke as a Non-Executive Director. The appointment of the new Directors was earlier approved by the Board and the Central Bank of Nigeria.

During the reporting period, Mr. Abba Habib and Dr. Ernest Ndukwe retired and resigned respectively from the Board to pursue other personal endeavours. Mrs. Mosun Belo-Olusoga also retired from the Board following the completion of the maximum 12-year term allowed for Non-Executive Director by the Central Bank of Nigeria.

Prior to their exit from the Board, Mrs. Mosun Belo-Olusoga was the Chairman of the Bank and a Non-Executive Director, Mr. Abba Habib was a Non-Executive Director while Dr. Ernest Ndukwe was an Independent Non-Executive Director. The Board commends them for their valuable contributions to the Bank and wishes them success in their future endeavours.

Board Effectiveness

Today's boards are required to be more engaged, more knowledgeable and more effective than in the past as they contend with a host of new pressures, challenges and risks. As stakeholders' expectations from the Board continue to grow, the Board must set its strategic priorities often across diverse business segments and markets and monitor the firm's risk profile. The Board must demonstrate that good corporate governance is not a box-ticking exercise by setting the right ethical tone from the top. The effectiveness of the Board is achieved through composition, induction, training and a rigorous evaluation process. The effectiveness of the Board derives from the diverse range of skills and competences of the Executive and Non-Executive Directors who have exceptional degrees in banking, financial and broader professional and entrepreneurial experiences.\

Training and Induction

We recognise that being a Director is becoming increasingly more challenging, thus we ensure that Board members are provided with regular domestic and international trainings to improve their decision-making capacity, thereby contributing to the overall effectiveness of the Board.

New Directors are exposed to a personalised induction programme which includes one-on-one meetings with Executive Directors and Senior Executives responsible for the Bank's key business areas. Such sessions focus on the challenges, opportunities and risks facing the business areas. The induction programme covers an overview of the Strategic Business Units as well as Board processes and policies. A new Director is provided with an induction pack containing charters of the various Board Committees, significant reports, important statutes and policies, minutes of previous Board meetings and a calendar of Board activities. Based on the recommendation of the Governance, Nomination and Remuneration Committee, the Board approves the annual training plan and budget for Directors while the Company Secretary ensures the implementation of the plan with regular reports to the Board.

All scheduled trainings during the reporting period were however postponed due to Covid-19 pandemic and attendant lockdown restriction.

Shareholders and Regulatory Engagement

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

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

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

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

Access to Information and Resources

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

Board Responsibilities

The primary function of the Board is to provide effective leadership and direction to enhance the long-term value of the Group to its shareholders and other stakeholders. It has the overall responsibility for reviewing the strategic plans and performance objective, financial plans and annual budget, key operational initiatives, major funding and investment proposals, financial performance review and corporate governance practices.

Term of Office

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

Separation of Roles

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

The Role of the Board

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

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

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

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

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

The Role of the Group Chairman

The principal role of the Chairman is to provide leadership and direction to the Board. The Group Chairman is accountable to the Board and shareholders and liaises directly with the Board and the Management of the Company, through the Group Managing Director/Chief Executive Officer. The positions of the Group Chairman and the Group Managing Director/Chief Executive Officer are held by separate individuals.

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

- Primarily responsible for the effective operation of the Board and ensures that the Board works towards achieving the Bank's strategic objectives.
- Setting the agenda for Board meetings in conjunction with the Group Managing Director/Chief Executive Officer and the Company Secretary.
- Approval of the Annual Board Activities Calendar.
- Playing a leading role in ensuring that the Board and its Committees have the relevant skills, competencies for their job roles.
- Ensuring that Board meetings are properly conducted and that the Board is effective and functions in a cohesive manner.
- Ensuring that the Directors receive accurate and clear information about the affairs of the Bank in a timely manner to enable them to take sound decisions.
- Acting as the main link between the Board and the Group Managing Director/Chief Executive Officer as well as advising the Group Managing Director/Chief Executive Officer on the effective discharge of his duties.
- Ensuring that all Directors focus on their key responsibilities and play constructive roles in the affairs of the Bank
- Ensuring that induction programmes are conducted for new Directors and continuing education programmes are in place for all Directors.
- Ensuring effective communication with the Bank's institutional shareholders and strategic stakeholders.
- Taking a leading role in the assessment, improvement and development of the Board.
- Presiding over General Meetings of shareholders.

The Role of Group Managing Director/Chief Executive Officer ('GMD/CEO')

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

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

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

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

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

The Role of the Company Secretary

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

The Company Secretary also facilitates the orientation of new Directors and coordinates their professional development. As primary compliance officer for Group's compliance with the listing rules of the Nigerian Stock Exchange, the Company Secretary is responsible for designing and implementing a framework for the Bank's compliance with the listing rules, including advising Management on prompt disclosure of material information. The Company Secretary attends and prepares the minutes for all Board meetings. As secretary for all Board Committees, the Company Secretary assists in ensuring coordination and liaison between the Board, the Board Committees and Management. The Company Secretary also assists in the development of the agenda for the various

Board and Board Committee meetings. The appointment and the removal of the Company Secretary are the exclusive preserve of the Board.

Delegation of Authority

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

Board Meetings

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

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

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

The Board met 5 times during the period under review.

The Board devoted considerable time and efforts on the following issues in H1, 2020.

- Approval of Interim and Full Year Audited Financial Statements
- Consideration of top Management and Board appointments
- Approval of ICAAP document
- Approval of Business Continuity Plan in view of the Covid-19 Pandemic
- Monitoring the implementation of 2018-2022 Strategic Plan.
- Approval of credit facilities.
- Review and approval of policies
- Approval of subsidiary expansion activities.

Board Meeting Attendance in H1, 2020

The membership of the Board and attendance at meeting in H1, 2020 are set out below.

Type of Meeting	**Annual Board Retreat**	**AGM**	**Board Meetings**		
Date	February 21 22,2020	30/4/2020	10/1/2020	10/2/2020	23/4/2020
Ajoritsedere Awosika	P	P	P	P	P
Anthonia Ogunmefun	P	P	P	P	P
*Ernest Ndukwe	P	RS	P	P	RS
Paul Usoro	P	P	P	P	P
**Abba Habib	A	RT	P	P	RT
Adeniyi Adekoya	P	P	P	P	P
Iboroma Akpana	P	P	P	P	P
Ifeyinwa Osime	P	P	P	P	P
Okey Nwuke	P	P	P	P	P
Herbert Wigwe	P	P	P	P	P
Roosevelt Ogbonna	P	P	P	P	P
Victor Etuokwu	P	P	P	P	P
Gregory Jobome	P	P	P	P	P
Hadiza Ambursa	P	P	P	P	P
Adeolu Bajomo	P	P	P	P	P
Chizoma Okoli	P	P	P	P	P

*Dr. Ernest Ndukwe resigned from the Board with effect from March 31, 2020

**Mr Abba Habib retired from the Board with effect from March 30, 2020

Board Committees

The Board exercises oversight responsibility through its standing committees, each of which has a charter that clearly defines its purpose, composition, structure, frequency of meetings, duties, tenure and reporting lines to the Board. In line with best practice, the Chairman of the Board is not a member of any Committee.

The Board has seven standing committees, namely: the Risk Management Committee, the Audit Committee, the Governance, Nomination and Remuneration Committee, the Human Resources and Sustainability Committee, Digital and Information Technology Committee, Credit and Finance Committee and Technical Committee on Retail Expansion.

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

Reports of Board Committees

This section highlights the activities of the Board Committees in H1, 2020.

Board Human Resources and Sustainability Committee

The membership of the Committee and attendance at the meetings in H1, 2020 are as set out below:

Name	13/1/2020	6/4/2020
Paul Usoro	P	P
Anthonia Ogunmefun	P	P
Ernest Ndukwe	P	RS
Adeniyi Adekoya	NM	P
Iboroma Akpana	P	P
Okey Nwuke	P	P
Ifeyinwa Osime	P	P
Herbert Wigwe	P	P

The Committee advises the Board on its oversight responsibilities in relation to the Bank's human resource policies, plans, processes and procedures as well as sustainability best practices.

The key decisions of the Committee in the reporting period included recommendation of top management appointments, review and recommendation of human resources polices to the Board for approval and consideration of quarterly reports on human resources and sustainability.

The Committee met 2 times during the reporting period.

Mr. Paul Usoro is the Chairman of the Committee.

Board Governance, Nomination and Remuneration Committee

The membership of the Committee and attendance at the meetings in H1, 2020 are as set out below.

Name	14/1/2020	8/2/2020	17/3/2020	14/4/2020
Iboroma Akpana	P	P	P	P
Adeniyi Adekoya	P	P	P	P
Anthonia Ogunmefun	P	P	P	P
Paul Usoro	P	P	P	P
Ifeyinwa Osime	P	P	P	P

The Committee advises the Board on its oversight responsibilities in relation to governance, appointment, re-election and removal of Directors. The Committee also advises the Board on issues related to Directors' induction, training as well as Board performance evaluation. The Committee is responsible for recommending appropriate remuneration for Directors and other staff to the Board for approval.

The key decisions of the Committee in the reporting period included approval of the 2020 training plan and budget for Non-Executive Directors and recommendation of Board appointments, including subsidiary Board appointments.

The Committee met 4 times during the reporting period.

Mr. Iboroma Akpana is the Chairman of the Committee.

Board Credit & Finance Committee

The membership of the Committee and Directors' attendance at meetings in H1, 2020 are as set out below.

Name	13/1/2020	24/2/2020	17/3/2020	6/4/2020	15/5/2020	17/6/2020
Okey Nwuke	P	P	P	P	P	P
Iboroma Akpana	P	P	P	P	P	P
Anthonia Ogunmefun	P	P	P	P	P	P
Ernest Ndukwe	P	P	P	RS	RS	RS
Paul Usoro	P	P	P	P	P	P
Adeniyi Adekoya	P	P	P	P	P	P
Ifeyinwa Osime	P	P	P	P	P	P
Abba Habib	P	A	P	RT	RT	RT
Herbert Wigwe	P	P	P	P	P	P
Roosevelt Ogbonna	P	P	P	P	P	P
Victor Etuokwu	P	P	P	P	P	P
Gregory Jobome	P	P	P	P	P	P
Hadiza Ambursa	P	P	P	P	P	P
Chizoma Okoli	P	P	P	P	P	P

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

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

The Committee met 6 times during the reporting period.

Dr. Okey Nwuke is the chairman of the Committee.

Board Risk Management Committee

The membership of the Committee and attendance at meetings in H1, 2020 are as set out below.

Name	**14/01/2020**	**17/03/2020**	**7/4/2020**
Anthonia Ogunmefun	P	P	P
Paul Usoro	P	P	P
Adeniyi Adekoya	P	P	P
Iboroma Akpana	P	P	P
Okey Nwuke	P	P	P
Abba Habib	P	P	RT
Herbert Wigwe	P	P	P
Roosevelt Ogbonna	P	P	P
Gregory Jobome	P	P	P
Adeolu Bajomo	P	P	P

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

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

The Committee met 3 times during the reporting period.

Mrs. Anthonia Ogunmefun is the Chairman of the Committee.

Board Audit Committee

The membership of the Committee and attendance at meetings in H1, 2020 are as set out below.

Name	**15/01/2020**	**7/2/2020**	**9/4/2020**
Adeniyi Adekoya	P	P	P
Paul Usoro	P	P	P
Okey Nwuke	P	P	P
Ifeyinwa Osime	P	P	P
Iboroma Akpana	NM	NM	P
Abba Habib	P	P	RT
Ernest Ndukwe	P	P	RS

The Committee supports the Board in performing its oversight responsibility relating to the integrity of the Bank's Financial Statements and the financial reporting process, as well as the independence and performance of the Bank's Internal and External Auditors. It oversees the Bank's system of internal control and the mechanism for receiving complaints regarding the Bank's accounting and operating procedures.

The Bank's Chief Audit Executive and Chief Compliance Officer have access to the Committee and make quarterly presentations to the Committee. The key issues considered by the Committee during the period included the review and recommendation of the 2019 Group's Full Year Audited Financial Statements , Whistle blowing reports and reports of the Group Internal Auditor and Internal Audit Consultants.

The Committee met three times during the reporting period.

Mr. Adeniyi Adekoya is the Chairman of the Committee.

Board Digital & Information Technology Committee

The membership of the Committee and attendance at meetings in H1, 2020 are as set out below.

Name	**16/01-2020**	**8-04-2020**
Adeniyi Adekoya	P	P
Anthonia Ogunmefun	P	P
Iboroma Akpana	P	P
Ifeyinwa Osime	P	P
Okey Nwuke	NM	P
Ernest Ndukwe	P	RS
Abba Habib	P	RT
Herbert Wigwe	P	P
Roosevelt Ogbonna	P	P
Victor Etuokwu	NM	P
Gregory Jobome	P	P
Adeolu Bajomo	P	P

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

The key issues considered by the Committee during the period included the integration close-out report, report on cyber security and digital risk as well digital customer complaints feedback and audit report on the Bank's information technology and digital systems.

The Committee met 2 times during the reporting period.

Mr. Adeniyi Adekoya is the Chairman of the Committee

Board Technical Committee on Retail Expansion

The membership of the Committee and attendance at meetings in H1, 2020 are as set out below.

Name	**08/02/2020**	**17/03/2020**	**23-04-2020**	**23/5/2020**
Paul Usoro	P	P	P	P
Adeniyi Adekoya	P	P	P	P
Iboroma Akpana	P	P	P	P
Okey Nwuke	P	P	P	P
Abba Habib	P	P	RT	RT
Herbert Wigwe	P	P	P	P
Roosevelt Ogbonna	P	P	P	P
Gregory Jobome	P	P	P	P

The Committee exercises oversight on the Bank's strategic expansion activities involving acquisition, strategic relationships, investment and growth activities in the retail space. The Committee is saddled with the responsibility of reviewing, evaluating and approving acquisitions, mergers, strategic relationships and green and brown fields investments involving the Bank. It also oversees the post-acquisition integration and business development opportunities.

The key issues considered by the Committee during the period included the review of retail growth expansion strategies.

The Committee met 4 times during the reporting period.

Mr. Paul Usoro is the Chairman of the Committee.

Key

Key	
P	Present
A	Absent
NM	Not Member
RT	Retired
RS	Resigned

Executive Committee

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

Management Committees

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

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

Statutory Audit Committee

In compliance with Section 359 of the Companies and Allied Matters Act 1990, the Bank constituted a Standing Shareholders Audit Committee made up of three Non-Executive Directors and three shareholders.

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

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

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

Henry Omatsola Aragho, FCA
Chairman, Statutory Audit Committee

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

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

Emmanuel Olutoyin Eleoramo
Member, Statutory Audit Committee

Mr. Eleoramo holds a First-Class degree in Insurance and a master's degree in Business Administration (MBA), both from the University of Lagos. He is an Associate of the Chartered Insurance Institute of London and a Fellow of the Chartered Insurance Institute of Nigeria. He has over 36 years of varied experience in general insurance marketing, underwriting and employee benefits consultancy. He is a key player in the Nigerian insurance industry and a past President of the Chartered Insurance Institute of Nigeria. He was the Managing Director/Chief Executive

Officer of Nigerian French Insurance Company Ltd and later Whispering Hope Insurance Company Ltd (now Sterling Assurance Nigeria Ltd) before his appointment as the Managing Director/Chief Executive Officer of Nigerian Life and Pensions Consultants Limited (now Nigerian Life and Provident Company Limited) from where he retired in 2018.

Idaere Gogo-Ogan
Member, Statutory Audit Committee

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

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

Record of Attendance at Statutory Audit Committee Meetings

Name	15-01-2020	07-02-2020
Henry Omatsola Aragho	P	P
Idaere Gogo Ogan	P	P
Emmanuel O. Eleoramo	P	P
Ernest Ndukwe	P	P
Abba Habib	P	P
Adeniyi Adekoya	P	P

Tenure of the Statutory Audit Committee

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

The Statutory Audit Committee was reconstituted during the Bank's 31st AGM following the retirement and resignation of Mr. Abba Habib and Dr. Ernest Ndukwe respectively from the Board of the Bank.

The composition of the Bank's Statutory Audit is as highlighted below:

S/N	Name	Designation
1	Henry Omatsola Aragho	Chairman Shareholder representative
2	Idaere Gogo Ogan	Member Shareholder representative
3	Emmanuel O. Eleoramo	Member Shareholder representative
4	Adeniyi Adekoya	Member Board representative
5	Iboroma Akpana	Member

		Board representative
6	Okey Nwuke	Member Board representative

Role and Focus of the Statutory Audit Committee

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

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

H1, 2020 Audit Fees

The audit fees paid by the Bank to PricewaterhouseCoopers, external auditors for the H1, 2020 statutory audit was N322,499,667 while fees for non-audit services rendered to the Bank during the review period amounted to N94,250,000

Going Concern

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

External Auditors

Messrs PricewaterhouseCoopers ('PwC') acted as our external auditors for the H1, 2020. The Board confirms that the Bank has complied with the regulatory requirement as enshrined in the CBN and SEC Codes of Corporate Governance on the rotation of audit firm and audit partners. PwC was appointed the Bank's sole external auditors from the 2013 Financial year and has held office for seven years.

Succession planning

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

Code of Ethics

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

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

Dealing in Company Securities

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

Remuneration Policy

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

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

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

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

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

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

Whistle-Blowing Procedure

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

Telephone

Internal: +234-1-2712065

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

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

AIRTEL:

0708-060-1222&
0808-822-8888

9MOBILE:
0809-993-6366

GLO:
0705-889-0140

E-Mail

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

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

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

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

Customer Complaints and Resolution

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

Statement of Compliance

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

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

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

Ajoritsedere Awosika
Chairman

Sunday Ekwochi
Company Secretary

Statement of Directors' Responsibilities in relation to the Consolidated and separate Financial Statements for the period ended 30 June 2020

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

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

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with;
- International Financial Reporting Standards
- Prudential Guidelines for Licensed Banks in Nigeria;
- Relevant circulars issued by the Central Bank of Nigeria;
- The requirements of the Banks and Other Financial Institutions Act and
- The requirements of the Companies and Allied Matters Act; and
- The Financial Reporting Council of Nigeria Act

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

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

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

Report of the statutory audit committee

To the members of Access Bank Plc:

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act of Nigeria, the members of the Audit Committee of Access Bank Plc hereby report on the financial statements for the period ended 30 June 2020 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 2020 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 N 353,036,738 (December 2019: N1,949,551,149) was outstanding as at 30 June 2020 which was performing as at 30 June 2020 (see note 45)

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

FRC/2017/ICAN/00000016270
Mr. Henry Omatsola Aragho
Chairman, Audit Committee
28 July 2020

Members of the Audit Committee are:

1	Mr. Henry Omatsola Aragho	Shareholder	Chairman
2	Mr Emmanuel Olutoyin Eleoramo	Shareholder	Member
3	Mr Idaere Gogo Ogan	Shareholder	Member
4	Mr. Adeniyi Adekoya	Director	Member
5	Mr. Iboroma Akpana	Director	Member
6	Dr. Okey Nwuke	Director	Member

In attendance:
Sunday Ekwochi – Company Secretary

Risk Management Framework
The first half of year 2020 was one of mixed performance. The GDP in Q1 2020 grew by 1.87%, losing steam when compared to Q4 2019 which grew by 2.55%. This was against the backdrop of significant global disruptions resulting from the COVID-19 public health crisis, a sharp fall in oil prices and restricted international trade. Q2 figures are not expected to come in any higher as the pandemic lockdown and a debilitating dollar shortage inflict misery on Nigerians and their businesses. The main drivers for growth in Q1 2020 were agriculture, manufacturing and service sectors. The International Monetary Fund (IMF) estimates full-year economic growth for 2020 at -5.4%. For 2021, the Fund projects a growth rate of 2.6%.
The price of oil, the mainstay of the Nigerian economy, experienced some major oscillations in the first half of the year as oil prices tumbled on minimal demand and excess supply. Oil prices have since stabilized and are currently averaging $40 per barrel. Bonny light price as at August 19, 2020 was $44.68 per barrel. The Dollar squeeze continues to choke the Nigerian economy as banks won't honor card payments beyond a certain amount, foreign investors can't get their money out and manufacturers are unable to import vital raw materials. The rate at the Investors and Exporters window on August 18, 2020 was N386.03/US$ compared against N364.79/US$ at the beginning of the year. And the rate at the parallel market closed at N480/$ on August 18, 2020. The Central Bank weakened the naira's official rate by 5.3% to 380/$ in July as it tries to unify multiple exchange rates to improve the transparency of the currency-management system. The inflation rate has been on a continuous uptrend for about eleven straight months as weakened currency and continued border closures drove up food prices. The rate settled at 12.82% in July 2020 from 11.98% in December 2019.

Foreign reserves have begun to appreciate due to higher oil prices after its descent earlier in the year during the oil price crash. The FX coffers stood at $35.62 billion as at August 14, 2020 from $33 billion in May 2020. The CBN's benchmark interest rate, the monetary policy rate (MPR), was reduced by 100 basis points to 12.5% in May 2020 in a bid to shield the economy from the adverse effects of the Covid-19 pandemic. Similarly, the Cash Reserve Ratio (CRR) was increased to 27.5% from 22.5% at the start of the year. Treasury bills rates have been on the downward trend since the beginning of the year. The country's debt profile ascended to N28.63Trillion as at Q1 2020 (Q4'2019: N27.4Trillion) with domestic debt contributing 65.11% and external debt contributing 34.89%.

In line with the Bank's vision of becoming the "World's most respected African Bank", it has put in place plans to merge with Cavmont Capital Holdings Zambia. Although the proposed transaction is still subject to relevant shareholders and regulatory approvals, upon conclusion, it will position Access Bank Zambia as one of the top ten banks in Zambia and create the momentum to advance its strategic objectives. The transaction would combine Access Bank Zambia's wholesale and trade finance capabilities with Cavmont Bank's retail and commercial banking operations. This transaction underscores our approach and is another stepping-stone towards delivering on our strategic aspirations of becoming the World's most respected African Bank and Africa's gateway to the World. It will strengthen our presence in Zambia, while furthering our footprint for growth in the COMESA region, Africa's largest free trade area.

We understand the increased risk of managing a rapidly growing bank. Therefore, our Risk Management has been ahead of the growth and has been strengthened to identify and manage risk which could threaten our sustainability. We have taken a long-term approach to risk management to maintain a sustainable bank which can withstand shocks from the operating environment as well as mitigate risks from anticipated and unanticipated events with an end-to-end automation of credit risk processes, unleashing a range of digital lending products such as payday loan, quickbucks, cashflow loans, small ticket loans and top-notch international payment solutions like Access Africa payment solution. Our Access More mobile app, as well as the use of facial biometrics in our branches for safer and seamless transactions.

ENTERPRISE-WIDE RISK MANAGEMENT

WE REMAIN COMMITTED TO SUSTAINABLE ENTERPRISE-WIDE RISK MANAGEMENT PRACTICES

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

Helping our stakeholders achieve their ambitions lies at the heart of our processes. We apply a bespoke risk management framework in identifying, assessing, monitoring, controlling and reporting the inherent and residual risks associated with the pursuit of these ambitions and ensuring they are achieved the right way.

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

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

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

The role of the Group Chief Risk Officer in Access Bank remains pivotal as he has the primary responsibility for ensuring the effective implementation of the ERM Policy of both the Bank and its subsidiaries. The Bank's ERM Policy and amendments thereto require Board approval. The Risk Management Division is responsible for the enforcement of the Bank's risk policy by constantly monitoring risk, to identify and quantify significant risk exposures and acting upon such exposures as necessary.

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

RISK MANAGEMENT PHILOSOPHY, CULTURE, APPETITE AND OBJECTIVES

Our Risk Culture Statement:

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

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

The Bank's acclaimed risk management process has continued to achieve desired results as evidenced by improved risk ratios and independent risk ratings. In line with the bank's core value of excellence, its Risk Management group is continuously evolving and improving, given the context that all market developments, those of extreme nature, need to be anticipated at all times. Hence, our moderate risk appetite is our guide. Executive Management has remained closely involved with important risk management initiatives, which have focused particularly on preserving appropriate levels of asset quality, liquidity and capital as well as managing the risk portfolios.

Risk management is fundamental to the Group's decision-making and management process. It is embedded in the role of all employees via the organisational 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 characterise how it considers risk in everything it does, from strategy development and implementation to its day-to-day activities. In this regard, the Bank's risk management philosophy is that a moderate and guarded risk attitude ensures sustainable growth in shareholder value and reputation.

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

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

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

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

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

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

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

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

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

GROUP RISK OVERSIGHT APPROACH

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

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

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

We actively promote a strong risk culture where employees are encouraged to take accountability for identifying and escalating risks.

Expectations on risk culture are regularly communicated by senior management, reinforced through policies and training, and considered in the performance assessment and compensation processes.

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

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

STRATEGY AND BUSINESS PLANNING

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

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

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

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

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

RISK APPETITE

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

RISK MANAGEMENT OBJECTIVES

The broad risk management objectives of the Bank are:

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

SCOPE OF RISKS

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

- Credit risk
- Risk analytics
- Operational risk
- Market and liquidity risk

- Legal and compliance risk
- Strategic risk
- Information and Cyber Security risk
- Enviromental and Social risk
- Reputational risk
- Strategic risk

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

THE BOARD AND MANAGEMENT COMMITTEES

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

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

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

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

COMPLIANCE RISK MANAGEMENT

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

The compliance function recently had its Compliance Maturity Assessment done by Messrs. PWC by benchmarking against ISO 19600 principles. The integrated compliance function working closely with Internal Audit, Risk Management and Operational Risk to achieve risk convergence provided backbone for integrated assurance and higher visibility of risk management and control consciousness across the Group.

The compliance function has continued to redefine and fine-tune its approach and continued to improve on its advisory role with intense focus on regulatory intelligence gathering, Compliance monitoring, Compliance testing and closer cooperation with business units within the Bank. The

Group on the other hand acts as a contact point for compliance inquiries from staff members and recently introduced the Business Unit Compliance Officers to strengthen and deepen the cooperation with first line of defense and the implantation of Quality Assurance in all applicable Groups within the bank
We enhanced the monitoring to online real time to catch up with the current digital banking environment. We receive alerts of transactions on a risk-based approach by focusing on the high-risk areas thereby spotting non-conformities on time and have also improved our Compliance management standard.

MEASUREMENT, MONITORING AND MANAGEMENT OF COMPLIANCE RISK

In Access Bank, compliance risk is continually:

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

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

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

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

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

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

In the absence of regulatory requirements for all or part of a business unit, certain minimum standards of conduct is established and maintained by that business unit to the extent required as determined by the management of that business unit and in line with global best compliance practice.

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 about 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:

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

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

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

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

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

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

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

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

ALLOCATING CAPITAL TO BUSINESS UNITS

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

INSURANCE MITIGATION

Insurance policies are used 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.

CYBERSECURITY RISK MANAGEMENT

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

The year 2020 has been unusual in many ways due to the Corona Virus Pandemic. IT and Cybersecurity has not been spared and this has left many organizations scampering to safety. Access Bank, like other Global institutions, was forced to embrace new practices such as social distancing and remote working. As expected, cyber criminals worldwide have capitalized on the health crisis and it is no surprise that the main targets are financial institutions, their customers/clients.

Access Bank, coming off the merger with defunct Diamond Bank, while expanding its reach to more countries on the Continent will no doubt be an easy target for cyber criminals. We are aware of our position as the number one retail Bank in Nigeria with an ever-growing digital platforms portfolio, hence we cannot afford to let our guards down.
We have a holistic view of all the major risks facing the Bank and we remain vigilant regarding both known and emerging global risks. We also ensure that we are strong enough to withstand any exogenous shocks by putting in place a 24/7 monitoring and external intelligence of the Bank's information and technology assets.

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

STRATEGIC RISK MANAGEMENT

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

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

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

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

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

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

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

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

REPUTATIONAL RISK MANAGEMENT

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

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

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

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

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

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

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

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

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

COMPILATION OF TRIGGER EVENTS

To assist in the identification of key reputational risk events, triggers that would set off the risk drivers are compiled through workshops with participants from relevant business units. The following table illustrates some 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

APPROACH TO MANAGING REPUTATION RISK EVENTS

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

POST REPUTATION EVENT REVIEWS

After a reputation event, the post-event review is conducted by Internal Audit and Risk Management Division to identify any lessons learnt, or problems and weaknesses revealed, from the event. Such reviews are 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 are informed of the results of any such review conducted in order to take appropriate actions to improve their capacity to manage reputational risk.

CAPITAL RISK MANAGEMENT

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

Capital management objectives:

The Group's capital management objectives are:

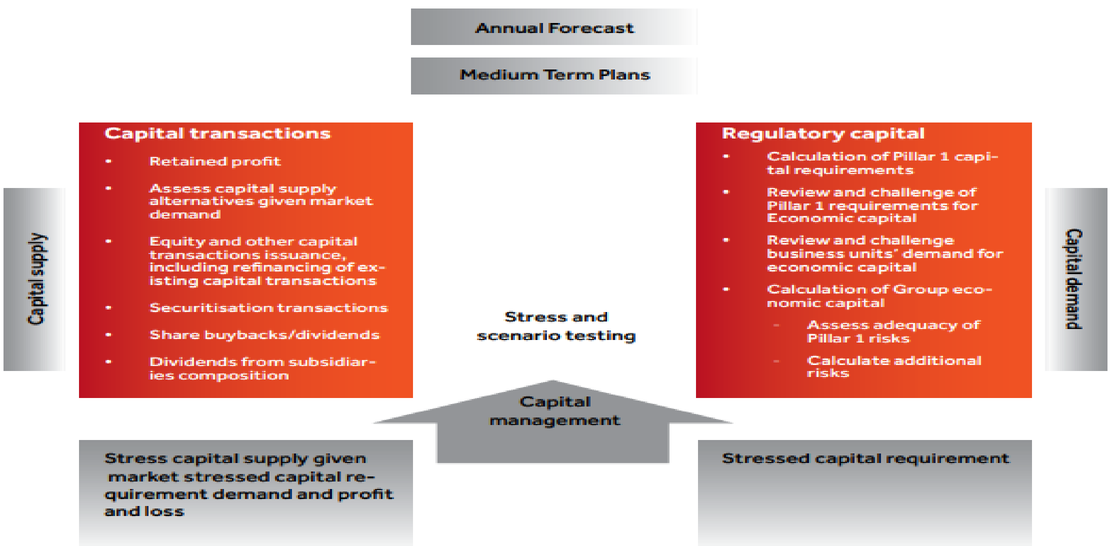
- To meet the capital ratios required by its regulators and the Group's Board;
- To maintain an adequate level of capital resources to cover the economic capital (EC) requirements;
- To generate enough capital to support asset growth;
- To generate optimal return on capital after adjusting for risk.

- To maintain an investment grade credit rating; and achieve a return above the cost of equity.

CAPITAL MANAGEMENT STRATEGY:

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

Capital Management Process



IMPORTANCE OF CAPITAL MANAGEMENT

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

ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT

The Bank has long recognized the requirement to transition to a more structured and conscientious approach to environmental and social concerns, and the increasing role that shall play in the future direction of the institution. Fundamental changes to the way decisions are made across the bank coupled with Executive Management support to underpin this development has been crucial. Appreciating and recognizing the requirements of both our regulatory and investment partners has been critical in our decision making.

ENVIRONMENTAL AND SOCIAL RISK STRATEGY

We understand the need to achieve the goals of the Paris Agreement on Co2 emissions reductions coupled with our wider environmental ambitions and appreciate that environmental issues represent a risk for Access Bank. Recognizing such, we have refined our strategy further to accommodate climate change challenges. We have achieved this with a robust governance framework of policies and procedures and the incorporation of environmental concerns into our automated credit review process. The Bank also has a dedicated team of 10 professionals focused solely on delivering both environmental & social risk management for the bank.

The continuous evolution of our Environmental Social and Governance (ESG) systems has ensured that we incessantly push towards attaining a more sophisticated risk management structure.

The issuance of the first climate certified corporate green bond in Sub Saharan Africa last year, which has also been listed as a non-traded instrument on the Luxembourg Stock Exchange in the first quarter of 2020, is evident to the Bank's continuous push in the direction of sustainability.

Access Bank has also attracted increased international and domestic investment partnerships with Development Financial Institutions for ESG targeted lending. Our subsidiaries have also benefited from these partnerships, with the recent being in DR Congo. A USD 10mn senior unsecured loan will facilitate the finance of Access Bank’s small and medium-sized enterprises (SME) portfolio in the DRC. The project has a strong emphasize on social and environmental safeguards, particularly on potential human rights impacts. (See https://www.fmo.nl/project-detail/57263)

With the increasing awareness around financed fossil fuel emissions and impact of climate change potential within our portfolio, we have made strides towards understanding these potential exposures, their implications and any mitigating measures which can be incorporated by the bank.

Recognizing these challenges has also led the Bank to become core participating members of internationally recognized climate groups. They include:

1. **UNEP FI’s Taskforce on Climate related Financial Disclosures (TCFD)** which is globally adopted by Banks, Insurance companies, etc. is aimed at identifying and manage the impact of climate risks in the portfolio of Financial Institutions. Access Bank became a member of the working group in 2019.
2. **Partnership for Carbon Accounting Financials (PCAF)** is a global partnership aimed at harmonizing the approach in accessing and disclosing greenhouse gas (GHG) emissions associated with loans and investment. Access Bank became a member of the steering group in June 2020.

Independent auditor's report

To the Members of Access Bank Plc

Report on the audit of the interim consolidated and separate financial statements

Our opinion

In our opinion, the interim consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Access Bank Plc ("the bank") and its subsidiaries (together "the group") as at 30 June 2020, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the six month 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.

What we have audited

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

- the consolidated and separate statements of comprehensive income for the six month period ended 30 June 2020;
- the consolidated and separate statements of financial position as at 30 June 2020;
- the consolidated and separate statements of changes in equity for the six month period then ended;
- the consolidated and separate statements of cash flows for the six month period then ended; and
- the notes to the interim consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Purchase Price Allocation and determination of intangible assets arising from business combination (refer to notes 3.3b, 4.0 and 44)	
The valuation of intangible assets arising from business combination requires significant judgement in determining the fair values. We have determined this to be a key audit matter based on the materiality and complexity of the acquisition and the significance of the transaction to the Group. The Group acquired 100% of the share capital of Diamond Bank Plc on 19 March 2019 for a purchase consideration of N 62.5 billion resulting in a goodwill of N 4.6 billion. The accounting for this transaction is complex due to the significant judgements and estimates that are required in the identification and measurement of the fair value of the assets acquired and liabilities assumed which are inherently judgemental. The directors have concluded the Purchase Price Allocation (PPA) for the acquisition and identified the following intangible assets in accordance with IFRS 3 "Business combinations": • Brand • Customer relationship • Core deposits The directors employed an external valuation expert to determine the valuation of these intangible assets using standard valuation methodologies. This is considered a key audit matter in the interim consolidated and separate financial statements.	We checked the reasonableness of the directors' determination of the fair value of purchase consideration. With the assistance of our internal valuation experts we: • assessed the reasonableness of the directors determination of Brand, Customer relationships and Core deposits as intangible assets arising on acquisition of the defunct Diamond bank; and • tested the inputs and methodology used by the directors' external expert in determining the fair values of the intangibles for reasonableness. We evaluated the adequacy of the disclosures in the interim consolidated and separate financial statements.
Impairment on loans and advances to customers – N161.4 billion (refer to notes 3.9, 4.0 and 23) We focused on this area because the directors exercise significant judgement, using subjective assumptions when determining both the timing and the amounts to recognise as impairment. The IFRS 9 'Financial Instruments' impairment methodology requires significant judgement in	We adopted a substantive approach in assessing the allowance for impairment made by the directors. We performed the following procedures: • checked that the Group applied a default definition that is consistent with IFRS 9 qualitative default criteria and days past due backstop indicator;

measuring expected credit loss (ECL). Areas where significant judgement was exercised includes:

- the definition of default adopted by the bank;
- determination of the criteria for assessing significant increase in credit risk (SICR);
- determination of the key inputs used in determining the lifetime exposure at default (EAD);
- methodologies adopted by the bank in modelling the probability of default (PD) used in the ECL model;
- estimation of Loss Given Default (LGD) including considering collateral values; and
- incorporation of forward looking information and the determination of multiple economic scenarios used in the ECL model.

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

- evaluated the reasonableness of the Group's determination of significant increase in credit risk; and
- applied a risk-based target testing approach in selecting a sample of credit facilities for detailed reviews of related customer files and account statements.

With the assistance of our modelling experts, we:

- tested the appropriateness of the exposure at default by checking whether relevant facility specific information have been incorporated in determining the EAD term structure. We performed independent calculation for a select sample set to assess reasonableness of the EAD estimates;
- tested the reasonableness of the methodology used in modelling PD to assess for consistency with acceptable modelling techniques;
- evaluated the reasonableness of the Loss Given Default (LGD) and checked a sample of collaterals used in the model; and
- checked the reasonableness of forward-looking information and multiple economic scenarios considered.

We tested the IFRS 9 disclosures for reasonableness.

Other information

The directors are responsible for the other information. The other information comprises the Corporate information, Directors' report, Customer complaints and feedback, Corporate governance report, Statement of directors' responsibilities, Report of the statutory audit committee, Risk management framework, Value added statement and Five-year financial summary, but does not include the interim consolidated and separate financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

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

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

iii) the bank's statement of financial position and statement of comprehensive income for the six month period ended 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 45 to the interim consolidated and separate financial statements; and

v) as disclosed in Note 41 to the interim consolidated and separate financial statements, the bank paid penalties in respect of contraventions of certain sections of the Banks and Other Financial Institutions Act and relevant circulars issued by the Central Bank of Nigeria during the six month period ended 30 June 2020.

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

3 September 2020

Engagement Partner: Chidi Ojechi
FRC/2017/ICAN/00000015955

Consolidated and separate statement of comprehensive income

In thousands of Naira	Notes	Group June 2020	*Restated Group June 2019	Bank June 2020	*Restated Bank June 2019
Interest income calculated using effective interest rate	8	211,990,533	226,124,685	172,427,703	195,438,670
Interest income on financial assets at FVTPL	8	34,731,987	46,771,826	32,898,173	46,178,410
Interest expense	8	(120,515,106)	(117,750,474)	(108,233,080)	(110,252,757)
Net interest income		126,207,414	155,146,037	97,092,796	131,364,323
Net impairment charge	9	(16,465,691)	(4,879,671)	(14,768,613)	(3,165,199)
Net interest income after impairment charges		109,741,723	150,266,366	82,324,183	128,199,124
Fee and commission income	10 (a)	51,774,914	41,858,183	42,696,056	33,209,733
Fee and commission expense	10 (b)	(11,182,650)	(4,328,866)	(10,848,171)	(4,023,942)
Net fee and commission income		40,592,264	37,529,317	31,847,885	29,185,791
Net gains on financial instruments	11a,b	134,840,620	4,145,890	131,363,623	3,334,589
Net foreign exchange loss	12	(66,222,898)	(18,936,885)	(69,487,434)	(23,287,112)
Other operating income	13	29,642,085	24,412,098	28,683,757	23,113,161
Profit on disposal of subsidiaries	48 (b)	-	-	-	4,287,666
Personnel expenses	14	(36,251,381)	(31,245,673)	(27,831,950)	(23,144,355)
Depreciation	28	(12,531,309)	(9,311,786)	(10,250,214)	(7,954,462)
Amortization and impairment	29	(4,829,364)	(3,314,874)	(4,568,387)	(3,096,215)
Other operating expenses	15	(120,675,517)	(80,579,478)	(113,011,726)	(73,766,924)
Profit before tax		74,306,223	72,964,975	49,069,737	56,871,263
Income tax	16	(13,271,428)	(11,091,302)	(6,493,869)	(7,617,977)
Profit for the period		**61,034,795**	**61,873,673**	**42,575,868**	**49,253,286**
Other comprehensive income (OCI) net of income tax :					
items that will not be subsequently reclassified to income statement:					
Remeasurements of post-employment benefit obligations		-	-	-	-
Items that may be subsequently reclassified to the income statement:					
Foreign currency translation differences for foreign subsidiaries:					
- Unrealised losses during the period		12,551,892	(163,609)	-	-
Net changes in fair value of financial instruments		5,026,676	2,594,540	6,019,414	2,655,075
-Fair value changes of AFS instruments during the year					
-Net changes in allowance on FVOCI financial instruments		235,611	10,043	220,520	10,043
Other comprehensive gain/(loss), net of related tax effects		17,814,179	2,440,974	6,239,934	2,665,118
Total comprehensive income for the period		**78,848,974**	**64,314,647**	**48,815,802**	**51,918,404**
Profit attributable to:					
Owners of the bank		60,358,948	61,143,194	42,575,868	49,253,286
Non-controlling interest	38	675,847	730,479	-	-
Profit for the period		**61,034,795**	**61,873,673**	**42,575,868**	**49,253,286**
Total comprehensive income attributable to:					
Owners of the bank		80,339,429	64,421,817	48,815,802	51,918,404
Non-controlling interest	38	(1,490,455)	(107,170)	-	-
Total comprehensive income for the period		**78,848,974**	**64,314,647**	**48,815,802**	**51,918,404**
Earnings per share attributable to ordinary shareholders					
Basic (kobo)	17	173	190	120	151
Diluted (kobo)	17	170	187	120	151

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

Consolidated and separate statement of financial position
As at 30 June 2020

In thousands of Naira	*Notes*	Group June 2020	*Restated Group December 2019	Bank June 2020	*Restated Bank December 2019
Assets					
Cash and balances with banks	18	663,916,043	723,064,003	482,487,540	575,906,273
Investment under management	19	29,227,849	28,291,959	29,227,849	28,291,959
Non pledged trading assets	20	283,422,055	129,819,239	206,297,956	76,971,761
Derivative financial assets	21	259,584,207	143,520,553	259,030,652	143,480,073
Loans and advances to banks	22	390,436,738	152,825,081	228,130,576	164,413,001
Loans and advances to customers	23	2,999,817,788	2,911,579,708	2,622,576,420	2,481,623,671
Pledged assets	24	251,391,395	605,555,891	251,391,394	605,555,892
Investment securities	25	1,210,866,708	1,084,604,185	948,402,586	813,706,953
Investment properties	31a	927,000	927,000	727,000	727,000
Restricted deposit and other assets	26	1,376,490,218	1,055,510,452	1,332,219,001	1,004,310,288
Investment in subsidiaries	27b	-	-	137,411,926	131,458,709
Property and equipment	28	208,365,905	211,214,238	183,140,520	188,634,460
Intangible assets	29	61,124,774	62,479,691	66,239,438	67,550,668
Deferred tax assets	30	7,178,972	8,807,563	-	-
		7,742,749,652	7,118,199,563	6,747,282,858	6,282,630,708
Asset classified as held for sale	31b	23,757,518	24,957,519	23,757,518	24,957,518
Total assets		**7,766,507,170**	**7,143,157,082**	**6,771,040,376**	**6,307,588,226**
Liabilities					
Deposits from financial institutions	32	1,317,547,310	1,186,356,312	1,175,442,663	1,079,284,414
Deposits from customers	33	4,667,655,529	4,255,837,303	3,995,649,891	3,668,339,811
Derivative financial liabilities	21	20,645,382	6,885,680	19,703,286	6,827,293
Current tax liabilities	16	2,698,571	3,531,410	2,140,401	1,409,436
Other liabilities	34	312,426,714	324,333,874	282,430,929	302,261,962
Deferred tax liabilities	30	14,100,920	11,272,928	8,792,481	4,507,110
Debt securities issued	35	164,758,197	157,987,877	164,758,197	157,987,877
Interest-bearing borrowings	36	592,324,048	586,602,830	544,745,035	544,064,226
Retirement benefit obligation	37	3,988,680	3,609,037	3,802,888	3,418,060
Total liabilities		**7,096,145,351**	**6,536,417,251**	**6,197,465,771**	**5,768,100,189**
Equity					
Share capital and share premium	38	251,811,463	251,811,463	251,811,463	251,811,463
Retained earnings		254,183,338	221,665,747	210,896,952	188,925,555
Other components of equity	38	157,328,639	124,733,788	110,866,190	98,751,019
Total equity attributable to owners of the Bank		**663,323,440**	**598,210,998**	**573,574,605**	**539,488,037**
Non controlling interest	38	7,038,379	8,528,833	-	-
Total equity		**670,361,819**	**606,739,831**	**573,574,605**	**539,488,037**
Total liabilities and equity		**7,766,507,170**	**7,143,157,082**	**6,771,040,376**	**6,307,588,226**

Signed on behalf of the Board of Directors on 29 July, 2020 by:

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

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

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

Consolidated and separate statement of changes in equity

In thousands of Naira

Group	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Share scheme reserve	Treasury Shares	Capital reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total	Non Controlling interest	Total Equity
	Attributable to owners of the Bank												
Balance at 1 January 2020	**17,772,613**	**234,038,850**	**18,091,941**	**93,322,654**	**1,881,768**	**(4,795,913)**	**3,489,080**	**964,243**	**11,780,013**	**225,118,812**	**601,664,061**	**8,528,833**	**610,192,894**
Restatement of goodwill amortization for 2019 (See note 46)	-	-	-	-	-	-	-	-	-	(3,453,063)	**(3,453,063)**	-	**(3,453,063)**
Restated Balance at 1 January, 2020	**17,772,613**	**234,038,850**	**18,091,941**	**93,322,654**	**1,881,768**	**(4,795,913)**	**3,489,080**	**964,243**	**11,780,013**	**221,665,749**	**598,210,998**	**8,528,833**	**606,739,831**
Total comprehensive income for the period:													
Profit for the period	-	-	-	-	-	-	-	-	-	60,358,948	60,358,948	675,847	61,034,795
Other comprehensive income, net of tax													
Unrealised foreign currency translation difference	-	-	-	-	-	-	-	-	13,338,465	-	13,338,465	(786,573)	12,551,892
Actuarial gain on remeasurement of retirement benefit (net of tax)	-	-	-	-	-	-	-	-	-	-	-	-	-
Net changes in fair value of FVOCI financial instruments	-	-	-	-	-	-	-	6,406,405	-	-	6,406,405	(1,379,729)	5,026,676
Net changes in allowance on FVOCI financial instruments	-	-	-	-	-	-	-	235,611	-	-	235,611	-	235,611
Total other comprehensive income	**-**	**-**	**-**	**-**		**-**	**-**	**6,642,016**	**13,338,465**	**-**	**19,980,481**	**(2,166,302)**	**17,814,179**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6,642,016**	**13,338,465**	**60,358,948**	**80,339,429**	**(1,490,455)**	**78,848,974**
Transactions with equity holders, recorded directly in equity:													
Transfers during the period	-	-	1,884,501	11,738,768	-	-	-	-	-	(13,623,269)	-		-
Transfers under the scheme of merger	-	-	-	-	-	-	-	-	-	-	-	-	-
Shares issued under scheme of merger	-	-	-	-	-	-	-	-	-	-	-	-	-
Additional shares	-	-	-	-	-	(497,753)	-	-	-	-	(497,753)	-	(497,753)
Scheme shares	-	-	-	-	394,284	-	-	-	-	-	394,284	-	394,284
Vested shares	-	-	-	-	(905,428)	-	-	-	-	-	(905,428)	-	(905,428)
Dividend paid to equity holders	-	-	-	-	-	-	-	-	-	(14,218,090)	(14,218,090)	-	(14,218,090)
Total contributions by and distributions to equity holders	**-**	**-**	**1,884,501**	**11,738,768**	**(511,144)**	**(497,753)**	**-**	**-**	**-**	**(27,841,359)**	**(15,226,987)**	**-**	**(15,226,987)**
Balance at 30 June 2020	**17,772,613**	**234,038,850**	**19,976,442**	**105,061,422**	**1,370,624**	**(5,293,666)**	**3,489,080**	**7,606,259**	**25,118,478**	**254,183,338**	**663,323,440**	**7,038,379**	**670,361,819**

Consolidated statement of changes in equity

In thousands of Naira

Group	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Share scheme reserve	Treasury Shares	Capital reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total	Non Controlling interest	Total Equity
	Attributable to owners of the Bank												
Balance at 1 January 2019	**14,463,986**	**197,974,816**	**19,942,296**	**82,889,946**	**1,725,386**	**(3,401,302)**	**3,489,080**	**(5,622,402)**	**15,586,697**	**155,592,892**	482,641,395	**7,870,360**	**490,511,755**
Total comprehensive income for the period:													
Profit for the period	-	-	-	-	-	-	-	-	-	61,143,194	61,143,194	730,479	61,873,673
Other comprehensive income, net of tax													
Unrealised foreign currency translation difference	-	-	-	-	-	-	-		674,040	-	674,040	(837,649)	(163,609)
Actuarial gain on remeasurement of retirement benefit (net of tax)	-	-	-	-	-	-	-	-	-	-	-	-	-
Net changes in fair value of FVOCI financial instruments	-	-	-	-	-	-	-	2,594,540	-	-	2,594,540	-	2,594,540
Net changes in allowance on FVOCI financial instruments	-	-	-	-	-	-	-	10,043	-	-	10,043	-	10,043
Cancelled fair value reserve from associates	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-	-	2,604,583	674,040	-	3,278,623	(837,649)	2,440,974
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,604,583**	**674,040**	**61,143,194**	**64,421,817**	**(107,170)**	**64,314,647**
Transactions with equity holders, recorded directly in equity:													
Transfers during the period	-	-	(2,797,847)	7,396,574	-	-	-	-		(4,598,727)	-	-	-
Transfers under the scheme of merger										(2,197,356)	(2,197,356)	-	(2,197,356)
Shares issued under scheme of merger	3,308,627	36,064,034	-	-	-	-	-	-	-	-	39,372,661	-	39,372,661
Additional shares				-	91,848	(945,530)	-	-		-	(853,681)	-	(853,681)
Scheme shares	-	-	-	-	377,912	-	-	-	-	-	377,912	-	377,912
Vested shares	-	-	-	-	(828,385)	828,385	-	-	-	-	-	-	-
Dividend paid to equity holders	-	-	-	-	-	-	-	-	-	(8,886,306)	(8,886,306)	-	(8,886,306)
Total contributions by and distributions to equity holders	**3,308,627**	**36,064,034**	**(2,797,847)**	**7,396,574**	**(358,625)**	**(117,145)**	**-**	**-**	**-**	**(15,682,390)**	**27,813,230**	**-**	**27,813,230**
Balance at 30 June 2019	**17,772,613**	**234,038,850**	**17,144,449**	**90,286,520**	**1,366,761**	**(3,518,447)**	**3,489,080**	**(3,017,819)**	**16,260,737**	**201,053,696**	**574,876,442**	**7,763,190**	**582,639,632**

Statement of changes in equity
In thousands of Naira

Bank	**Share capital**	**Share premium**	**Regulatory risk reserve**	**Other regulatory reserve**	**Share Scheme reserve**	**Capital Reserve**	**Fair value reserve**	**Retained earnings**	**Total Equity**
Balance at 1 January, 2020	**17,772,613**	**234,038,850**	**9,483,000**	**83,061,699**	**1,881,767**	**3,489,081**	**835,472**	**192,378,618**	**542,941,100**
Restatement of goodwill amortization for 2019 (See note 46)	-	-	-	-	-	-	-	(3,453,063)	**(3,453,063)**
Restated Balance at 1 January, 2020	**17,772,613**	**234,038,850**	**9,483,000**	**83,061,699**	**1,881,767**	**3,489,081**	**835,472**	**188,925,555**	**539,488,037**
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	-	-	42,575,868	42,575,868
Other comprehensive income, net of tax									
Actuarial gain on remeasurement of retirement benefit	-	-	-	-	-	-	-	-	-
Net changes in fair value of FVOCI financial instruments	-	-	-	-	-	-	6,019,414	-	6,019,414
Net changes in allowance on FVOCI financial instruments				-			220,520	-	220,520
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**6,239,934**	**-**	**6,239,934**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**6,239,934**	**42,575,868**	**48,815,802**
Transactions with equity holders, recorded directly in equity:									
Transfers for the period	-	-	-	6,386,381	-	-	-	(6,386,381)	-
Dividend paid to equity holders	-	-	-	-	-	-	-	(14,218,090)	(14,218,090)
Shares issued under scheme of merger	-	-	-	-	-	-	-	-	-
Additional shares	-	-	-	-	-	-	-	-	-
Scheme shares	-	-	-	-	394,284	-	-	-	394,284
Vested shares	-	-	-	-	(905,428)	-	-	-	(905,428)
Total contributions by and distributions to equity holders	**-**	**-**	**-**	**6,386,381**	**(511,144)**	**-**	**-**	**(20,604,471)**	**(14,729,234)**
Balance at 30 June 2020	**17,772,613**	**234,038,850**	**9,483,000**	**89,448,080**	**1,370,623**	**3,489,081**	**7,075,406**	**210,896,952**	**573,574,605**

Statement of changes in equity
In thousands of Naira

Bank	**Share capital**	**Share premium**	**Regulatory risk reserve**	**Other regulatory reserves**	**Share Scheme reserve**	**Capital Reserve**	**Fair value reserve**	**Retained earnings**	**Total Equity**
Balance at 1 January, 2019	**14,463,986**	**197,974,816**	**9,483,000**	**72,026,340**	**1,725,385**	**3,489,081**	**(6,601,426)**	**148,238,575**	**440,799,757**
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	-	-	49,253,286	49,253,286
Other comprehensive income, net of tax									
Actuarial gain on remeasurement of retirement benefit	-	-	-	-	-	-	-	-	-
Net changes in fair value of FVOCI financial instruments	-	-	-	-	-	-	2,655,075	-	2,655,075
Net changes in allowance on FVOCI financial instruments							10,043		10,043
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**2,665,119**	**-**	**2,665,118**
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**2,665,119**	**49,253,286**	**51,918,404**
Transactions with equity holders, recorded directly in equity:									
Transfers for the period	-	-	-	7,560,647	-	-	-	(7,560,647)	-
Dividend paid to equity holders	-	-	-	-	-	-	-	(8,886,306)	(8,886,306)
Shares issued under scheme of merger	3,308,627	36,064,034	-	-	-	-	-	-	39,372,661
Additional shares	-	-	-	-	91,848	-	-	-	91,848
Scheme shares	-	-	-	-	377,911	-	-	-	377,911
Vested shares	-	-	-	-	(828,385)	-	-	-	(828,385)
Total contributions by and distributions to equity holders	**3,308,627**	**36,064,034**	**-**	**7,560,647**	**(358,626)**	**-**	**-**	**(16,446,953)**	**30,127,729**
Balance at 30 June 2019	**17,772,613**	**234,038,850**	**9,483,000**	**79,586,987**	**1,366,759**	**3,489,081**	**(3,936,308)**	**181,044,908**	**522,845,890**

Consolidated statement of cash flows

In thousands of Naira	Note	Group June 2020	*Restated Group June 2019	Bank June 2020	*Restated Bank June 2019
Cash flows from operating activities					
Profit before income tax		74,306,223	72,964,975	49,069,737	56,871,263
Adjustments for:					
Depreciation	28	12,531,309	9,311,042	10,250,214	7,953,889
Amortization	29	4,829,364	3,314,874	4,568,387	3,096,215
Gain on disposal of property and equipment	13	(2,449,085)	1,981	(2,445,199)	3,566
Loss on lease modification		799,751	98,915	145,701	98,915
Profit on disposal of investment securities		(545,105)	(2,265,686)	(458,072)	(2,265,686)
Impairment on financial assets	9	16,465,690	4,879,671	14,768,614	3,165,199
Additional gratuity provision		379,643	319,690	384,828	309,479
Restricted share performance plan expense		394,284	469,760	394,284	377,911
Property and equipment written off	28	11,054	48,247	-	605
Fair value loss on financial assets at FVPL		(134,295,516)	(1,696,684)	(130,905,551)	(885,382)
Net interest income	8	(126,207,414)	(155,146,038)	(97,092,797)	(131,364,323)
Unrealised foreign exchange loss on revaluation	12	62,136,980	3,277,078	55,639,653	2,691,702
(Loss)/Profit on disposal of asset held for sale		-	-	-	(4,287,666)
Dividend income	13	(2,312,433)	(2,576,171)	(2,312,433)	(2,576,171)
		(93,955,255)	(66,998,346)	(97,992,634)	(66,810,484)
Changes in operating assets					
Non-pledged trading assets		(153,354,866)	(21,707,417)	(129,078,245)	(19,336,946)
Fair value of derivative financial instruments		941,949	842,638	273,412	742,899
Pledged assets		(211,524,742)	(226,178,185)	(211,524,741)	(368,348,324)
Restricted deposits		12,675,877	(119,145,355)	12,196,211	(112,817,603)
Loans and advances to banks and customers		(408,834,851)	(110,371,407)	(294,144,750)	(70,487,520)
Other assets		(327,146,645)	215,767,695	(326,016,080)	213,745,852
Changes in operating liabilities					
Deposits from financial institutions		127,333,224	(277,364,509)	90,977,290	(14,171,320)
Deposits from customers		416,964,368	566,409,257	333,648,785	551,543,093
Other liabilities		(10,344,392)	(108,720,501)	(23,140,934)	(107,114,892)
Interest paid on deposits to banks and customers		(99,274,015)	(98,317,897)	(87,669,745)	(82,563,002)
Interest received on loans and advances and non-pledged trading assets		194,576,068	203,837,211	173,285,104	149,940,581
Payment to gratuity benefit holders		34,484,037	(90,120)	32,650,224	(90,120)
Lease payments		(1,357,099)	(90,531)	(280,814)	(90,531)
		(518,816,342)	(42,127,467)	(526,816,918)	74,141,684
Income tax paid		(8,940,978)	(7,575,732)	(833,942)	(3,011,935)
Net cash generated from/(used in) operating activities		(527,757,320)	(49,703,199)	(527,650,860)	71,129,749
Cash flows from investing activities					
Acquisition of investment securities		(4,250,230,017)	(2,038,796,047)	(4,165,466,179)	(1,858,090,749)
Interest received on investment securities		46,661,055	44,277,958	31,706,821	91,836,649
Investment under management		(2,500,067)	116,467	(2,500,067)	116,467
Dividend received	13	2,312,433	2,576,171	2,312,433	2,576,171
Acquisition of property and equipment	28	(14,200,005)	(10,287,185)	(12,194,044)	(5,944,405)
Proceeds from the sale of property and equipment and intangible assets		10,434,643	214,564	10,028,010	165,796
Acquisition of intangible assets	29	(3,680,725)	(589,160)	(3,257,157)	(2,057,238)
Proceeds from disposal of asset held for sale		1,500,000	-	1,500,000	-
Acquisition of asset held for sale		-	12,263,926	-	12,263,926
Proceeds from matured/disposed investment securities		718,437,065	93,228,806	632,787,119	93,158,990
Proceeds from sale of investment securities		3,440,001,331	1,743,242,154	3,429,665,083	1,707,590,187
Additional investment in subsidiaries		-	-	(5,457,750)	-
Net cash acquired from business combinations		-	30,262,457	-	30,258,805
Net cash generated from investing activities		**(51,264,287)**	**(123,489,889)**	**(80,875,731)**	**71,874,599**
Cash flows from financing activities					
Interest paid on interest bearing borrowings and debt securities issued		(22,513,012)	(24,164,968)	(22,317,430)	(23,462,093)
Net proceeds from interest bearing borrowings		(8,854,602)	129,117,080	(13,461,752)	122,937,308
Net proceeds of debt securities issued	35	-	(216,208,000)	-	(216,208,000)
Purchase of own shares		(497,753)	(945,530)	(1,400,894)	(853,681)
Dividends paid to owners		(14,218,090)	(8,886,306)	(14,218,090)	(8,886,306)
Debt securities issued	35	-	15,000,000	-	15,000,000
Net cash (used in)/generated from financing activities		**(46,083,457)**	**(106,087,724)**	**(51,398,166)**	**(111,472,772)**
Net increase/(decrease) in cash and cash equivalents		(625,105,064)	(279,280,814)	(659,924,757)	31,531,576
Cash and cash equivalents at beginning of period	40	1,226,031,019	864,564,911	1,080,005,274	424,360,569
Net increase/ (decrease) in cash and cash equivalents		(625,105,064)	(279,280,814)	(659,924,757)	31,531,580
Effect of exchange rate fluctuations on cash held		11,384,986	2,256,526	11,450,905	2,256,526
Cash and cash equivalents at end of period	40	612,310,941	587,540,622	431,531,421	458,148,675

1.0 General information

Access Bank Plc ("the Bank") is a bank domiciled in Nigeria. The address of the Bank's registered office is No 14/15, Prince Alaba Oniru Road, Oniru, Lagos (formerly Plot 999c, Danmole Street, off Adeola Odeku/Idejo Street, Victoria Island, Lagos). The consolidated and separate financial statements of the Bank for the period ended 30 June 2020 comprise the Bank and its subsidiaries (together referred to as "the Group" and separately referred to as "Group entities"). The Group is primarily involved in investment, corporate, commercial and retail banking. The Bank is listed on the Nigerian Stock Exchange.

These financial statements were approved and authorised for issue by the Board of Directors on 29 July 2020. The directors have the power to amend and reissue the financial statements.

2.0 Statement of compliance with International Financial Reporting Standards

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

3.0 Basis of preparation

This financial statement has been prepared in accordance with IAS 34 -Interim financial reporting as prescribed by International Financial Reporting Standards (IFRSs) and interpretations issued by the IFRS Interpretations Committee (IFRIC) applicable to companies reporting under IFRS. This consolidated and separate financial statement comprise the consolidated and separate statement of comprehensive income, the consolidated and separate statement of financial position, the consolidated and separate statements of changes in equity, the consolidated and separate cash flow statement and the notes.

The financial statements have been prepared in accordance with the going concern principle under the historical cost convention, modified to include fair valuation of particular financial instruments: non current assets held for sale and investment properties to the extent required or permitted under IFRS as set out in the relevant accounting policies.

3.1 Summary of significant accounting policies

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

(a) Functional and presentation currency

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

(b) Basis of measurement

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

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

(c) Use of estimates and judgments

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

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

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

3.2 Changes in accounting policy and disclosures

Amended standards adopted by the Group
There are a number of amendments to accounting standards that become applicable for annual reporting periods commencing on or after 1 January 2020:
(a) Definition of Material – amendments to IAS 1 and IAS 8;
(b) Definition of a Business – amendments to IFRS 3;
(c) Revised Conceptual Framework for Financial Reporting; and
(d) Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7.

These amendments do not lead to a change in any of the Group's accounting policies.

3.3 Basis of consolidation

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

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

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

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

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

The subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The group has adopted the short cut approach for the sale of Diamond Bank UK acquired during the period
Subsidiaries are measured at cost less impairment in the separate financial statement.

(b) Business combinations

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

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

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

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

When this total is negative, a gain from a bargain purchase is recognised immediately in statement of comprehensive income.
The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in in the income statement.

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

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

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

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

(c) Loss of control

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

(d) Disposal of subsidiaries

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

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

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

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

3.4 Segment reporting

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

3.5 Foreign currency translation

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

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

(b) Transactions and balances

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

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

(c) Group companies

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

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

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

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

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

3.6 Operating income

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

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

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

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

(a) Interest income and expense

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

The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets
When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

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

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

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

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

(b) Fees and commission income and expense

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

When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment year.

Fee and commission presented in the income statement includes:

- Credit related fees: This includes advisory, penal and commitment fees. These are fees charged for administration and advisory services to the customer up to the customer's acceptance of the offer letter. The advisory and commitment fees are earned at the point in time where the customer accepts the offer letter which is when the Bank recognises its income. These fees are not integral to the loan, therefore, they are not considered in determining the effective interest rate. The penal fee on default also forms part of the items warehoused in this line

- Account maintenance fees: These are fees charged to current accounts. N1 on every N1,000 in respect of all customer induced debit transactions is charged on these accounts. These fees are earned by the Bank at the time of each transaction and the Bank recognises its income accordingly.

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

  Fees and commissions expenses are fees charged for the provision of services to customers transacting on alternate channels platform of the Bank and on the various debit and credit cards issued for the purpose of these payments. They are charged to the Bank on services rendered on internet banking, mobile banking and online purchasing platforms. The corresponding income lines for these expenses include the income on cards (both foreign and local cards), online purchases and bill payments included in fees and commissions.

(c) Net loss/gains on investment securities

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

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

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

- Net gains on financial instruments at fair value through profit or loss: This relates to gains on disposal and changes in fair value of financial instruments carried at fair value through profit or loss

(d) Foreign exchange income

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

(e) Other operating income

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

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

3.7 Income tax

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

(a) Current tax

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

(b) Minimum Tax

Based on the provisions of The Finance Act, minimum tax will be applicable at 0.5% of gross turnover less franked investment income.

(c) Deferred tax

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

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

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

3.8 Financial assets and liabilities

Recognition and derecognition

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

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

(a) Financial assets

i *Classification*

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

Measurement

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

ii *Debt instruments*

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

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

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

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

iii *Equity instruments*

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

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

iv Business model assessment

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

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

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

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

(b) Financial Liabilities

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

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

(c) Classification of financial assets

[i] Fair value through profit or loss
This category comprises financial assets classified as hold to sell upon initial recognition.

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

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

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

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

[ii] Amortized cost

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

These are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective interest method. Any sale or reclassification of a significant amount of amortized cost investments not close to their maturity would result in a reassessment of the Bank's business model for managing the assets. However, sales and reclassifications in any of the following circumstances would not trigger a reclassification:

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

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

[iv] Fair value through other comprehensive income

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

Interest income is recognised in the income statement using the effective interest method. Dividend income is recognised in the income statement when the Group becomes entitled to the dividend. Foreign exchange gains or losses on such investments are recognised in the income statement.

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

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

(d) Classification of financial liabilities

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

(i) Financial liabilities at amortised cost

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

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

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

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

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

(ii) Financial liabilities at fair value

The Group may enter into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and foreign currency options. Further details of derivative financial instruments are disclosed in Note 21 to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. Derivatives are presented as financial assets or financial liabilities.

Derivative assets and liabilities are only offset if the transactions are with the same counterparty, a legal right of offset exists and the parties intend to settle on a net basis.

(e) Measurement of financial asset and liabilities

[i] Amortised cost measurement

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

[ii] Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases, the fair value of a financial instrument on initial recognition may be different to its transaction price. If such fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in the income statement on initial recognition of the instrument.

In other cases the difference is not recognised in the income statement immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

Assets and long positions are measured at a bid price; liabilities and short positions are measured at an asking price. Where the Group has positions with offsetting risks, mid-market prices are used to measure the offsetting risk positions and a bid or asking price adjustment is applied only to the net open position as appropriate. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and the counterparty where appropriate. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Group believes a third-party market participant would take them into account in pricing a transaction.

(f) Reclassification of financial assets

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

The following are not changes in business model;

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

The Bank may choose to reclassify a non-derivative financial asset carried at fair value through profit or loss out of the fair value through profit or loss 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 fair value through profit or loss or fair value through other comprehensive income 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 amortised cost categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

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

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

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

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

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

(i) Derecognition other than for substantial modification - Financial assets

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

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

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

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

(h) 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.

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

Securities lent to counterparties are also retained in the financial statements. Securities borrowed are not recognised in the financial statements, unless these are sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in Net gains/(loss) on investment securities.

(i) Measurement of specific financial assets

(i) 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.

(ii) Repossessed collateral

Repossessed collateral are equities, investment properties or other investments repossessed from a customer and used to settle his outstanding obligation. Such investments are classified in accordance with the intention of the Group in the asset class which they belong and are also separately disclosed in the financial statement.
When collaterals are repossessed in satisfaction of a loan, the receivable is written down against the allowance for losses. Repossessed collaterals are included in the financial statement based on how the Bank intends to realize benefit from such collateral such as "Non current assets held for sale" and carried at the lower of cost or estimated fair value less costs to sell, if the Group intends to sell or cost less accumulated depreciation, if for use in the normal course of business.

(iii) 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.

(iv) 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 carried at fair value through profit or loss 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 fair value through profit or loss, Fair value through other comprehensive income or Amortized cost. Where the assets pledged as collateral are designated as fair value through profit or loss, subsequent measurement is at fair value through profit and loss, whilst assets pledged as collateral designated as Fair value through other comprehensive income are measured at fair-value through equity. Assets pledged as collateral designated as Amortized cost are measured at amortized cost.

[v] Investment under management

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

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

3.9 Impairment of financial assets

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

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

Staging Assessment

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

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

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

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

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

Change in credit quality since initial recognition

Stage 1	Stage 3
(Initial Recognition)	(Credit-impaired assets)
12-months expected credit losses	Lifetime expected credit losses

Measuring the Expected Credit Loss

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

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

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

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

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

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

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

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

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

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

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

The mechanics of the ECL method are summarised below:

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

• Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the Lifetime ECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

• Stage 3: For loans considered credit-impaired, the Group recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

• POCI: Purchase or Originated Credit Impaired (POCI) assets are financial assets that are credit impaired on initial recognition. The Group only recognises the cumulative changes in lifetime ECLs since initial recognition,
• Financial guarantee contracts: The Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision. For this purpose, the Group estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to financial guarantee contracts are recognised within net impairment charge on financial assets

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

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

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

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

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

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

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

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

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

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

• The borrower is in long-term forbearance
• The borrower is deceased
• The borrower is insolvent
• The borrower is in breach of financial covenant(s)
• An active market for that financial asset has disappeared because of financial difficulties
• Concessions have been made by the lender relating to the borrower's financial difficulty

• It is becoming probable that the borrower will enter bankruptcy
• Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

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

Incorporation of forward looking information and macroeconomic factors
In its ECL models, the Group relies on a broad range of forward looking information as economic inputs. The macroeconomic variables considered for the adjustment of the probabilities of default are listed below:

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

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The ECLs include forward-looking information which translates into an allowance for changes in macro-economic conditions and forecasts when estimating lifetime ECLs. It is important to understand the effect of forecasted changes in the macro-economic environment on ECLs, so that an appropriate level of provisions can be raised.

A regression model was built to explain and predict the impact of macro-economic indicators on default rates. Such regression models are usually built on a history of default rates and macro-economic variables covering at least one economic cycle, but preferable more.

Historical data on macro-economic indicators from a host of reliable sources, including the International Monetary Fund was gathered. As a proxy for default rates, the Group provided their non-performing loans as a percentage of gross loans ("NPL%") metric. The time series data extended from the first quarter of 2007 to the second quarter of 2016. Quarterly data was used to increase granularity.

The macro-economic model regressed historical NPL% (the target variable) on a list of candidate macro-economic indicators. The Bank's Economic Intelligence currently monitors and forecasts certain macro-economic indicators. These indicators are GDP growth rate, inflation rate, crude oil prices and the foreign exchange rate.The most predictive variables that were selected in the regression model (the most predictive indicators) were determined. The logic of the relationships between the indicators and the target variable was considered and assessed to ensure indicators are not highly correlated with one another.

The model produced best-estimate, optimistic and downturn forecasts of the selected macro-economic indicators, based on trends in the indicators and macro-economic commentary. This was done through stressing the indicator GDP, which in turn stressed the other indicators based on their assumed historical correlation with GDP. The regression formula obtained was applied to the forecasted macro-economic indicators in order to predict the target variable. The target variable were projected, for each quarter, over the year July 2016 to December 2019 and assumed constant thereafter.

The best-estimate, optimistic and downturn scalars of predicted target variables were determined. In order to remove the impact of any historical trends included in the data, the scalar denominator was adjusted based on the estimation year used to derive the PDs. The scalars calculated were applied to the lifetime PDs. This process results in forward-looking best-estimate, optimistic and downturn lifetime PD curves, which are used in the ECL calculations.

Collateral valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a periodic basis.
To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as external valuers.

The Group's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Group's policy.

Write-offs

Financial assets are written off either partially or in their entirety only when the Group has exhausted all practical recovery efforts and has concluded there is no easonable expectation of recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

Expected credit loss on loans and receivables

The Group considers all loans and advances, financial assets at FVOCI and amortized cost investments at specific level for expected credit loss assessment.

In assessing expected credit loss, the Group uses statistical modeling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current and forecasted economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modeling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate. The ECL on restricted deposits and other assets is calculated using the simplified model approach.

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.

Expected credit loss on fair value through other comprehensive income securities

Impairment losses on fair value through other comprehensive income investment securities are recognised in profit or loss and the impairment provision is not used to reduce the carrying amount of the investment but recognised in other comprehensive income.
For debt securities, the group uses the criteria referred to in (i) above to assess impairment.

For equity, a prolonged decline in the fair value of the security below its cost is also evidence that the asset is impaired. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent year, the fair value of an impaired fair value through other comprehensive income 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 fair value through other comprehensive income 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.

3.10 Investment properties

An investment property is an investment in land or buildings held primarily for generating income or capital appreciation and not occupied substantially for use in the operations of the Group. An occupation of more than 15% of the property is considered substantial. Investment properties is measured initially at cost including transaction cost and subsequently carried in the statement of financial position at their market value and revalued yearly on a systematic basis. Investment properties are not subject to periodic charge for depreciation. Gains or losses arising from changes in the fair value of investment properties are included in the consolidated income statement in the year 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 other operating income or other operating expenses dependent on whether a loss or gain is recognized after the measurement

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

3.11 Property and equipment

(a) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.
When significant parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

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

(b) Subsequent costs

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

(c) Depreciation

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

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

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

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

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

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

(d) De-recognition

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

3.12 Leases

The Bank leases several assets including buildings and land. Lease terms are negotiated on an individual basis and contain different terms and conditions, including extension options as described in (ii) below. The lease year ranges from 1 year to 40 years. The lease agreements do not impose any covenants, however, leased assets may not be used as security for borrowing purposes.

Contracts may contain both lease and non-lease components. The Bank has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Bank. Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities

At commencement date of a lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the Bank under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Bank exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The variable lease payments that do not depend on an index or a rate are recognised as expense in the year in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Bank’s incremental borrowing rate is used, being the rate that the Bank would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities as at 30 June 2020 was 13.70%

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease year so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year.After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. The lease term refers to the contractual year of a lease.

Right of use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Bank is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Short-term leases and leases of low value
The Bank applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (i.e. low value assets). Low-value assets are assets with lease amount of less than $5,000 when new. Lease payments on short-term leases and leases of low-value assets are recognised as expense in profit or loss on a straight-line basis over the lease term.
Extension and termination options
Extension and termination options are included in a number of property leases. These are used to maximise operational flexibility in terms of managing the assets used in the Bank's operations. The majority of extension and termination options held are exercisable only by the Bank.

- **Critical judgements**

Extension and termination options - Determining the lease term
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of properties, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Bank is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Bank is typically reasonably certain to extend (or not terminate).
- Otherwise, the Bank considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Bank becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was a decrease in recognised lease liabilities and right-of-use assets of N56 million.

3.13 Intangible assets

(a) Goodwill

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

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

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

(b) Software

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

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

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

(c) Brand, Customer Relationships and Core Deposits

This is an intangible assets related to acquisitions. At acquisition date, they are initially recorded at their fair value and subsequently at cost less accumulated amortization. Amortization expense is recorded in amortization of intangible assets in the Consolidated Statement of Profit or Loss. Intangible assets are amortized over the period during which the Bank derives economic benefits from the assets, on either a straight-line, over a period of 10 years.

3.14 Impairment of non-financial assets

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

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

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

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

3.15 Discontinued operations

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

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

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

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

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

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

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

Repossessed collateral
Repossessed collateral are equities, investment properties or other investments repossessed from a customer and used to settle his outstanding obligation. Such investments are classified in accordance with the intention of the Group in the asset class which they belong and are also separately disclosed in the financial statement.
When collaterals are repossessed in satisfaction of a loan, the receivable is written down against the allowance for losses. Repossessed collaterals are included in the financial statement based on how the Bank intends to realize benefit from such collateral such as "Non current assets held for sale" and carried at the lower of cost or estimated fair value less costs to sell, if the Group intends to sell or cost less accumulated depreciation, if for use in the normal course of business.

3.17 Provisions

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

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

3.18 Financial guarantees

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

3.19 Employee benefits

(a) Defined contribution plans

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement when they are due in respect of service rendered before the end of the reporting year.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the reporting year in which the employees render the service are discounted to their present value at the reporting date.

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

(b) Termination benefits

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

(c) Post employment defined benefit plan

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

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

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

(d) Short-term employee benefits

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

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

(e) Share-based payment remuneration scheme

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

3.20 Share capital and reserves

(a) Share issue costs

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

(b) Dividend on the Bank's ordinary shares

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

(c) Treasury shares

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

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

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

Classification	Percentage	Basis
Substandard	10%	Interest and/or principal overdue by 90 days but less than 180 days
Doubtful	50%	Interest and/or principal overdue by 180 days but less than 365 days
Lost	100%	Interest and/or principal overdue by more than 365 days

A more accelerated provision may be done using the subjective criteria. A 2% provision is taken on all risk assets that are not specifically provisioned.

The results of the application of Prudential Guidelines and the expected credit loss determined for these assets under IFRS 9 are compared. The IFRS 9 determined impairment charge is always included in the income statement.

Where the Prudential Guidelines provision is greater, the difference is appropriated from retained earnings and included in a non - distributable 'Statutory credit reserve'. Where the IFRS 9 exected credit loss is greater, no appropriation is made and the amount of IFRS 9 expected credit loss is recognised in the income statement.

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

(f) 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.

(g) 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.

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

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

3.21 Levies

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

4.0 Use of estimates and judgements

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

i)Allowance for credit losses
ii) Assessment of impairment on goodwill on acquired subsidiaries
iii) Defined benefit plan
iv) Valuation of unquoted equities
v) Valuation of derivatives
vi) Depreciation of property and equipment
vii) Amortisation of intangible assets
viii) Impairment of property and equipment
ix) Impairment of intangible assets
x) Litigations claims provisions
xi) Equity settled share-based payment

Management has assessed the first four estimates as having the key sources of estimation certainty, and are explained in further detail below. The other estimates have been assessed in their individual accounting policies.

Key sources of estimation uncertainty

(i) ***Allowances for credit losses***

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

The measurement of impairment losses both under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.
The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:
• The Group's internal credit grading model, which assigns PDs to the individual grades
• The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
• The segmentation of financial assets when their ECL is assessed on a collective basis
• Development of ECL models, including the various formulas and the choice of inputs
• Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels, exchange rates, crude oil prices, GDP and collateral values, and the effect on PDs, EADs and LGDs
• Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.
It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

The standard requires recognition of an impairment allowance on financial instruments, based on 12 months or lifetime expected credit losses. The ECL calculations are based on the components discussed in the previous sections.

IFRS 9 requires the calculation of probability-weighted ECL impairments. Three ECL figures were therefore calculated for each account (optimistic, best-estimate and downturn ECLs) and probability-weighted to arrive at a single ECL impairment for each account. The likelihood of the best-estimate, downturn and optimistic scenarios were assumed to be 75%, 13.9% and 11% respectively.

The EIR, as provided by the Bank, is used to discount all ECLs to the reporting date. For accounts with no EIR information, the balance-weighted average EIR across all accounts, split by portfolio, is used as a proxy. The method followed for accounts classified as Stage 1, Stage 2 or Stage 3 are set out below;

Stage 1
Account-level ECL figures are calculated projecting monthly expected losses for the next 12-months of each account. The forward, macro-adjusted monthly PDs are applied to the applicable LGD estimate and EAD or the collateral adjusted EAD (if secured) at the start of each month.

Stage 2
Account-level ECL figures are calculated projecting monthly expected losses for the remaining lifetime of each account. The forward, macro-adjusted monthly PDs are applied to the applicable LGD estimate and the EAD or collateral adjusted EAD (if secured) at the start of each month.

Stage 3
For the purposes of this model, account-level ECL figures are calculated by applying the applicable LGD estimate to the balance as at the reporting date

The final ECL impairment is calculated as the probability-weighted average of the ECLs produced for the three macro-economic scenarios.

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

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

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

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.

(ii) ***Sensitivity of Exposure at default - Probability of Default (PD) & Loss Given Default (LGD)***

Corporate Loans
In establishing sensitivity to ECL estimates for corporate loans, four variables (GDP growth rate, Crude Oil Price, Inflation and US exchange rate were considered). Of this variables, the bank's corporate loans reflects greater responsiveness to GDP growth rate and crude oil price

On balance Sheet Exposure
GDP growth rate : Given the signficant impact on companies performance and collateral valuations
Oil price : Given it impacts on purchasing power, demand as well as overall health of the economy

The table below outlines the total ECL for wholesale portfolios as at 31 December 2019, if the assumptions used to measure ECL remain as expected (amount as presented in the statement of financial position), as well as if each of the key assumptions used change by plus or minus 10%. The responsiveness of the ECL estimates to variation in macroeconomic variables have been presented below while putting in perspective, interdependencies between the various economic inputs.

	-10%	+10%
P & L Impact of change in	5,100,496	-4,936,292

Sensitivity of Exposure at default - Probability of Default (PD) & Loss Given Default (LGD)

Had there been a 20% reduction in expected cashflows from all the stage 2 & 3 facilities, there would have been an additional impairment of N7.8bn in the financial statements relating to this. In addition, if the PDs and LGDs were increased by 2%, impairment charge would have further increased by N4.4BN but if the PDs and LGDs were decreased by 2%, there would have been a write back of impairment of N2.5BN.

	Group June 2020	**Group December 2019**	**Group June 2020**	**Group December 2019**
	Loans and advances to individuals		**Loans and advances to corporates**	
Impact on Profit before tax				
20% reduction in expected cashflows from stage 2 loans	(55,614)	(14,757,060)	(4,117,898)	(14,529,752)
Increase in LGD and PD by 2%	(436)	(727,376)	(32,265)	(716,172)
Decrease in LGDs and PD by 2%	279	647,444	20,669	637,471
Increase in LGDs and PD by 10%	(222,209)	(3,477,014)	(16,453,414)	(3,423,456)
Decrease in LGDs and PD by 10%	213,292	3,397,082	15,793,200	3,344,756

	-10%	+10%
P & L Impact of change in Macroeconomic variables	126,286	-164,154

Statement of prudential adjustments
Provisions under prudential guidelines are determined using the time based provisioning regime prescribed by the Revised Central Bank of Nigeria (CBN) Prudential Guidelines. This is at variance with the expected credit loss model required by IFRS 9. As a result of the differences in the methodology/provision regime, there will be variances in the impairments allowances required under the two methodologies.

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

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

• Prudential Provisions is greater than IFRS provisions; the excess provision resulting should be transferred from the general reserve account to a "regulatory risk reserve".
• Prudential Provisions is less than IFRS provisions; IFRS determined provision is charged to the statement of comprehensive income. The cumulative balance in the regulatory risk reserve is thereafter reversed to the general reserve account

b) The non-distributable reserve should be classified under Tier 1 as part of the core capital.

The Bank has complied with the requirements of the guidelines as follows:

Statement of prudential adjustments	**June 2020**	**December 2019**

In thousands of Naira

	Note		
Bank			
Loans & advances:			
Expected credit loss (ECL) on loans to customers and banks			
- Loans to banks	22	70,611	1,361,987
- Loans to individuals	23(b)	2,040,372	4,776,944
- Loans to corporate	23(b)	146,960,091	176,222,475
Total impairment allowances on loans per IFRS		**149,071,074**	**182,361,406**
Total regulatory impairment based on prudential guidelines		**158,554,074**	**191,844,406**
Balance, beginning of the year		9,483,000	9,483,000
Additional transfers to/(from) regulatory risk reserve		-	-
Balance, end of the year		**9,483,000**	**9,483,000**

The Central Bank of Nigeria (CBN) via its circular BSD/DIR/GEN/LAB/08/052 issued on 11 November 2015, directed banks in Nigeria to increase the general provision on performing loans from 1 percent to 2 percent for prudential review of credit portfolios in order to ensure adequate buffer against unexpected loan losses.

(ii) 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 23.3% (Dec. 2019: 23.3%) and a cash flow growth rate of 7.095% (Dec. 2019: 7.095%) over a period of ten years. The Group determined the appropriate discount rate at the end of the year using the adjusted weighted average cost of capital method. See note 29b for further details.

(iii) Defined benefit plan

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

(iv) Valuation technique unquoted equity:

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

In accordance with IFRS 13 fair value measurement, which outlines three approaches for valuing unquoted equity instruments; market approach, the income approach and the cost approach. The Group estimated the fair value of its investment in each of the unquoted equity securities at the end of the financial year using the market approach.

The adjusted fair value comparison approach of EV/EBITDA, P/E ratios and P/Bv ratios was adopted in valuing each of these equity investments taken into cognizance the suitability of the model to each equity investment and the availability of financial information while minimizing the use of unobservable data.

Description of valuation methodology and inputs:

The fair value of the other unquoted equity securities were derived using the Adjusted fair value comparison technique. Adjusted fair value comparison approach of EV/EBITDA, P/E ratios and P/B ratios are used as input data .

The steps involved in estimating the fair value of the Group's investment in each of the investees (i.e. unquoted equity securities) are as follows:

Step 1: Identify quoted companies with similar line of business ,structure and size
Step 2: Obtain the EV/EBITDA or the P/B or P/E ratios of these quoted companies identified from Bloomberg, Reuters or Nigeria Stock Exchange

Step 3: Derive the average or median of EV/EBITDA or the P/B or P/E ratios of these identified quoted companies
Step 4: Apply the lower of average (mean) or median of the identified quoted companies ratios on the Book Value or Earnings of the investment company to get the value of the investment company
Step 5: Discount the derived value of the investment company by applying an Illiquidity discount and size adjustment/haircut to obtain the Adjusted Equity Value
Step 6: Multiply the adjusted equity value by the present exchange rate for foreign currency investment
Step 7: Compare the Adjusted Equity value with the carrying value of the investment company to arrive at a net gain or loss

a. Enterprise Value (EV):

Enterprise value measures the value of the ongoing operations of a company. It is calculated as the market capitalization plus debt, minority interest and preferred shares, minus total cash and cash equivalents of the company .

b. Price to Earning (P/E Ratio):

The price-earnings ratio (P/E Ratio) values a company using the current share price relative to its per-share earnings.

The sources of the observable inputs used for comparable technique were gotten from Reuters, Bloomberg and the Nigeria Stock Exchange

Basis of valuation:

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

Method of Valuation

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

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

4.1 *Valuation of financial instruments*

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

4.1.1 Recurring fair value measurements

In thousands of Naira
Group
June 2020

	Level 1	Level 2	Level 3	Total
Assets				
Investment under management				
Government bonds	4,290,155	-	-	4,290,155
Placements	-	-	7,264,508	7,264,508
Commercial paper	-	4,593,189	-	4,593,189
Treasury bills	6,261,538	-	-	6,261,538
Mutual funds	-	4,116,252	-	4,116,252
Eurobonds	-	2,702,207	-	2,702,207
Non pledged trading assets				
Treasury bills	208,319,673	-	-	208,319,673
Government Bonds	74,950,715	-	-	74,950,715
Eurobonds	-	151,667	-	151,667
Equity	-	-	-	-
Derivative financial instrument	-	259,584,207	-	259,584,207
Pledged assets				
-Financial instruments at FVOCI				
Treasury bills	68,708,829	-	-	68,708,829
Government Bonds	3,001,493	-	-	3,001,493
-Financial instruments at FVPL				
Treasury bills	34,040,076	-	-	34,040,076
Government Bonds	-	-	-	-
Investment securities				
-Financial assets at FVOCI				
Treasury bills	414,885,827	-	-	414,885,827
Government Bonds	147,112,697	-	-	147,112,697
State government bonds	-	18,155,874	-	18,155,874
Corporate bonds	-	10,976,874	-	10,976,874
Eurobonds	-	6,851,633	-	6,851,633
Promissory notes	-	2,756,789	-	2,756,789
-Financial assets at FVPL				-
Equity	598,936	899,906	125,375,997	126,874,839
Assets held for sale	-	-	23,757,518	23,757,518
	962,169,939	310,788,599	156,398,023	1,429,356,561
Liabilities				
Derivative financial instrument	-	20,645,382	-	20,645,382
	-	20,645,382	-	20,645,382

Group
December 2019

	Level 1	Level 2	Level 3	Total
Assets				
Investment under management				
Government bonds	2,054,650	-	-	2,054,650
Placements	-	-	9,779,427	9,779,427
Commercial paper	-	6,849,720	-	6,849,720
Nigerian Treasury bills	4,280,814	-	-	4,280,814
Mutual funds	-	2,889,702	-	2,889,702
Eurobonds	-	2,437,646	-	2,437,646
Non pledged trading assets				
Treasury bills	89,797,961	-	-	89,797,961
Government Bonds	40,021,277	-	-	40,021,277
Eurobonds	-	-	-	-
Equity	-	-	-	-
Derivative financial instrument	-	143,520,553	-	143,520,553
Pledged assets				
-Financial instruments at FVOCI				
Treasury bills	30,388,532	-	-	30,388,532
Government Bonds	-	-	-	-
-Financial instruments at FVPL				
Treasury bills	39,881,494	-	-	39,881,494
Government Bonds	-	-	-	-
Investment securities				
-Financial assets at FVOCI				
Treasury bills	232,813,374	-	-	232,813,374
Government Bonds	64,989,934	-	-	64,989,934
State government bonds	-	6,311,454	-	6,311,454
Corporate bonds	-	7,815,595	-	7,815,595
Eurobonds	-	2,860,694	-	2,860,694
Promissory notes	-	807,619	-	807,619
-Financial assets at FVPL				
Equity	598,936	990,127	111,569,257	113,158,320
Assets held for sale	-	-	24,957,519	24,957,519
	504,826,972	174,483,110	146,306,203	825,616,285
Liabilities				
Derivative financial instrument	-	6,885,680	-	6,885,680
	-	6,885,680	-	6,885,680

Bank
June 2020
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Investment under management				
Government bonds	4,290,155	-	-	4,290,155
Placements	-	-	7,264,508	7,264,508
Commercial paper	-	4,593,189	-	4,593,189
Nigerian Treasury bills	6,261,538	-	-	6,261,538
Mutual funds	-	4,116,252	-	4,116,252
Eurobonds	-	2,702,207	-	2,702,207
Non pledged trading assets				
Treasury bills	191,384,924	-	-	191,384,924
Government Bonds	14,761,365	-	-	14,761,365
Eurobonds	-	151,667		151,667
Equity	-	-	-	-
Derivative financial instrument	-	259,030,652	-	259,030,652
Pledged assets				
-Financial instruments at FVOCI				
Treasury bills	68,708,829	-	-	68,708,829
Government Bonds	3,001,493	-	-	3,001,493
-Financial instruments at FVPL				
Treasury bills	34,040,075	-	-	34,040,075
Government Bonds	-	-	-	-
Investment securities				
-Financial assets at FVOCI				
Treasury bills	303,445,179	-	-	303,445,179
Government Bonds	58,528,847	-	-	58,528,847
State government bonds	-	18,155,874	-	18,155,873
Corporate bonds	-	10,976,874	-	10,976,874
Eurobonds	-	-	-	-
Promissory notes	-	2,756,789	-	2,756,789
-Financial assets at FVPL				
Equity	598,936	899,906	125,342,491	126,841,333
Asset held for sale	-	-	23,757,518	23,757,518
	685,021,340	303,383,410	156,364,517	1,144,769,267
Liabilities				
Derivative financial instrument	-	19,703,286	-	19,703,286
	-	19,703,286	-	19,703,286

Bank
December 2019
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Investment under management				
Government bonds	2,054,650	-	-	2,054,650
Placements	-	-	9,779,427	9,779,427
Commercial paper	-	6,849,720	-	6,849,720
Nigerian Treasury bills	4,280,814	-	-	4,280,814
Mutual funds	-	2,889,702	-	2,889,702
Eurobonds	-	2,437,646	-	2,437,646
Non pledged trading assets				
Treasury bills	74,749,344	-	-	74,749,344
Government Bonds	2,222,417	-	-	2,222,417
Eurobonds	-	-		-
Equity	-	-	-	-
Derivative financial instrument	-	143,480,073	-	143,480,073
Pledged assets				
-Financial instruments at FVOCI				
Treasury bills	30,388,532	-	-	30,388,532
Bonds	-	-	-	-
-Financial instruments at FVPL				
Treasury bills	39,881,494	-	-	39,881,494
Bonds	-	-	-	-
Investment securities				
-Financial assets at FVOCI		-	-	
Treasury bills	77,897,548	-	-	77,897,548
Government Bonds	4,823,398	-	-	4,823,398
State government bonds	-	6,311,454	-	6,311,454
Corporate bonds	-	7,815,595	-	7,815,595
Eurobonds	-	-	-	-
Promissory notes	-	807,619	-	807,619
-Financial assets at FVPL				
Equity	598,936	990,127	111,537,560	113,126,623
Asset held for sale	-	-	24,957,518	24,957,518
	236,897,133	171,581,936	146,274,505	**554,753,574**
Liabilities				
Derivative financial instrument	-	6,827,293	-	6,827,293
	-	6,827,293	-	6,827,293

4.1.2 Financial instruments not measured at fair value
Group
June 2020
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	-	663,916,043	663,916,043
Loans and advances to banks	-	-	390,436,738	390,436,738
Loans and advances to customers	-	-	2,999,817,788	2,999,817,788
Pledged assets				
-Financial instruments at amortized cost				
Treasury bills	74,527,346	-	-	74,527,346
Bonds	71,113,651	-	-	71,113,651
Investment securities				
-Financial assets at amortised cost				
Treasury bills	220,030,982	-	-	220,030,982
Bonds	256,235,647	7,266,645		263,502,292
Other assets	-	-	1,330,992,767	1,330,992,767
	621,907,624	7,266,645	5,385,163,337	6,014,337,605
Liabilities				
Deposits from financial institutions	-	-	1,317,547,310	1,317,547,310
Deposits from customers	-	-	4,667,655,529	4,667,655,529
Other liabilities	-	-	303,976,874	303,976,874
Debt securities issued	164,758,196	-	-	164,758,196
Interest-bearing borrowings	-	-	592,324,048	592,324,048
	164,758,196	-	6,881,503,761	7,046,261,957

Group
December 2019
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	-	723,064,003	723,064,003
Loans and advances to banks	-	-	152,825,081	152,825,081
Loans and advances to customers	-	-	2,911,579,708	2,911,579,708
Pledged assets				
-Financial instruments at amortized cost				
Treasury bills	452,686,283	-	-	452,686,283
Bonds	82,599,583	-	-	82,599,583
Investment securities				-
-Financial assets at amortised cost				
Treasury bills	379,283,381	-	-	379,283,381
Bonds	256,532,576	9,746,421		266,278,996
Other assets	-	-	1,016,582,843	1,016,582,843
	1,171,101,823	**9,746,421**	**4,804,051,635**	**5,984,899,876**

	Level 1	Level 2	Level 3	Total
Liabilities				
Deposits from financial institutions	-	-	1,186,356,314	1,186,356,314
Deposits from customers	-	-	4,255,837,303	4,255,837,303
Other liabilities	-	-	315,626,032	315,626,032
Debt securities issued	126,360,001	-	-	126,360,001
Interest-bearing borrowings	-	-	586,602,830	586,602,830
	126,360,001	**-**	**6,344,422,479**	**6,470,782,480**

Bank
June 2020
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	-	482,487,540	482,487,540
Loans and advances to banks	-	-	228,130,576	228,130,576
Loans and advances to customers	-	-	2,622,576,420	2,622,576,420
Pledged assets				
-Financial instruments at amortized cost				
Treasury bills	74,527,346	-	-	74,527,346
Bonds	71,113,651	-	-	71,113,651
Investment securities				
Financial assets at amortised cost				
Treasury bills	184,999,935	-	-	184,999,935
Bonds	235,685,289	7,266,645	-	242,951,935
Other Assets	-	-	1,290,554,017	1,290,554,017
	566,326,221	7,266,645	4,623,748,554	5,197,341,419
Liabilities				
Deposits from financial institutions	-	-	-	-
Deposits from customers	-	-	-	-
Other liabilities	-	-	275,432,222	275,432,222
Debt securities issued	164,758,196		-	164,758,196
Interest-bearing borrowings	-	-	544,745,035	544,745,035
	164,758,196	-	820,177,257	984,935,454

Bank
December 2019
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	-	575,906,273	575,906,273
Loans and advances to banks	-	-	164,413,001	164,413,001
Loans and advances to customers	-	-	2,481,623,671	2,481,623,671
Pledged assets				
-Financial instruments at amortized cost				
Treasury bills	452,686,282	-	-	452,686,282
Bonds	82,599,583	-	-	82,599,583
Investment securities				
Financial assets at amortised cost				
Treasury bills	341,786,029	-	-	341,786,029
Bonds	241,082,412	9,746,421	-	250,828,833
Other Assets	-	-	968,698,629	968,698,629
	1,118,154,306	9,746,421	4,190,641,574	5,318,542,300
Liabilities				
Deposits from financial institutions	-	-	1,079,284,414	1,079,284,414
Deposits from customers	-	-	3,668,339,811	3,668,339,811
Other liabilities	-	-	295,184,124	295,184,124
Debt securities issued	126,360,001		-	126,360,001
Interest-bearing borrowings	-	-	544,064,226	544,064,226
	126,360,001	-	5,586,872,575	5,713,232,576

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

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

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

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

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

For level 2 assets, fair value was obtained using a recent market transaction during the year under review. Fair values of unquoted debt securities were derived by interpolating prices of quoted debt securities with similar maturity profile and characteristics. There were transfers between levels 1 and 2 during the year on investment under management because the instruments involved are government securities with readily determinable price and they are risk free.

4.1.3 ***Valuation techniques used to derive Level 2 fair values***

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

Description	Fair value at 30 June 2020	Valuation Technique	Observable Inputs	Fair value if inputs increased by 5%	Fair value if inputs decreased by 5%	Relationship of observable inputs to fair value
Derivative financial assets	259,030,652	Forward and swap: Fair value through market rate from a quoted market Futures: Fair value through reference market rate	Market rates from quoted market	238,858,830	239,799,092	The higher the market rate, the higher the fair value of the derivative financial instrument
Derivative financial liabilities	19,703,286					

4.1.4 ***Valuation techniques used to derive Level 3 fair values***

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

Description	Fair value at 30 June 2020	Valuation Technique	Observable Inputs	Fair value if inputs increased by 5%	Fair value if inputs decreased by 5%	Fair value if unobservable inputs increased by 5%	Fair value if unobservable inputs decreased by 5%	Relationship of unobservable inputs to fair value
Investment in Africa Finance Corporation	99,916,340	Adjusted fair value comparison approach	Median P/B multiples of comparable companies	104,912,157	94,920,523	104,912,157	94,920,523	The higher the illiquidity ratio, the control premium and the size adjustment/haircut, the higher the fair value
Investment in Unified Payment System Limited	4,694,305	Adjusted fair value comparison approach	Median PE ratios of comparable companies	4,929,020	4,459,590	4,929,020	4,459,590	The higher the illiquidity ratio and the size adjustment/haircut, the lower the fair value
Investment in CSCS	5,304,329	Adjusted fair value comparison approach	Median P/B multiples of comparable companies	5,569,545	5,039,113	5,569,545	5,039,113	The higher the illiquidity ratio and the size adjustment/haircut, the lower the fair value
Investment in NIBSS	9,895,760	Adjusted fair value comparison approach	Median P/B multiples of comparable companies	10,390,547	9,400,972	10,390,547	9,400,972	The higher the illiquidity ratio and the size adjustment/haircut, the lower the fair value
Investment in Afrexim	41,330	Adjusted fair value comparison approach	Median P/B multiples of comparable companies	43,396	39,263	43,396	39,263	The higher the illiquidity ratio and the size adjustment/haircut, the lower the fair value
Investment in FMDQ	660,463	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	693,486	627,440	693,486	627,440	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Investment in CRC Bureau	568,067	Adjusted fair value comparison approach	Median P/B multiples of comparable companies	596,470	539,664	596,470	539,664	The higher the illiquidity ratio and the size adjustment/haircut, the lower the fair value
Nigerian Mortgage Refinance Company	239,443	Adjusted fair value comparison approach	Prices as obtained from NASD (National Association of Securities Dealers)	251,416	227,471	251,416	227,471	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
CAPITAL ALLIANCE EQUITY FUND	4,661,885	Adjusted fair value comparison approach	Median P/B multiples of comparable companies	4,894,979	4,428,790	4,894,979	4,428,790	The higher the illiquidity ratio and the size adjustment/haircut, the lower the fair value
NG Clearing	210,477	Adjusted fair value comparison approach	Median P/B multiples of comparable companies	221,000	199,953	221,000	199,953	The higher the illiquidity ratio and the size adjustment/haircut, the lower the fair value
SANEF	50,000	Adjusted fair value comparison approach	Fair value of transactions at settlement date	52,500	47,500	52,500	47,500	The higher the illiquidity ratio and the size adjustment/haircut, the lower the fair value

4.1.5 Reconciliation of Level 3 Investments

The following tables presents the changes in Level 3 instruments for the period ended 30 June 2020

Financial assets at fair value through profit or loss	Group June 2020	Group December 2019	Bank June 2020	Bank December 2019
Opening balance	112,559,385	98,287,042	112,527,685	97,738,061
Acquired from business combination	-	6,058,135	-	6,058,135.34
Total unrealised gains in P/L	13,714,711	19,799,137	13,714,711	19,799,137
Cost of Asset (Additions)	-	50,000	-	50,000
Sales	1,808	(11,634,929)	-	(11,117,647)
Balance, year end	**126,275,904**	**112,559,385**	**126,242,396**	**112,527,685**

Assets Held for Sale	Group June 2020	Group December 2019	Bank June 2020	Bank December 2019
Opening balance	24,957,518	12,241,824	24,957,525	12,241,830
Acquired from business combination	-	-	-	-
Additions	300,002	14,660,694	300,000	14,660,695
Disposals	(1,500,000)	(1,945,000)	(1,500,000)	(1,945,000)
Balance, period end	**23,757,518**	**24,957,518**	**23,757,525**	**24,957,525**

Investment under management	Group June 2020	Group December 2019	Bank June 2020	Bank December 2019
Opening balance	28,291,959	23,839,394	28,291,959	23,839,394
Additions	935,890	4,452,564	935,890	4,452,564
Balance, period end	**29,227,849**	**28,291,959**	**29,227,849**	**28,291,959**

4.2 Financial assets and liabilities
(a) Fair value measurement
Accounting classification measurement basis and fair values

The table below sets out the classification of each class of financial assets and liabilities, and their fair values.

Group **In thousands of Naira** June 2020	**Financial assets designated as FVPL**	**Financial assets mandatorily measured through FVPL**	**Financial assets measured at amortized cost**	**Financial assets measured at FVOCI**	**Financial liabilities mandatorily measured through FVPL**	**Financial liabilities measured at amortised cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	-	-	655,737,651	-	-	-	655,737,651	663,916,043
Investment under management	-	-	-	29,227,849	-	-	29,227,849	29,227,849
Non pledged trading assets		-						
Treasury bills	199,094,274	-	-	-	-	-	199,094,274	208,319,673
Bonds	76,924,139	-	-	-	-	-	76,924,139	75,102,382
Equity	-	-	-	-	-	-	-	-
Derivative financial instruments	-	259,073,127	-	-	-	-	259,073,127	259,584,207
Loans and advances to banks	-	-	390,436,738	-	-	-	390,436,738	390,436,738
Loans and advances to customers	-	-	2,999,817,788	-	-	-	2,999,817,788	2,999,817,788
Pledged assets		-						
Treasury bills	32,300,345	-	74,153,040	65,627,407	-	-	172,080,792	177,276,250
Bonds	-	-	77,465,175	2,791,235	-	-	80,256,410	74,115,144
Investment securities		-						
- Financial assets at FVOCI		-						
Treasury bills	-	-	-	427,811,857	-	-	427,811,857	414,885,827
Bonds	-	-	-	178,924,595	-	-	178,924,595	183,097,078
Promissory Notes	-	-	-	2,482,153	-	-	2,482,153	2,756,789
- Financial assets at FVPL								
Equity	116,116,593	-	-	-	-	-	116,116,593	126,874,839
- Financial assets at amortised cost		-						
Treasury bills	-	-	221,284,290	-	-	-	221,284,290	220,030,982
Bonds	-	-	218,339,091	-	-	-	218,339,091	262,793,656
Promissory Notes	-	-	427,536	-	-	-	427,536	427,536
Other assets	-	-	1,447,456,276	-	-	-	1,447,456,276	1,337,786,903
	424,435,351	**259,073,127**	**6,085,117,587**	**706,865,095**	**-**	**-**	**7,475,491,157**	**7,426,449,687**
Deposits from financial institutions	-	-	-	-	-	1,317,547,310	1,317,547,310	1,300,080,664
Deposits from customers	-	-	-	-	-	4,667,655,529	4,667,655,529	4,699,597,029
Other liabilities	-	-	-	-	-	303,976,874	303,976,874	303,976,874
Derivative financial instruments	-	-	-	-	20,642,762	-	20,642,762	20,645,382
Debt securities issued	-	-	-	-	-	164,920,822	164,920,822	164,758,197
Interest bearing borrowings	-	-	-	-	-	592,661,322	592,661,322	592,324,048
	-	**-**	**-**	**-**	**20,642,762**	**7,046,761,856**	**7,067,404,616**	**7,081,382,194**

Group
In thousands of Naira
December 2019

	Financial assets designated as FVPL	Financial assets mandatorily measured through	Financial assets measured at amortized cost	Financial assets measured at FVOCI	Financial liabilities mandatorily measured through	Financial liabilities measured at amortised cost	Total carrying amount	Fair value
Cash and balances with banks	-	-	723,064,003	-	-	-	723,064,003	723,064,003
Investment under management	-	-	-	28,291,959	-	-	28,291,959	28,291,959
Non pledged trading assets		-						
Treasury bills	89,797,961	-	-	-	-	-	89,797,961	89,797,961
Bonds	40,021,277	-	-	-	-	-	40,021,277	40,021,277
Equity	-	-	-	-	-	-	-	-
Derivative financial instruments	-	143,520,553	-	-	-	-	143,520,553	143,520,553
Loans and advances to banks	-	-	152,825,081	-	-	-	152,825,081	152,825,081
Loans and advances to customers	-	-	2,911,579,708	-	-	-	2,911,579,708	2,911,579,708
Pledged assets		-						
Treasury bills	39,881,494	-	452,686,281	30,388,532	-	-	522,956,307	522,956,307
Bonds	-	-	82,599,583	-	-	-	82,599,583	82,599,584
Investment securities		-						
- Financial assets at FVOCI		-						
Treasury bills	-	-	-	232,813,374	-	-	232,813,374	232,813,374
Bonds	-	-	-	81,977,676	-	-	81,977,676	81,977,676
Promissory Notes	-	-	-	807,619	-	-	807,619	807,619
- Financial assets at FVPL		-						
Equity	113,158,320	-	-	-	-	-	113,158,320	108,602,428
- Financial assets at amortised cost		-						
Treasury bills	-	-	379,283,381	-	-	-	379,283,381	272,687,967
Bonds	-	-	266,278,996	-	-	-	266,278,996	78,096,004
Promissory Notes	-	-	10,844,042	-	-	-	10,844,042	20,260,865
Other assets	-	-	1,022,592,166	-	-	-	1,022,592,166	881,457,493
	282,859,052	**143,520,553**	**6,001,753,241**	**374,279,160**	**-**	**-**	**6,802,412,006**	**6,371,359,860**
Deposits from financial institutions	-	-	-	-	-	1,186,356,314	1,186,356,314	1,201,095,342
Deposits from customers	-	-	-	-	-	4,255,837,303	4,255,837,303	4,308,710,881
Other liabilities	-	-	-	-	-	4,526,457	4,526,457	4,526,457
Derivative financial instruments	-	-	-	-	6,885,680	-	6,885,680	4,749,615
Debt securities issued	-	-	-	-	-	157,987,877	157,987,877	124,883,327
Interest bearing borrowings	-	-	-	-	-	586,602,830	586,602,830	611,846,270
	-	**-**	**-**	**-**	**6,885,680**	**6,191,310,781**	**6,198,196,461**	**6,255,811,893**

The Group reclassified Cash reserve requirement, classified as restricted deposits with Central banks and special reserve intervention funds, from Cash and cash equivalents to Other assets for financial reporting purposes.

Bank *In thousands of Naira* **June 2020**	**Financial assets designated as FVPL**	**Financial assets mandatorily measured through FVPL**	**Financial assets measured at amortized cost**	**Financial assets measured at FVOCI**	**Financial liabilities mandatorily measured through FVPL**	**Financial liabilities measured at amortised cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	-	-	485,156,759	-	-	-	485,156,759	482,487,540
Investment under management	-	-	-	29,227,850	-	-	29,227,850	29,227,849
Non pledged trading assets								
Treasury bills	182,159,525	-	-	-	-	-	182,159,525	191,384,924
Bonds	16,136,601	-	-	-	-	-	16,136,601	14,913,032
Equity	-	-	-	-	-	-	-	-
Derivative financial instruments	-	259,073,127	-	-	-	-	259,073,127	259,030,652
Loans and advances to banks	-	-	226,329,371	-	-	-	226,329,371	228,130,576
Loans and advances to customers	-	-	2,583,411,337	-	-	-	2,583,411,337	2,622,576,420
Pledged assets								
Treasury bills	32,300,345	-	74,153,040	65,627,407	-	-	172,080,792	177,276,249
Bonds	-	-	77,465,175	2,791,235	-	-	80,256,410	74,115,144
Investment securities								
- Financial assets at FVOCI								
Treasury bills	-	-	-	316,371,209	-	-	316,371,209	303,445,179
Bonds	-	-	-	84,012,438	-	-	84,012,438	87,661,595
Promissory Notes	-	-	-	2,482,153	-	-	2,482,153	2,756,789
- Financial assets at FVPL								
Equity	116,083,087	-	-	-	-	-	116,083,087	126,841,333
- Financial assets at amortised cost								
Treasury bills	-	-	186,354,077	-	-	-	186,354,077	184,999,935
Bonds	-	-	197,813,769	-	-	-	197,813,769	242,951,935
Promissory Notes	-	-	427,536	-	-	-	427,536	427,537
Other assets	-	-	1,403,346,245	-	-	-	1,403,346,245	1,297,281,250
	346,679,558	**259,073,127**	**5,234,457,310**	**500,512,292**	**-**	**-**	**6,340,722,287**	**6,325,507,940**
Deposits from financial institutions	-	-	-	-	-	1,175,442,663	1,175,442,663	1,167,930,121
Deposits from customers	-	-	-	-	-	3,995,649,891	3,995,649,891	4,022,849,483
Other liabilities	-	-	-	-	-	275,432,222	275,432,222	275,432,222
Derivative financial instruments	-	-	-	-	19,700,666	-	19,700,666	19,703,286
Debt securities issued	-	-	-	-	-	164,920,822	164,920,822	164,758,197
Interest bearing borrowings	-	-	-	-	-	545,082,309	545,082,309	544,745,035
	-	**-**	**-**	**-**	**19,700,666**	**6,156,527,906**	**6,176,228,572**	**6,195,418,345**

Bank *In thousands of Naira* **December 2019**	**Financial assets designated as FVPL**	**Financial assets measured through FVPL**	**Financial assets measured at amortized cost**	**Financial assets measured at FVOCI**	**Financial liabilities mandatorily measured through**	**Financial liabilities measured at amortised cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	-	-	575,906,273	-	-	-	575,906,273	575,906,273
Investment under management	-	-	-	28,291,959	-	-	28,291,959	28,291,959
Non pledged trading assets		-						
Treasury bills	74,749,344	-	-	-	-	-	74,749,344	74,749,344
Bonds	2,222,417	-	-	-	-	-	2,222,417	2,222,417
Equity	-	-	-	-	-	-	-	-
Derivative financial instruments	-	143,480,073	-	-	-	-	143,480,073	143,480,073
Loans and advances to banks	-	-	164,413,001	-	-	-	164,413,001	164,413,001
Loans and advances to customers	-	-	2,481,623,671	-	-	-	2,481,623,671	2,481,623,671
Pledged assets		-						
Treasury bills	39,881,494	-	452,686,281	30,388,532	-	-	522,956,307	522,956,307
Bonds	-	-	82,599,583	-	-	-	82,599,583	82,599,583
Investment securities		-						
- Financial assets at FVOCI		-						
Treasury bills	-	-	-	77,897,548	-	-	77,897,548	77,897,548
Bonds	-	-	-	18,950,446	-	-	18,950,446	18,950,446
Promissory Notes	-	-	-	807,619	-	-	807,619	807,619
- Financial assets at FVPL		-						
Equity	-	-	-	-	113,126,623	-	113,126,623	113,126,623
- Financial assets at amortised cost		-						
Treasury bills	-	-	341,786,029	-	-	-	341,786,029	341,786,029
Bonds	-	-	250,828,832	-	-	-	250,828,832	250,828,832
Promissory Notes	-	-	10,844,043	-	-	-	10,844,043	10,844,043
Other assets	-	-	974,543,393	-	-	-	974,543,393	974,543,393
	116,853,255	**143,480,073**	**5,335,231,106**	**156,336,104**	**113,126,623**	**-**	**5,865,027,162**	**5,865,027,162**
Deposits from financial institutions	-	-	-	-	-	1,079,284,418	1,079,284,418	1,092,693,207
Deposits from customers	-	-	-	-	-	3,668,339,811	3,668,339,811	3,713,914,452
Other liabilities	-	-	-	-	-	4,353,070	4,353,070	4,353,070
Derivative financial instruments	-	-	-	-	6,827,293	-	6,827,293	5,206,001
Debt securities issued	-	-	-	-	-	157,987,877	157,987,877	251,251,383
Interest bearing borrowings	-	-	-	-	-	544,064,226	544,064,226	388,416,734
	-	**-**	**-**	**-**	**6,827,293**	**5,454,029,402**	**5,460,856,694**	**5,455,834,848**

Interest bearing borrowings

2 The Group reclassified Cash reserve requirement, classified as restricted deposits with Central banks and special reserve intervention funds, from Cash and cash equivalents to Other assets for financial reporting purposes.

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

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

(i) Cash

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

(ii) Loans and advances to banks and customers

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

(iii) Investment securities and pledged assets

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

The fair value comprises equity securities and debt instruments. The fair value for these assets are based on estimations using market prices and earning multiples of quoted securities with similar characteristics.

(iv) Other assets

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

(v) Deposits from banks and customers

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

(vi) Other liabilities

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

(vii) Interest bearing borrowings

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

(viii) Debt securities issued

The estimated fair value of floating interest rate debt securities quoted in an active market is based on the quoted market rates as listed on the irish stock exchange for these debts over their remaining maturity.

CREDIT RISK MANAGEMENT

In Access Bank everyone is involved in Risk Management with ultimate responsibility residing with the Board. We operate the 3 line of defense model which enhances the understanding of risk management and control by clarifying roles and duties. The risk management process of the bank is well fortified to mitigate the short- and medium-term threats imposed by impact of covid 19 on the bank's business.

The management of the bank took proactive Risk Management approach to protect its loan book from the impact of Covid 19 on the operating environment by analyzing the extent of the pandemic on different sectors and sub sectors of the economy. This has enabled us to understand our customers challenges and hardships. We have taken steps to lessen the burden of loan repayment on our borrowers and preserve the risk assets quality of the bank.
Management anticipated the decline in the value of the local currency and took steps to position the bank to withstand the shock of devaluation of the Naira. This shows the resilience of our risk management process.

The Risk Management Division has continued to take advantage of advancement and innovation in the technology space to automate the management of risk. PowerBI, a credit reporting tool has been deployed to support decision making process in the bank.

PRINCIPAL CREDIT POLICIES

The following are the principal credit policies of the Bank:

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

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

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 are responsible for deriving the Obligor Risk Rating ('ORR') and Facility Risk Rating ('FRR') using approved methodologies. However, independent credit risk management validate such ratings.

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

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

CREDIT PROCESS

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

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

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

Risk Rating Scale and external rating equivalent

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

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

Access Bank risk Rating	External Rating 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	

TRAINING / CERTIFICATION

In line with the CBN's competency framework, members of the Group have consistently upgraded their competency level by passing necessary certification examinations like Certified Risk Manager (Risk Managers Association of Nigeria), ACIB (CIBN), ICAN, ACCA, CFA and other relevant professional certifications.

The Bank has also entered partnerships with renowned international firms like Dun and Bradstreet, KPMG and Moody's Analytics for training in Credit Risk Analysis and Financial Risk Management for the first and second lines of defence. These are outside regular trainings conducted within the Group to enhance staff capacity in handling transactions in the dynamic business environment and ever-evolving banking industry.

CREDIT OFFICER RISK RATING

To reshape the understanding of risk, the bank developed a Credit Officer Risk Rating model which assigns rating to credit officers based on the quality and performance of risk asset portfolio managed by the individual officer. This puts the bank in a more disciplined position in the credit appraisal and approval processes.

CREDIT RISK CONTROL AND MITIGATION

AUTHORITY LIMITS ON CREDIT

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

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

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

APPROVING AUTHORITY	**APPROVED LIMIT (New Requests) (NgN)**	**APPROVED LIMIT (Renewals of Existing Credits) (NgN)**
Executive Director	150 million	200 million
Group Deputy Managing Director	400 million	500 million
Group Managing Director/CEO	500 million	600 million

Access Bank Risk Rating	Exposure Limit (ORR-based LLL) (NGN)	Management Credit Committee Approval Limit (NGN)	Board Credit & Finance Committee Approval Limit (NGN)	Board of Directors Limit
1	41 billion	20 billion	40 billion	Legal lending limit
2+	33 billion	15 billion	30 billion	
2	25 billion	5 billion	15 billion	
2-	16 billion	2 billion	10 billion	
3+	3 billion	1 billion	10 billion	
3	1.7 billion	0.8 billion	10 billion	
3-	0.8 billion	0.5 billion	2 billion	
4		Above 0.1 billion		

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 realisable securities including approved third-party guarantees/ insurance.

At portfolio level, asset securitisation, credit derivatives etc., are used to mitigate risks in the portfolio.

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

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

The range of collaterals acceptable to the Bank include:

- Mortgage on landed property (Legal Mortgage/Mortgage Debenture)
- Debenture/Charge on assets (Fixed and/or Floating)
- Cash/Money Market Investment (Letter of lien and Set-Off over fixed deposits/money market investments)
- Treasury bills and other government securities.
- Chattel/vessel Mortgage.
- Legal ownership of financed Asset.

MARKET RISK MANAGEMENT

The Bank's capital and earnings are exposed to risk due to adverse changes in market prices. As a result a robust market risk management framework is in place to reduce exposure to changes in interest rate, foreign exchange, equity prices and commodity prices.

The objective is not to completely avoid these risks but to ensure exposure to these risks through our trading and banking book positions are kept within the Bank's defined risk appetite and tolerance.

RECENT DEVELOPMENTS IN MARKET RISK MANAGEMENT

Within the year, the bank embarked on projects/activities to further strengthen its risk management process to minimise exposure to Market and Liquidity risk.

Continuous improvement is necessary to thrive and excel in the dynamic banking industry by maintaining an effective Risk Management Framework that is adaptive to change and aimed at ensuring that the Bank is resilient by being more proactive in managing not only risks but taking opportunities as well.

Highlighted below as some of these projects/activities:

- The Bank concluded the first phase of its plan to fully incorporate the recommendations Dunn and Bradstreet for its foreign currency balance sheet management. Given the growth of the Bank's foreign currency balance sheet, the Bank reviewed its adopted strategy for managing foreign currency exposures in line with the Banks risk appetite. The scope of a review conducted by Dunn and Bradstreet enabled:

  - ✓ Design of a framework for stress testing of foreign currency open exposure of the Bank
  - ✓ Design of a foreign exchange limit management framework which monitors the currency, liquidity and interest risk arising from foreign currency open exposure

- The Bank's Value at Risk Automation project was initiated and is to be incorporated into the Treasury and Market Risk application for the management of the Trading portfolio. This would enable the determination of the cumulative risks from aggregated positions held by different trading desks and departments within the institution.
- A real-time reporting application that offers data warehouse capabilities was enhanced within the year the period with an objective to provide business intelligence by connecting different data set, transforming the data into data models and providing visuals of the data to users. Information is presented in its most current form with live dashboards and reports for management and other users to make quality decisions.

- In line with Basel III regulations, Access Bank has extended its proactive and planned approach to liquidity management to its subsidiaries. Most of our subsidiaries have documented their Internal Liquidity Adequacy Assessment Process (ILAAP) incorporating a comprehensive analysis of scenarios for assessing liquidity position from various perspectives and over various time horizons. Each subsidiary has incorporated the institution's specific risk appetite and business model into the analysis.

MARKET RISK POLICY MANAGEMENT AND CONTROL

Over the years, the Nigerian financial market has witnessed a dramatic expansion in the array of financial services and products. This tremendous growth in scale and scope has also generated new risks with global consequences, especially market risk, necessitating an assessment of exposures to the volatility of the underlying risk drivers. This has prompted the upgrading of the Market Risk Policy; Asset and Liability Management Policy; Liquidity Policy; Stress Testing Policy, and so on, to ensure the risks faced across business activities and on an aggregate basis are within the stipulated risk appetite of the Bank. These policies have been benchmarked with industry and international best practices and CBN regulations.

The Bank runs an integrated and straight through processing treasury system for enabling efficient, monitoring and management of interest rate and foreign exchange risks in the Bank.

Liquidity, Exchange Rate, and Interest Rate risks are managed through various approaches, 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 Bank regularly conducts stress testing to monitor its vulnerability to unfavorable shocks. It monitors and controls its risk, using various internal and regulatory risk limits for trading book and banking book which are set according to several criteria including economic scenario, business strategy, management experience, peer analysis and the Bank's risk appetite.

BANKING BOOK

Market risk management actively manages the Banking book to optimise its income potential. This risk arises from the mismatch between the future yield on assets and their funding cost, due to interest rate changes. The Bank uses a variety of tools to track and manage this risk:

- Re-pricing gap analysis
- Liquidity gap analysis
- Earnings-at-Risk (EAR) using various interest rate forecasts
- Sensitivity Analysis

INTERESTRATERISK

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

i. RE-PRICING AND LIQUIDITY GAP ANALYSIS

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

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

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

ii. EARNINGS-AT-RISK APPROACH

Earnings at risk is the potential change in net income due to adverse movements in interest rates over a defined period. It guides the Bank to understand the impact that a change in interest rates can make on our position and projected cash flow.

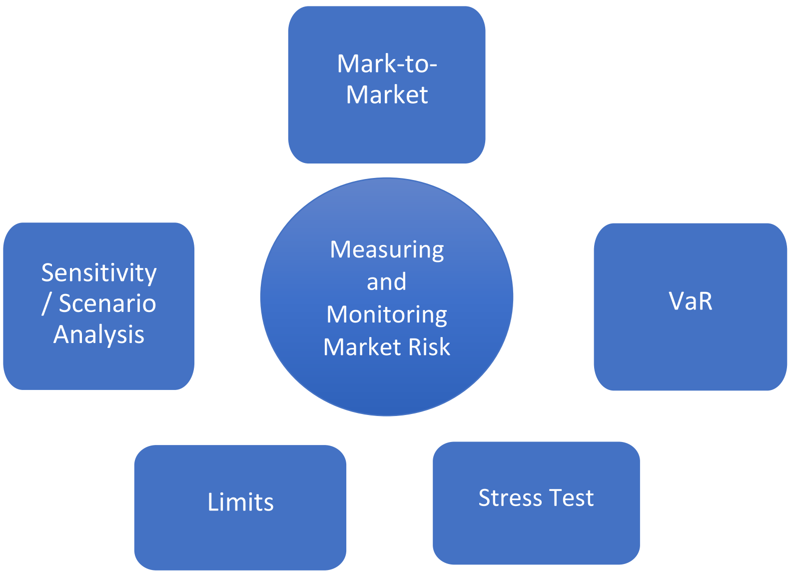
The Bank has limits drawn for this risk measure. They are designed to monitor and control the risk to our projected earnings using various rate scenarios and assumptions. The limit is expressed as a change in projected earnings over a specified time horizon and rate scenario. Scenarios adopted by the Bank include parallel and non-parallel shifts in yield.

iii. SENSITIVITY ANALYSIS

The Banks employs the use of scenario and sensitivity analysis in evaluating its exposures per time. Scenario analysis is the process of predicting the possible balance sheet impact to changes that may occur to existing variables whilst sensitivity analysis is the study of how the outcome of a decision changes due to variations in input.

TRADING PORTFOLIO

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



LIMITS

The Bank uses risk limits to restrict the size of investments that their traders can take for proprietary and non-proprietary purposes. Limiting the size of investments is one of the primary ways the Bank control risk and capital consumptions. The following limits currently exist;

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

- The Regulatory NOPL;
- The Bank's tolerance and appetite for FX risk;
- The size and depth of the FX market in Nigeria;

- The degree of volatility of traded currencies; and
- The Bank's desired positioning in the relevant FX market with requirements for international business support.

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

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

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

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

Value-at-Risk Limit: The VaR limit is based on 99% confidence level over a 1 day holding period on the trading book. In line with the Bank's risk appetite, treasury losses are not expected to exceed 1% of total portfolio.

Duration Limit
The Bank utilizes duration to measure the sensitivity of the price of assets in its portfolio to changes in interest rate. The Bank has duration limits for the varying asset class in its investment/trading portfolio.

MARK TO MARKET (MTM)

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

STRESS TESTING

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

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

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

Liquidity Risk Management

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

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

The Bank's liquidity has consistently been materially above the minimum liquidity ratio and the requirements of its stress tests. 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.

CONTINGENCY FUNDING PLAN

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

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.

ECONOMIC INTELLIGENCE

Economic Intelligence (EI) is in the business of positioning economic, business and financial information/intelligence as tools for helping the Bank achieve its long-term strategic objectives. Its value propositions include supporting the Bank in achieving its moderate risk posturing, price competitiveness, improvement to business intelligence and brand enhancement. It also makes high quality contributions to the Bank's strategy evolution process. It conducts policy-relevant research to support the Bank's goals and strategic objectives. It is the key research arm of the Bank and its activities influence the strategic plans of the various market-facing and non-market-facing business units and other stakeholders.

Some of the Unit's Roles and Responsibilities include:

- Monitoring and interpreting current economic developments/trends wherever the Bank have subsidiary office, preparing projections of the economic outlook and developing reports on economic issues for the Bank.
- Proactively providing industry analysis, identifying investment trends and opportunities for the Bank; monitoring, interpreting and conducting policy-relevant research in the areas of utmost importance to our stakeholders especially our body-corporate
- Leading quantitative and qualitative research projects
- Ensuring proactive and effective dissemination of relevant information such as short- and long-term forecasts to relevant functional units within the Group
- Championing contacts with communications media regarding press releases, public statements and news conferences on economic topics/issues
- Developing contact and collaborative economic/business and financial information research institutes/bodies within the country and outside.

The Retail Intelligence and Analytics, the team created following the business combination, continued to provide insights into developments in the economic, financial and business space as it affects retail, small and medium-sized enterprises. Dedicated reports serving the needs of the unique market space have also been crafted and regularly disseminated.

Key objectives of the team continue to include:

- Disseminating retail intelligence focused reports to customers in this business segmentation.
- Provide retail opportunities research in support of the bank's retail strategy. This entails sector-specific research that unravels retail business opportunities the bank should exploit.
- Develop in-depth report on changing consumer behavior and consumption patterns, and how this is shaping retail banking using big data, machine learning and artificial intelligence tools.

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 2020	Group December 2019	Bank June 2020	Bank December 2019
Cash and balances with banks				
- Current balances with banks	437,725,193	483,040,381	343,670,944	321,270,808
- Unrestricted balances with central banks	34,109,382	117,883,814	12,912,034	97,734,073
- Money market placements	79,551,899	48,838,459	14,023,984	32,822,516
- Other deposits with central banks	89,317,165	99,347,553	89,317,165	99,347,553
Investment under management	29,227,849	28,291,959	29,227,849	28,291,959
Non pledged trading assets				
Treasury bills	208,319,673	89,797,961	191,384,924	74,749,344
Bonds	75,102,382	40,021,277	14,913,032	2,222,417
Derivative financial instruments	259,584,207	143,520,553	259,030,652	143,480,073
Loans and advances to banks	390,436,738	152,825,081	228,130,576	164,413,001
Loans and advances to customers	2,999,817,788	2,911,579,708	2,622,576,420	2,481,623,671
Pledged assets				
-Financial instruments at FVOCI				
Treasury bills	68,708,829	30,388,532	68,708,829	30,388,532
Bonds	3,001,493	-	3,001,493	-
-Financial instruments at amortized cost				
Treasury bills	74,527,346	452,686,283	74,527,346	452,686,282
Bonds	71,113,651	82,599,583	71,113,651	82,599,583
-Financial instruments at FVPL				
Treasury bills	34,040,076	39,881,494	34,040,075	39,881,494
Bonds	-	-	-	-
Treasury bills	-	-	-	-
Bonds	-	-	-	-
Investment securities				
-Financial instruments at FVOCI				
Treasury bills	414,885,827	232,813,374	303,445,179	77,897,548
Bonds	147,112,697	64,989,934	87,661,595	4,823,398
Promissory notes	2,756,789	807,619	2,756,789	807,619
- Financial assets at amortised cost				
Treasury bills	220,030,982	379,283,381	184,999,935	341,786,029
Bonds	263,929,829	277,123,038	243,379,472	261,672,875
Promissory notes	427,536	10,844,042	427,537	10,844,042
Restricted deposit and other assets	1,330,992,767	1,016,582,843	1,290,554,017	968,698,629
Total	**7,234,720,097**	**6,703,146,869**	**6,169,803,499**	**5,718,041,446**
Off balance sheet exposures				
Transaction related bonds and guarantees	573,511,189	477,932,817	425,781,644	451,514,549
Guaranteed facilities	-	-	-	-
Clean line facilities for letters of credit and other commitments	285,579,481	419,584,999	270,837,855	324,529,363
Total	**859,090,670**	**897,517,816**	**696,619,499**	**776,043,912**

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 2020 and 31 December 2019, without taking account of any collateral held or other credit enhancements attached.

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

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

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

In thousands of Naira	Group June 2020	Group December 2019	Bank June 2020	Bank December 2019
Agriculture	48,097,074	33,345,655	41,117,905	31,591,359
Construction	244,636,418	219,709,444	215,148,103	190,749,900
Education	1,668,192	1,672,612	1,668,192	1,672,612
Finance and insurance	47,509,801	42,268,668	35,477,621	35,603,293
General	157,068,783	162,271,569	141,593,132	141,416,749
General commerce	331,957,057	360,173,840	272,964,316	301,611,261
Government	205,431,531	222,679,198	196,769,739	197,097,269
Information And communication	164,298,724	150,342,607	160,870,400	146,599,122
Other manufacturing (Industries)	85,613,723	96,217,261	68,876,784	55,346,512
Basic metal Products	45,524,338	44,740,231	45,524,338	44,740,231
Cement	40,295,157	33,722,220	40,295,157	33,722,220
Conglomerate	81,206,081	79,971,726	81,206,081	79,971,726
Flourmills And bakeries	681,494	13,304,974	681,492	13,304,974
Food manufacturing	155,759,298	145,705,898	82,416,229	61,926,991
Steel rolling mills	113,411,205	116,073,823	113,411,205	116,073,823
Oil And Gas - downstream	152,278,927	148,711,765	144,865,855	134,328,441
Oil And Gas - services	541,843,900	480,719,449	501,715,261	438,926,954
Oil And Gas - upstream	209,010,252	240,938,354	203,965,821	239,917,864
Crude oil refining	45,934,996	45,851,377	45,934,996	45,851,377
Real estate activities	260,418,168	241,219,354	246,060,762	223,961,036
Transportation and storage	102,725,564	99,158,890	81,015,935	79,289,024
Power and energy	25,302,766	25,424,378	24,644,744	24,135,507
Professional, scientific and technical activities	2,077,982	2,710,129	2,077,982	2,710,129
Others	98,497,923	96,037,024	23,274,830	22,074,716
	3,161,249,354	**3,102,970,447**	**2,771,576,878**	**2,662,623,090**

5.1.3(a) Group
June 2020
Credit quality by class

Loans to retail customers

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	-	-	-	-	-	-	-	-	-
Standard grade	146,878,197	23,463,925	-	170,342,122	288,644	292,404	-	581,048	169,761,074
Non-Investment	-	20,327,318	11,916,872	32,244,190	-	235,288	1,712,994	1,948,281	30,295,909

Loans to corporate customers

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	936,685,376	131,276,483	-	1,067,961,859	2,557,397	16,633,273	-	19,190,670	1,048,771,189
Standard grade	1,220,457,081	413,078,567	5,684,404	1,639,220,052	14,665,454	57,125,502	3,296,954	75,087,910	1,564,132,142
Non-Investment	-	112,723,368	138,757,763	251,481,131	-	13,431,747	51,191,910	64,623,657	186,857,474

Loans and advances to banks

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	392,198,430	-	-	392,198,430	1,835,182	-	-	1,835,182	390,363,248
Standard grade	-	-	-	-	-	-	-	-	-
Non-Investment	-	-	121,167	121,167	-	-	47,677	47,677	73,490

Off balance sheet

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	445,236,055	-	-	445,236,055	514,659	-	-	514,659	444,721,396
Standard grade	391,389,289	16,247,117	-	407,636,406	2,560,065	-	-	2,560,065	405,076,341
Non-Investment	-	5,093,634	1,124,576	6,218,210	-	376,514	254,211	630,725	5,587,485

Investment securities

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	1,034,192,602	41,866,634	-	1,076,059,236	425,087	760	-	425,847	1,075,633,389
Standard grade	7,338,404	840,334	462,530	8,641,268	89,396	77,571	462,530	629,497	8,011,771
Sub-standard grade	-	-	-	-				-	-
Non-Investment	-	-	-	-				-	-

Money market placements

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	79,551,899	-	-	79,551,899	96,862	-	-	96,862	79,455,037
Standard grade	-	-	-	-	-	-	-	-	-
Non-Investment	-	-	-	-	-	-	-	-	-

5.1.3(b) Bank
June 2020
Credit quality by class

Loans to retail customers

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	-	-	-	-	-	-	-	-	-
Standard grade	58,990,571	23,463,925	-	82,454,496	263,782	292,404	-	556,186	81,898,310
Non-Investment	-	3,078,966	5,017,532	8,096,498	-	102,689	1,381,497	1,484,186	6,612,312

Loans to corporate customers

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	855,965,844	131,276,483	-	987,242,327	2,396,621	16,633,273	-	19,029,894	968,212,433
Standard grade	1,083,380,378	413,078,567	5,684,404	1,502,143,349	14,022,352	57,125,502	3,296,954	74,444,808	1,427,698,541
Non-Investment	-	69,979,853	121,660,357	191,640,210	-	10,249,384	43,236,004	53,485,388	138,154,822

Loans and advances to banks

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	228,080,020	-	-	228,080,020	22,934	-	-	22,934	228,057,086
Standard grade	-	-	-	-	-	-	-	-	-
Non-Investment	-	-	121,167	121,167	-	-	47,677	47,677	73,490

Off balance sheet

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	396,494,703	-	-	396,494,703	514,659	-	-	514,659	395,980,044
Standard grade	293,906,586	-	-	293,906,586	2,428,846	-	-	2,428,846	291,477,740
Non-Investment	-	5,093,634	1,124,576	6,218,210	-	376,514	254,211	630,725	5,587,484

Investment securities

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	779,073,471	41,866,634	-	820,940,105	425,087	760	-	425,847	820,514,258
Standard grade	-	840,334	462,530	1,302,864	-	77,571	462,530	540,102	762,763
Non-Investment	-	-	-	-	-	-	-	-	-

Money market placements

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	14,023,984	-	-	14,023,984	3,363	-	-	3,363	14,020,621
Standard grade	-	-	-	-	-	-	-	-	-
Non-Investment	-	-	-	-	-	-	-	-	-

5.1.3(a) Group
December 2019
Credit quality by class

Loans to retail customers

In thousands of Naira	**Stage 1 Gross amount**	**Stage 2 Gross amount**	**Stage 3 Gross amount**	**Total Gross amount**	**Stage 1 ECL**	**Stage 2 ECL**	**Stage 3 ECL**	**Total ECL**	**Carrying amount**
Internal rating grade									
Investment	-	-	-	-	-	-	-	-	-
Standard grade	197,511,320	1,643,278	-	199,154,598	712,723	642,546	-	1,355,269	197,799,329
Non-Investment	-	4,711,282	5,980,095	10,691,377	-	581,220	3,239,997	3,821,217	6,870,160

Loans to corporate customers

In thousands of Naira	**Stage 1 Gross amount**	**Stage 2 Gross amount**	**Stage 3 Gross amount**	**Total Gross amount**	**Stage 1 ECL**	**Stage 2 ECL**	**Stage 3 ECL**	**Total ECL**	**Carrying amount**
Internal rating grade									
Investment	715,600,782	274,134,832	-	989,735,614	1,918,337	27,033,881	-	28,952,218	960,783,396
Standard grade	1,050,827,640	405,723,677	-	1,456,551,317	18,790,398	32,848,728	-	51,639,126	1,404,912,191
Non-Investment	-	266,522,021	180,315,519	446,837,540	-	50,032,238	55,590,669	105,622,907	341,214,633

Loans and advances to banks

In thousands of Naira	**Stage 1 Gross amount**	**Stage 2 Gross amount**	**Stage 3 Gross amount**	**Total Gross amount**	**Stage 1 ECL**	**Stage 2 ECL**	**Stage 3 ECL**	**Total ECL**	**Carrying amount**
Internal rating grade									
Investment	152,283,368	-	-	152,283,368	6,986	-	-	6,986	152,276,382
Standard grade	-	-	-	-	-	-	-	-	-
Non-Investment	-	-	2,166,836	2,166,836	-	-	1,618,137	1,618,137	548,699

Off balance sheet

In thousands of Naira	**Stage 1 Gross amount**	**Stage 2 Gross amount**	**Stage 3 Gross amount**	**Total Gross amount**	**Stage 1 ECL**	**Stage 2 ECL**	**Stage 3 ECL**	**Total ECL**	**Carrying amount**
Internal rating grade									
Investment	435,168,300	1,322,678	-	436,490,978	505,168	327	-	505,495	435,985,483
Standard grade	310,740,727	18,033,882	1,124,576	329,899,185	2,262,578	80,113	244,233	2,586,924	327,312,261
Non-Investment	211,023	5,778,001	3,664,726	9,653,750	1,889	220,619	1,038,129	1,260,637	8,393,111

Investment securities

In thousands of Naira	**Stage 1 Gross amount**	**Stage 2 Gross amount**	**Stage 3 Gross amount**	**Total Gross amount**	**Stage 1 ECL**	**Stage 2 ECL**	**Stage 3 ECL**	**Total ECL**	**Carrying amount**
Internal rating grade									
Investment	948,383,896		-	948,383,896	1,800	-	-	1,800	948,382,096
Standard grade	11,950,956	-	-	11,950,956	117,946	-	-	117,946	11,833,010
Sub-standard grade	932,242	47,632	462,530	1,442,404	71,625	-	-	71,625	1,370,779
Non-Investment	10,227,833	-	-	10,227,833	14,541	1,879	462,530	478,950	9,748,883

Money market placements

In thousands of Naira	**Stage 1 Gross amount**	**Stage 2 Gross amount**	**Stage 3 Gross amount**	**Total Gross amount**	**Stage 1 ECL**	**Stage 2 ECL**	**Stage 3 ECL**	**Total ECL**	**Carrying amount**
Internal rating grade									
Investment	48,838,459	-	-	48,838,459	91,447	-	-	91,447	48,747,010
Standard grade	-	-	-	-	-	-	-	-	-
Non-Investment	-	-	-	-	-	-	-	-	-

5.1.3(b) Bank
December 2019
Credit quality by class

Loans to retail customers

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	-	-	-	-	-	-	-	-	-
Standard grade	84,319,032	1,643,278	-	85,962,310	632,815	642,546	-	1,275,361	84,686,950
Non-Investment	-	4,529,152	5,524,770	10,053,922	-	474,675	3,026,908	3,501,583	6,552,339

Loans to corporate customers

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	595,909,009	274,134,832	-	870,043,841	1,454,224	27,033,881	-	28,488,104	841,555,736
Standard grade	865,647,361	405,723,677	-	1,271,371,038	16,933,943	32,848,728	-	49,782,672	1,221,588,366
Non-Investment	-	260,337,575	164,854,403	425,191,978	-	47,475,169	50,476,532	97,951,701	327,240,277

Loans and advances to banks

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	163,608,152	-	-	163,608,152	6,986	-	-	6,986	163,601,166
Standard grade	-	-	-	-	-	-	-	-	-
Non-Investment	-	-	2,166,836	2,166,836	-	-	1,355,001	1,355,001	811,835

Off balance sheet

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	435,168,300	1,322,678	-	436,490,978	505,168	327	-	505,495	435,985,483
Standard grade	310,740,727	18,033,882	1,124,576	329,899,185	2,262,578	80,113	244,233	2,586,924	327,312,261
Non-Investment	211,023	5,778,001	3,664,726	9,653,750	1,889	220,619	1,038,129	1,260,636	8,393,112

Investment securities

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	680,815,819	-	-	680,815,819	133,491	-	-	133,491	680,682,328
Standard grade	4,862,794	-	-	4,862,794	-	1,879	-	1,879	4,860,915
Non-Investment	932,242	-	-	932,242	-	-	462,530	462,530	469,712

Money market placements

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	32,822,516	-	-	32,822,516	1,275	-	-	1,275	32,821,240
Standard grade	-	-	-	-	-	-	-	-	-
Non-Investment	-	-	-	-	-	-	-	-	-

5.1.3 Credit quality
(c) Credit quality by risk rating class

Group

In thousands of Naira
June 2020

Loans and advances to retail customers

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
BB+	Standard	3+	370,075	206,156	-	576,231	2,395	4,724	-	7,119	569,112
BB	Standard	3	145,111,634	22,750,966	-	167,862,600	276,199	251,021	-	527,220	167,335,380
BB-	Standard	3-	1,396,488	506,803	-	1,903,291	10,050	36,658	-	46,709	1,856,583
B	Non-Investment	4	-	2,434,474	-	2,434,474	-	74,331	-	74,331	2,360,143
B-	Non-Investment	5	-	17,892,844	-	17,892,844	-	160,957	-	160,957	17,731,889
CCC	Non-Investment	6	-	-	10,389,313	10,389,313	-	-	1,292,291	1,292,291	9,097,022
C	Non-Investment	7	-	-	311,514	311,514	-	-	85,795	85,795	225,719
D	Non-Investment	8	-	-	1,216,046	1,216,046	-	-	334,907	334,907	881,139
Carrying amount			**146,878,197**	**43,791,243**	**11,916,873**	**202,586,313**	**288,644**	**527,691**	**1,712,994**	**2,529,328**	**200,056,988**

Loans and advances to corporate customers

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
AAA	Investment	1	187,115,644	-	-	187,115,644	297,846	-	-	297,846	186,817,797
AA	Investment	2+	277,378,582	40,957,095	-	318,335,677	320,137	12,007,237	-	12,327,374	306,008,303
A	Investment	2	222,126,933	39,406,992	-	261,533,925	935,208	3,516,743	-	4,451,951	257,081,974
BBB	Investment	2-	250,064,216	50,912,396	-	300,976,612	1,486,532	1,109,293	-	2,595,825	298,380,787
BB+	Standard	3+	321,873,762	14,881,852	-	336,755,614	2,330,466	636,258	-	2,966,724	333,788,890
BB	Standard	3	719,612,614	294,367,835	-	1,013,980,449	5,692,405	35,595,538	-	41,287,943	972,692,506
BB-	Standard	3-	178,970,706	103,828,880	-	282,799,584	6,160,256	20,893,706	-	27,053,962	255,745,622
B	Non-Investment	4	-	62,336,974	-	62,336,974	-	9,227,762	-	9,227,762	53,109,212
B-	Non-Investment	5	-	50,386,394	-	50,386,394	-	4,203,985	-	4,203,985	46,182,409
CCC	Non-Investment	6	-	-	51,294,228	51,294,228	-	-	20,255,422	20,255,422	31,038,806
C	Non-Investment	7	-	-	84,873,342	84,873,342	-	-	32,672,810	32,672,810	52,200,532
D	Non-Investment	8	-	-	8,274,597	8,274,597	-	-	1,560,632	1,560,632	6,713,965
			2,157,142,457	**657,078,418**	**144,442,167**	**2,958,663,040**	**17,222,850**	**87,190,521**	**54,488,864**	**158,902,236**	**2,799,760,803**

Loans and advances to banks

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
AAA	Investment	1	177,603,773	-	-	177,603,773	17,858	-	-	17,858	177,585,915
AA	Investment	2+	40,392,127	-	-	40,392,127	4,061	-	-	4,061	40,388,066
A	Investment	2	7,860,694	-	-	7,860,694	790	-	-	790	7,859,903
BBB	Investment	2-	-	-	-	-	-	-	-	-	-
BB+	Standard	3+	-	-	-	-	-	-	-	-	-
BB	Standard	3	2,223,426	-	-	2,223,426	224	-	-	224	2,223,202
BB-	Standard	3-	-	-	-	-	-	-	-	-	-
B	Non-Investment	4	64,042,958	-	-	64,042,958	1,749,387	-	-	1,749,387	62,293,571
B-	Non-Investment	5	100,075,450	-	-	100,075,450	62,859	-	-	62,859	100,012,591
CCC	Non-Investment	6	-	-	-	-	-	-	-	-	-
C	Non-Investment	7	-	-	-	-	-	-	-	-	-
D	Non-Investment	8	-	-	121,167	121,167	-	-	47,677	47,677	73,490
			392,198,429	**-**	**121,167**	**392,319,596**	**1,835,181**	**-**	**47,677**	**1,882,858**	**390,436,739**

Investment securities

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
AAA	Investment	1	262,951,246	41,866,634		304,817,880	2,038	760		2,798	304,815,080
A	Investment	2	764,490,112			764,490,112	374,751			374,751	764,115,361
BBB	Investment	2-	14,089,649			14,089,649	137,694			137,694	13,951,953
BB-	Standard	3-		840,334	462,530	1,302,864		77,571	462,530	540,101	762,764
			1,041,531,006	**42,706,968**	**462,530**	**1,084,700,505**	**514,483**	**78,331**	**462,530**	**1,055,344**	**1,083,645,158**

Derivative Financial Instruments

External Rating Equivalent	Grade	Risk Rating	Gross Nominal June 2020	Fair Value June 2020
AAA-A	Investment	1	1,087,641,874	249,163,344
A	Investment	2	139,736,359	(3,872,041)
AA	Investment	2+	19,989,794	(486,648)
BBB	Investment	2-	54,696,839	(5,865,830)
Gross amount			**1,302,064,866**	**238,938,825**

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

Bank
June 2020
In thousands of Naira

Loans and advances to retail customers

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
BB+	Standard	3+	370,075	206,156	-	576,231	2,395	4,724	-	7,119	569,112
BB	Standard	3	57,224,009	22,750,966	-	79,974,975	251,337	251,021	-	502,358	79,472,617
BB-	Standard	3-	1,396,488	506,803	-	1,903,291	10,050	36,658	-	46,708	1,856,583
B	Non-Investment	4	-	2,434,474	-	2,434,474	-	74,331	-	74,331	2,360,145
B-	Non-Investment	5	-	644,492	-	644,492	-	28,358	-	28,358	616,134
CCC	Non-Investment	6	-	-	3,489,972	3,489,972	-	-	960,795	960,795	2,529,175
C	Non-Investment	7	-	-	311,514	311,514	-	-	85,795	85,795	225,719
D	Non-Investment	8	-	-	1,216,046	1,216,046	-	-	334,907	334,907	881,139
Carrying amount			**58,990,572**	**26,542,891**	**5,017,532**	**90,550,995**	**263,782**	**395,092**	**1,381,497**	**2,040,370**	**88,510,620**

Loans and advances to corporate customers

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
AAA	Investment	1	187,115,644	-	-	187,115,644	297,846	-	-	297,846	186,817,798
AA	Investment	2+	277,378,582	40,957,095	-	318,335,677	320,137	12,007,237	-	12,327,374	306,008,303
A	Investment	2	141,407,402	39,406,992	-	180,814,394	292,106	3,516,743	-	3,808,849	177,005,545
BBB	Investment	2-	250,064,216	50,912,396	-	300,976,612	1,486,532	1,109,293	-	2,595,825	298,380,787
BB+	Standard	3+	321,873,762	14,881,852	-	336,755,614	2,330,466	636,258	-	2,966,724	333,788,891
BB	Standard	3	582,535,910	294,367,835	-	876,903,745	5,531,630	35,595,538	-	41,127,168	835,776,577
BB-	Standard	3-	178,970,706	103,828,880	-	282,799,586	6,160,256	20,893,706	-	27,053,962	255,745,624
B	Non-Investment	4	-	62,336,974	-	62,336,974	-	9,227,762	-	9,227,762	53,109,212
B-	Non-Investment	5	-	7,642,879	-	7,642,879	-	1,021,623	-	1,021,623	6,621,256
CCC	Non-Investment	6	-	-	34,196,822	34,196,822	-	-	12,299,516	12,299,516	21,897,306
C	Non-Investment	7	-	-	84,873,342	84,873,342	-	-	32,672,810	32,672,810	52,200,532
D	Non-Investment	8	-	-	8,274,597	8,274,597	-	-	1,560,632	1,560,632	6,713,965
			1,939,346,222	**614,334,903**	**127,344,761**	**2,681,025,886**	**16,418,973**	**84,008,160**	**46,532,958**	**146,960,091**	**2,534,065,794**

Loans and advances to banks

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
AAA	Investment	1	177,603,773	-	-	177,603,773	17,858	-	-	17,858	177,585,915
AA	Investment	2+	40,392,127	-	-	40,392,127	4,061	-	-	4,061	40,388,066
A	Investment	2	7,860,694	-	-	7,860,694	790	-	-	790	7,859,903
BB	Standard	3	2,223,426	-	-	2,223,426	224	-	-	224	2,223,202
B	Non-Investment	4	-	-	-	-	-	-	-	-	-
D	Non-Investment	8	-	-	121,167	121,167	-	-	47,677	47,677	73,490.21
			228,080,020	**-**	**121,168**	**228,201,187**	**22,934**	**-**	**47,677**	**70,611**	**228,130,577**

Investment securities

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
AAA	Investment	1	7,832,114	41,866,634	-	49,698,748	2,038	760	-	2,798	49,695,949
A	Investment	2	764,490,112	-	-	764,490,112	374,751	-	-	374,751	764,115,361
BBB	Investment	2-	6,751,245	-	-	6,751,245	48,298	-	-	48,298	6,702,947
BB-	Standard	3-	-	840,334	462,530	1,302,864	-	77,571	462,530	540,101	762,764
			779,073,471	**42,706,968**	**462,530**	**822,242,969**	**425,087**	**78,331**	**462,530**	**965,948**	**821,277,021**

Derivative Financial Instruments

External Rating Equivalent	Grade	Risk Rating	Gross Nominal June 2020	Fair Value June 2020
AAA-A	Investment	1	1,073,163,625	249,260,479
A	Investment	2	125,258,110	(3,774,907)
AA	Investment	2+	5,511,545	(389,512)
BBB	Investment	2-	40,218,590	(5,768,695)
Gross amount			**1,244,151,870**	**239,327,365**

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

5.1.3 Credit quality

(c) Credit quality by risk rating class

Group

In thousands of Naira
December 2019

Loans and advances to retail customers

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
BB+	Standard	3+	971,147	-	-	971,147	5,395	-	-	5,395	965,752
BB	Standard	3	194,644,869	1,343,585	-	195,988,454	640,016	479,342	-	1,119,358	194,869,095
BB-	Standard	3-	1,895,304	299,693	-	2,194,997	67,312	163,204	-	230,516	1,964,482
B	Non-Investment	4	-	3,861,882	-	3,861,882	-	234,704	-	234,704	3,627,179
B-	Non-Investment	5	-	849,401	455,325	1,304,726	-	346,516	-	346,515	958,211
CCC	Non-Investment	6	-	-	3,364,354	3,364,354	-	-	2,040,908	2,040,908	1,323,446
C	Non-Investment	7	-	-	907,961	907,961	-	-	487,296	487,296	420,665
D	Non-Investment	8	-	-	1,252,455	1,252,455	-	-	711,793	711,793	540,662
Carrying amount			**197,511,320**	**6,354,561**	**5,980,095**	**209,845,976**	**712,723**	**1,223,766**	**3,239,997**	**5,176,485**	**204,669,491**

Loans and advances to corporate customers

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
AAA	Investment	1	141,904,070	-	-	141,904,070	18,603	-	-	18,603	141,885,467
AA	Investment	2+	283,074,454	37,790,380	-	320,864,834	1,181,275	1,932,467	-	3,113,742	317,751,092
A	Investment	2	245,094,727	38,680,332	-	283,775,059	1,917,123	1,464,687	-	3,381,810	280,393,250
BBB	Investment	2-	45,527,531	197,664,120	-	243,191,651	193,679	23,636,727	-	23,830,406	219,361,246
BB+	Standard	3+	250,663,351	63,236,897	-	313,900,248	1,215,134	2,543,566	-	3,758,700	310,141,548
BB	Standard	3	716,020,141	236,380,353	-	952,400,494	14,462,844	15,952,726	-	30,415,570	921,984,924
BB-	Standard	3-	84,144,148	106,106,427	-	190,250,575	1,720,078	14,352,436	-	16,072,514	174,178,060
B	Non-Investment	4	-	168,487,181	-	168,487,181	-	23,151,499	-	23,151,499	145,335,682
B-	Non-Investment	5	-	98,034,841	15,461,116	113,495,957	-	26,880,739	-	26,880,739	86,615,220
CCC	Non-Investment	6	-	-	33,482,272	33,482,272	-	-	16,906,199	16,906,199	16,576,072
C	Non-Investment	7	-	-	106,052,309	106,052,309	-	-	28,891,972	28,891,972	77,160,337
D	Non-Investment	8	-	-	25,319,822	25,319,822	-	-	9,792,498	9,792,498	15,527,324
			1,766,428,422	**946,380,531**	**180,315,519**	**2,893,124,469**	**20,708,736**	**109,914,847**	**55,590,669**	**186,214,251**	**2,706,910,222**

Loans and advances to banks

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
AAA	Investment	1	151,461,374	-	-	151,461,374	269,668	-	-	269,668	151,191,706
A	Investment	2	821,994	-	-	821,994	454	-	-	454	821,540
BB	Standard	3	-	-	-	-	-	-	-	-	-
BB-	Standard	3-	-	-	-	-	-	-	-	-	-
CCC	Non-Investment	6	-	-	2,062,143	2,062,143	-	-	1,309,460	1,309,460	752,683
D	Non-Investment	8	-	-	104,694	104,694	-	-	45,541	45,541	59,153
			152,283,368	**-**	**2,166,837**	**154,450,205**	**270,122**	**-**	**1,355,001**	**1,625,123**	**152,825,082**

Investment securities

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
AAA	Investment	1	943,876,884	-	-	943,876,884	-	-	-	-	943,876,884
A	Investment	2	4,507,012	-	-	4,507,012	1,800	-	-	1,800	4,505,212
BB	Standard	3	11,950,956	-	-	11,950,956	117,945	-	-	117,945	11,833,011
B	Non-Investment	4	10,227,833	-	-	10,227,833	71,625	-	-	71,625	10,156,208
CCC	Non-Investment	6	932,242	47,632	462,530	1,442,404	14,541	1,879	462,530	478,950	963,454
			971,494,927	**47,632**	**462,530**	**972,005,089**	**205,911**	**1,879**	**462,530**	**670,320**	**971,334,769**

Derivative Financial Instruments

External Rating Equivalent	Grade	Risk Rating	Gross Nominal December 2019	Fair Value December 2019
AAA	Investment	1	1,086,591,425	142,234,073
AA	Investment	2+	99,268,238	(708,705)
A	Investment	2	19,997,458	(440,107)
BBB	Investment	2-	44,251,600	(2,559,453)
BB+	Standard	3+	12,453,222	(210,513)
BB	Standard	3	19,386,411	(1,611,405)
BB-	Standard	3-	1,133,245	(67,118)
B	Non-Investment	4	25,529	(1,901)
Gross amount			**1,283,107,128**	**136,634,871**

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

Bank
December 2019
In thousands of Naira

Loans and advances to retail customers

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
BB+	Standard	3+	971,147	-	-	971,147	5,395	-	-	5,395	965,752
BB	Standard	3	81,452,581	1,343,585	-	82,796,166	560,107	479,342	-	1,039,449	81,756,716
BB-	Standard	3-	1,895,304	299,693	-	2,194,997	67,312	163,204	-	230,516	1,964,481
B	Non-Investment	4	-	3,861,882	-	3,861,882	-	128,159	-	128,157	3,733,725
B-	Non-Investment	5	-	667,271	-	667,271	-	346,516	-	346,516	320,755
CCC	Non-Investment	6	-	-	3,364,354	3,364,354	-	-	1,827,819	1,827,819	1,536,535
C	Non-Investment	7	-	-	907,961	907,961	-	-	487,296	487,296	420,665
D	Non-Investment	8	-	-	1,252,455	1,252,455	-	-	711,793	711,793	540,662
Carrying amount			**84,319,032**	**6,172,431**	**5,524,770**	**96,016,233**	**632,814**	**1,117,221**	**3,026,908**	**4,776,941**	**91,239,291**

Loans and advances to corporate customers

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
AAA	Investment	1	141,904,070	-	-	141,904,070	18,603	-	-	18,603	141,885,467
AA	Investment	2+	283,074,454	37,790,380	-	320,864,834	1,181,275	1,932,467	-	3,113,742	317,751,090
A	Investment	2	125,402,954	38,680,332	-	164,083,286	60,667	1,464,687	-	1,525,354	162,557,932
BBB	Investment	2-	45,527,531	197,664,120	-	243,191,651	193,679	23,636,727	-	23,830,406	219,361,246
BB+	Standard	3+	250,663,351	63,236,897	-	313,900,248	1,215,134	2,543,566	-	3,758,700	310,141,548
BB	Standard	3	530,839,862	236,380,353	-	767,220,215	13,998,730	15,952,726	-	29,951,456	737,268,760
BB-	Standard	3-	84,144,148	106,106,427	-	190,250,575	1,720,078	14,352,436	-	16,072,514	174,178,059
B	Non-Investment	4	-	168,487,181	-	168,487,181	-	20,594,430	-	20,594,430	147,892,751
B-	Non-Investment	5	-	91,850,394	-	91,850,394	-	26,880,739	-	26,880,739	64,969,655
CCC	Non-Investment	6	-	-	33,482,272	33,482,272	-	-	11,792,061	11,792,061	21,690,210
C	Non-Investment	7	-	-	106,052,309	106,052,309	-	-	28,891,972	28,891,972	77,160,337
D	Non-Investment	8	-	-	25,319,822	25,319,822	-	-	9,792,498	9,792,498	15,527,324
			1,461,556,370	**940,196,084**	**164,854,403**	**2,566,606,857**	**18,388,168**	**107,357,778**	**50,476,531**	**176,222,477**	**2,390,384,380**

Loans and advances to banks

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
AAA	Investment	1	162,786,158	-	-	162,786,158	6,532	-	-	6,532	162,779,626
A	Investment	2	821,994	-	-	821,994	454	-	-	454	821,540
CCC	Non-Investment	6	-	-	2,062,143	2,062,143	-	-	1,309,460	1,309,460	752,683
D	Non-Investment	8	-	-	104,694	104,694	-	-	45,541	45,541	59,152.89
			163,608,152	**-**	**2,166,837**	**165,774,989**	**6,986**	**-**	**1,355,001**	**1,361,987**	**164,413,001**

Investment securities

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
AAA	Investment	1	676,308,807	-	-	676,308,807			-	-	676,308,807
A	Investment	2	4,507,012	-	-	4,507,012	1,800		-	1,800	4,505,212
BB	Standard	3	8,628,462	-	-	8,628,462	45,525	-	-	45,525	8,582,937
B	Non-Investment	4	10,227,833	-	-	10,227,833	71,625	-	-	71,625	10,156,208
CCC	Non-Investment	6	932,242	47,632	462,530	1,442,404	14,541	1,879	462,530	478,950	963,453.24
			700,604,356	**47,632**	**462,530**	**701,114,518**	**133,491**	**1,879**	**462,530**	**597,900**	**700,516,618**

Derivative Financial Instruments

External Rating Equivalent	Grade	Risk Rating	Gross Nominal December 2019	Fair Value December 2019
AAA-A	Investment	1	986,475,815	123,561,874
A	Investment	2	133,011,795	(548,924)
AA	Investment	2+	58,724,417	(349,160)
BBB	Investment	2-	31,367,334	(1,987,313)
BBB-B	Non-Investment	5	-	-
Gross amount			**1,209,579,361**	**120,676,477**

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

5.1.3 (d) **The table below summarises the risk rating for other financial assets:**

Group

In thousands of Naira

June 2020	**Total**	**Grade 1-3**	**Grade 4-5**	**Grade 6**	**Grade 7**	**Grade 8**
Cash and balances with banks						
Current balances with banks	437,725,193	437,725,193	-	-	-	-
Unrestricted balances with central bank	34,109,382	34,109,382	-	-	-	-
Money market placements	79,551,899	79,551,899				
Other deposits with central banks	89,317,165	89,317,165				
Investment under management	29,227,849	29,227,849	-	-	-	-
Non-pledged trading assets						
Treasury bills	208,319,673	208,319,673	-	-	-	-
Bonds	75,102,382	75,102,382	-	-	-	-
Derivative financial instruments	259,584,207	259,584,207	-	-	-	-
Pledged assets						
-Financial instruments at FVOCI			-	-	-	-
Treasury bills	68,708,829	68,708,829	-	-	-	-
Bonds	3,001,493	3,001,493				
-Financial instruments at amortized cost						
Treasury bills	74,527,346	74,527,346	-	-	-	-
Bonds	71,113,651	71,113,651	-	-	-	-
-Financial instruments at FVPL						
Treasury bills	34,040,076	34,040,076	-	-	-	-
Bonds	-	-	-	-	-	-
Investment securities						
Treasury bills	414,885,827	414,885,827	-	-	-	-
Bonds	183,097,078	183,097,078	-	-	-	-
- Financial assets at amortised cost						
Treasury bills	2,727,258	2,727,258	-	-	-	-
Bonds	6,240,386	6,240,386	-	-	-	-
Restricted deposit and other assets	1,330,992,767	1,330,992,767	-	-	-	-
	3,402,272,461	**3,402,272,461**	**-**	**-**	**-**	**-**

The rating here represents the staging for the loans. These are the internal ratings of the bank. The stages are as categorized below;

Grade 1-3: Stage 1

Grade 4-5: Stage 2

Grade 6-7: Stage 3

All the financial assets as categorized above are all grouped into stage 1

Group

In thousands of Naira

December 2019	**Total**	**Grade 1-3**	**Grade 4-5**	**Grade 6**	**Grade 7**	**Grade 8**
Cash and balances with banks						
Current balances with banks	483,040,381	483,040,381	-	-	-	-
Unrestricted balances with central bank	117,883,814	117,883,814	-	-	-	-
Money market placements	48,838,459	48,838,459				
Other deposits with central banks	99,347,553	99,347,553				
Investment under management	28,291,959	28,291,959	-	-	-	-
Non-pledged trading assets						
Treasury bills	89,797,961	89,797,961	-	-	-	-
Bonds	40,021,277	40,021,277	-	-	-	-
Derivative financial instruments	143,520,553	143,520,553	-	-	-	-
Pledged assets						
-Financial instruments at FVOCI			-	-	-	-
Treasury bills	30,388,532	30,388,532	-	-	-	-
Bonds	-	-				
-Financial instruments at amortized cost						
Treasury bills	452,686,283	452,686,283	-	-	-	-
Bonds	82,599,583	82,599,583	-	-	-	-
-Financial instruments at FVPL						
Treasury bills	39,881,494	39,881,494	-	-	-	-
Bonds	-	-	-	-	-	-
Investment securities						
-Financial assets at FVOCI						
Treasury bills	232,813,374	232,813,374	-	-	-	-
Bonds	81,977,676	81,977,676	-	-	-	-
- Financial assets at amortised cost						
Treasury bills	2,727,258	2,727,258	-	-	-	-
Bonds	6,240,386	6,240,386	-	-	-	-
Restricted deposit and other assets	1,016,582,843	1,016,582,843	-	-	-	-
	2,996,639,386	**2,996,639,386**	**-**	**-**	**-**	**-**

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

Bank
In thousands of Naira
June 2020

	Total	Grade 1-3	Grade 4-5	Grade 6	Grade 7	Grade 8
Cash and balances with banks						
Current balances with banks	343,670,944	343,670,944	-	-	-	-
Unrestricted balances with central bank	12,912,034	12,912,034	-	-	-	-
Money market placements	14,023,984	14,023,984	-	-	-	-
Other deposits with central banks	89,317,165	89,317,165	-	-	-	-
Investment under management	29,227,849	29,227,849	-	-	-	-
Non-pledged trading assets						
Treasury bills	191,384,924	191,384,924	-	-	-	-
Bonds	14,913,032	14,913,032	-	-	-	-
Derivative financial instruments	259,030,652	259,030,652	-	-	-	-
Pledged assets						
-Financial instruments at FVOCI			-	-	-	-
Treasury bills	68,708,829	68,708,829	-	-	-	-
Bonds	3,001,493	3,001,493				
-Financial instruments at amortized cost						
Treasury bills	74,527,346	74,527,346	-	-	-	-
Bonds	71,113,651	71,113,651	-	-	-	-
-Financial instruments at FVPL						
Treasury bills	34,040,075	34,040,075	-	-	-	-
Bonds	-	-	-	-	-	-
Investment securities						
-Financial assets at FVOCI						
Treasury bills	303,445,179	303,445,179	-	-	-	-
Bonds	87,661,595	87,661,595	-	-	-	-
- Financial assets at amortised cost						
Treasury bills	184,999,935	184,999,935	-	-	-	-
Bonds	242,951,935	242,951,935	-	-	-	-
Restricted deposit and other assets	1,290,554,017	1,290,554,017	-	-	-	-
	3,315,484,639	**3,315,484,637**	**-**	**-**	**-**	**-**

The rating here represents the staging for the loans. These are the internal ratings of the bank. The stages are as categorized below;
Grade 1-3: Stage 1
Grade 4-5: Stage 2
Grade 6-7: Stage 3
All the financial assets as categorized above are all grouped into stage 1

Bank
In thousands of Naira
December 2019

	Total	Grade 1-3	Grade 4-5	Grade 6	Grade 7	Grade 8
Cash and balances with banks						
Current balances with banks	321,270,808	321,270,808	-	-	-	-
Unrestricted balances with central banks	97,734,073	97,734,073	-	-	-	-
Money market placements	32,822,516	32,822,516	-	-	-	-
Other deposits with central banks	99,347,553	99,347,553	-	-	-	-
Investment under management	28,291,959	28,291,959	-	-	-	-
Non-pledged trading assets						
Treasury bills	74,749,344	74,749,344	-	-	-	-
Bonds	2,222,417	2,222,417	-	-	-	-
Derivative financial instruments	143,480,073	143,480,073	-	-	-	-
Pledged assets						
-Financial instruments at FVOCI			-	-	-	-
Treasury bills	30,388,532	30,388,532	-	-	-	-
Bonds	-	-				
-Financial instruments at amortized cost						
Treasury bills	452,686,282	452,686,282	-	-	-	-
Bonds	82,599,583	82,599,583	-	-	-	-
-Financial instruments at FVPL						
Treasury bills	39,881,494	39,881,494	-	-	-	-
Bonds	-	-	-	-	-	-
Investment securities						
-Financial assets at FVOCI						
Treasury bills	77,897,548	77,897,548	-	-	-	-
Bonds	18,950,446	18,950,446	-	-	-	-
- Financial assets at amortised cost						
Treasury bills	341,786,029	341,786,029	-	-	-	-
Bonds	250,828,832	250,828,832	-	-	-	-
Restricted deposit and other assets	968,698,629	968,698,629	-	-	-	-
	3,063,636,118	**3,063,636,118**	**-**	**-**	**-**	**-**

5.1.3 Credit quality
(e) Credit quality by staging

Group
In thousands of Naira
June 2020
Loans and advances to retail customers

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Auto Loan	11,365,689	210,736	32,511	11,608,936	19,116	5,304	7,385	31,805	11,577,130
Credit Card	1,318,314	15,925,789	13,799	17,257,902	373	97,278	663	98,314	17,159,588
Finance Lease	244,138	63,053	30,476	337,667	1,014	853	3,688	5,555	332,112
Mortgage Loan	64,110,171	616,953	81,130	64,808,254	33,233	24,890	16,035	74,158	64,734,096
Overdraft	395,494	172,484	68,993	636,971	112	1,326	3,315	4,753	632,218
Personal Loan	45,088,012	509,326	976,588	46,573,926	100,844	8,054	237,566	346,462	46,227,463
Term Loan	16,863,458	2,260,951	317,860	19,442,269	79,673	75,937	63,993	219,603	19,222,665
Time Loan	7,492,920	24,031,950	10,395,515	41,920,385	54,280	314,048	1,380,349	1,748,677	40,171,708
	146,878,196	43,791,242	11,916,872	202,586,310	288,645	527,690	1,712,994	2,529,329	200,056,982

Loans and advances to corporate customers

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Auto Loan	2,419,838	164,689	71,216	2,655,743	17,017	3,920	15,521	36,458	2,619,285
Credit Card	288,401	1,399	-	289,800	1,868	26	-	1,894	287,905
Finance Lease	4,504,884	319,244	51,292	4,875,420	48,236	15,329	23,868	87,432	4,787,990
Mortgage Loan	43,559,247	170,974	68,390	43,798,611	160,776	12,729	31,824	205,329	43,593,283
Overdraft	202,517,888	98,609,363	94,641,752	395,769,003	1,779,968	8,535,595	34,528,025	44,843,588	350,925,414
Personal Loan	-	-	-	-	-	-	-	-	-
Term Loan	1,539,458,739	525,894,692	43,805,287	2,109,158,719	13,841,104	75,530,813	18,494,874	107,866,791	2,001,291,927
Time Loan	364,393,460	31,918,057	5,804,230	402,115,748	1,373,883	3,092,109	1,394,754	5,860,746	396,255,001
	2,157,142,457	657,078,418	144,442,167	2,958,663,043	17,222,852	87,190,521	54,488,866	158,902,238	2,799,760,802

Loans and advances to banks

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Auto Loan	-	-	-	-	-	-	-	-	-
Credit Card	-	-	-	-	-	-	-	-	-
Finance Lease	-	-	-	-	-	-	-	-	-
Mortgage Loan	-	-	-	-	-	-	-	-	-
Overdraft	-	-	121,167	121,167	-	-	47,677	47,677	73,490
Personal Loan	-	-	-	-	-	-	-	-	-
Term Loan	-	-	-	-	-	-	-	-	-
Time Loan	392,198,430	-	-	392,198,431	1,835,182	-	-	1,835,182	390,363,248
	392,198,430	-	121,168	392,319,597	1,835,182	-	47,677	1,882,859	390,436,738

There is no stage 3 exposure that has nill impairment for the period for the Group (Dec 2019: N3.02Bn). The impairment is nil for these category of loans because of the adequate coverage offered by the collateral.

Bank
In thousands of Naira
June 2020
Loans and advances to retail customers

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Auto Loan	2,576,926	193,488	25,612	2,796,026	16,630	5,172	7,054	28,856	2,767,168
Credit Card	-	15,891,292	-	15,891,292	-	97,013	-	97,013	15,794,279
Finance Lease	156,250	11,308	9,778	177,336	989	456	2,693	4,138	173,198
Mortgage Loan	2,588,833	547,960	53,532	3,190,325	15,830	24,360	14,709	54,899	3,135,426
Overdraft	-	-	-	-	-	-	-	-	-
Personal Loan	31,025,992	164,359	838,601	32,028,952	96,866	5,402	230,936	333,204	31,695,748
Term Loan	16,072,470	2,002,226	214,370	18,289,066	79,449	73,948	59,021	212,418	18,076,648
Time Loan	6,570,100	7,732,257	3,875,638	18,177,995	54,019	188,743	1,067,085	1,309,847	16,868,148
	58,990,571	26,542,890	5,017,533	90,550,992	263,783	395,094	1,381,498	2,040,374	88,510,610

Loans and advances to corporate customers

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Auto Loan	2,419,838	164,689	71,216	2,655,743	17,017	3,920	15,521	36,458	2,619,285
Credit Card	288,183	1,399	-	289,582	1,867	26	-	1,893	287,689
Finance Lease	4,287,087	191,013	-	4,478,100	47,432	5,782	-	53,214	4,424,886
Mortgage Loan	-	-	-	-	-	-	-	-	-
Overdraft	189,450,114	98,181,928	94,470,778	382,102,820	1,731,735	8,503,771	34,448,466	44,683,972	337,418,848
Personal Loan	-	-	-	-	-	-	-	-	-
Term Loan	1,385,041,426	484,518,969	27,254,998	1,896,815,393	13,271,155	72,450,286	10,793,557	96,514,998	1,800,300,398
Time Loan	357,859,573	31,276,904	5,547,769	394,684,246	1,349,766	3,044,374	1,275,415	5,669,555	389,014,691
	1,939,346,221	614,334,902	127,344,761	2,681,025,884	16,418,972	84,008,159	46,532,959	146,960,091	2,534,065,798

Loans and advances to banks

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Auto Loan	-	-	-	-	-	-	-	-	-
Credit Card	-	-	-	-	-	-	-	-	-
Finance Lease	-	-	-	-	-	-	-	-	-
Mortgage Loan	-	-	-	-	-	-	-	-	-
Overdraft	-	-	121,167	121,167	-	-	47,677	47,677	73,490
Personal Loan	-	-	-	-	-	-	-	-	-
Term Loan	-	-	-	-	-	-	-	-	-
Time Loan	228,080,020	-	-	228,080,020	22,934	-	-	22,934	228,057,086
	228,080,020	-	121,167	228,201,187	22,934	-	47,677	70,611	228,130,576

There is no stage 3 exposure that has nill impairment for the period for the Group (Dec 2019: N3.02Bn). The impairment is nil for these category of loans because of the adequate coverage offered by the collateral.

5.1.3 Credit quality
(e) Credit quality by staging

Group
In thousands of Naira
December 2019
Loans and advances to retail customers

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Auto Loan	14,316,084	312,659	24,650	14,653,393	12,890	12,595	12,928	38,413	14,614,980
Credit Card	18,246,614	616,290	151,645	19,014,549	40,847	77,582	82,505	200,934	18,813,613
Finance Lease	173,316	12,214	1,366	186,896	202	399	639	1,240	185,656
Mortgage Loan	80,814,481	619,210	380,590	81,814,281	68,299	222,505	207,101	497,905	81,316,376
Overdraft	14,442,712	519,356	3,683,640	18,645,708	266,115	241,065	1,990,087	2,497,267	16,148,441
Personal Loan	51,880,685	153,300	906,662	52,940,647	140,312	28,017	499,391	667,720	52,272,927
Term Loan	12,777,477	2,719,316	239,994	15,736,787	135,264	502,383	190,850	828,497	14,908,290
Time Loan	4,859,951	1,402,215	591,548	6,853,714	48,794	139,221	256,496	444,511	6,409,203
	197,511,320	6,354,560	5,980,095	209,845,975	712,723	1,223,767	3,239,997	5,176,486	204,669,485

Loans and advances to corporate customers

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Auto Loan	2,896,828	250,665	55,512	3,203,005	26,672	4,766	7,040	38,478	3,164,527
Credit Card	238,656	24,731	61,807	325,194	2,459	1,568	23,792	27,819	297,376
Finance Lease	4,357,320	340,259	262,405	4,959,984	79,685	13,288	108,492	201,465	4,758,519
Mortgage Loan	60,974,410	24,738	61,844	61,060,992	464,114	10,228	20,457	494,799	60,566,193
Overdraft	121,894,817	87,449,620	71,738,703	281,083,140	1,888,438	5,194,640	25,574,903	32,657,981	248,425,159
Personal Loan	-	-	-	-	-	-	-	-	-
Term Loan	1,253,280,533	822,442,191	93,801,086	2,169,523,810	9,136,899	102,028,690	27,294,139	138,459,728	2,031,064,082
Time Loan	322,785,856	35,848,324	14,334,162	372,968,342	9,110,469	2,661,667	2,561,847	14,333,983	358,634,359
	1,766,428,420	946,380,528	180,315,519	2,893,124,467	20,708,736	109,914,847	55,590,670	186,214,253	2,706,910,215

Loans and advances to banks

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Auto Loan	-	-	-	-	-	-	-	-	-
Credit Card	-	-	-	-	-	-	-	-	-
Finance Lease	-	-	-	-	-	-	-	-	-
Mortgage Loan	-	-	-	-	-	-	-	-	-
Overdraft	821,994	-	104,694	926,688	454	-	45,541	45,995	880,693
Personal Loan	-	-	-	-	-	-	-	-	-
Term Loan	-	-	-	-	-	-	-	-	-
Time Loan	151,461,374	-	2,062,142	153,523,516	269,668	-	1,309,460	1,579,128	151,944,388
	152,283,368	-	2,166,836	154,450,204	270,122	-	1,355,001	1,625,123	152,825,081

Bank
In thousands of Naira
December 2019
Loans and advances to retail customers

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Auto Loan	2,996,855	312,477	24,195	3,333,527	4,900	12,488	12,715	30,103	3,303,424
Credit Card	16,548,729	615,926	150,734	17,315,389	39,649	77,369	82,078	199,096	17,116,293
Finance Lease	60,124	11,667	-	71,791	122	79	-	201	71,590
Mortgage Loan	1,579,880	618,482	378,768	2,577,130	12,363	222,078	206,249	440,690	2,136,440
Overdraft	13,933,346	517,535	3,679,087	18,129,968	265,755	240,000	1,987,956	2,493,711	15,636,257
Personal Loan	33,769,919	149,658	897,555	34,817,132	127,527	25,886	495,129	648,542	34,168,590
Term Loan	11,758,747	2,716,584	233,165	14,708,496	134,544	500,785	187,654	822,983	13,885,513
Time Loan	3,671,432	1,230,102	161,265	5,062,799	47,955	38,536	55,127	141,618	4,921,181
	84,319,032	6,172,431	5,524,769	96,016,231	632,815	1,117,221	3,026,908	4,776,944	91,239,289

Loans and advances to corporate customers

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Auto Loan	2,896,828	250,665	55,512	3,203,005	26,672	4,766	7,040	38,478	3,164,527
Credit Card	238,351	24,731	61,807	324,889	2,457	1,568	23,792	27,817	297,072
Finance Lease	4,052,448	321,706	216,022	4,590,176	77,365	5,617	93,149	176,131	4,414,046
Mortgage Loan	-	-	-	-	-	-	-	-	-
Overdraft	103,602,494	87,387,776	71,584,092	262,574,362	1,749,204	5,169,070	25,523,762	32,442,036	230,132,326
Personal Loan	-	-	-	-	-	-	-	-	-
Term Loan	1,037,126,554	816,455,647	78,834,725	1,932,416,926	7,491,618	99,553,447	22,343,654	129,388,719	1,803,028,207
Time Loan	313,639,695	35,755,557	14,102,245	363,497,497	9,040,852	2,623,311	2,485,135	14,149,298	349,348,200
	1,461,556,370	940,196,085	164,854,403	2,566,606,855	18,388,168	107,357,779	50,476,532	176,222,479	2,390,384,377

Loans and advances to banks

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Auto Loan	-	-	-	-	-	-	-	-	-
Credit Card	-	-	-	-	-	-	-	-	-
Finance Lease	-	-	-	-	-	-	-	-	-
Mortgage Loan	-	-	-	-	-	-	-	-	-
Overdraft	821,994	-	104,694	926,688	454	-	45,541	45,995	880,693
Personal Loan	-	-	-	-	-	-	-	-	-
Term Loan	-	-	-	-	-	-	-	-	-
Time Loan	162,786,158	-	2,062,143	164,848,301	6,532	-	1,309,460	1,315,992	163,532,309
	163,608,152	-	2,166,837	165,774,989	6,986	-	1,355,001	1,361,987	164,413,002

5.1.3 (g) Disclosure of Collateral held against loans and advances to customers by fair value hierarchy

Group

In thousands of Naira	June 2020		
	Level 1	**Level 2**	**Level 3**
Stage 1			
Property	-	-	6,441,533,736
Equities	-	66,179,403	-
Cash	854,826,365	-	-
Pledged goods/receivables	-	-	-
Others	-	-	2,305,519,145
Total	**854,826,365**	**66,179,403**	**8,747,052,881**
Stage 2			
Property	-	-	1,459,421,733
Equities	-	19,845,457	-
Cash	2,268,500	-	-
Pledged goods/receivables	-	-	-
Others	-	-	1,573,540,291
Total	**2,268,500**	**19,845,457**	**3,032,962,024**
Stage 3			
Property	-	-	91,527,154
Equities	163,467	-	-
Cash	-	-	-
Pledged goods/receivables	-	-	-
[1] Others	-	-	260,045,963
	163,467	**-**	**351,573,117**
Total	**857,258,332**	**86,024,860**	**12,131,588,022**

Bank

In thousands of Naira	June 2020		
	Level 1	**Leve1 2**	**Level 3**
Stage 1			
Property	-	-	1,272,328,977
Equities	-	9,969,890	-
Cash	87,025,849	-	-
Pledged goods/receivables	-	-	-
Others	-	-	4,311,053,005
Total	**87,025,849**	**9,969,890**	**5,583,381,982**
Stage 2			
Property	-	-	739,492,938
Equities	-	21,720,388	-
Cash	2,347,811	-	-
Pledged goods/receivables	-	-	-
Others	-	-	1,389,897,502
Total	**2,347,811**	**21,720,388**	**2,129,390,440**
Stage 3			
Property	-	-	66,796,198
Equities	-	2,655,576	-
Cash	21,024	-	-
Pledged goods/receivables	-	-	-
[1] Others	-	-	363,072,148
	21,024	**2,655,576**	**429,868,346**
Total	**89,394,684**	**34,345,854**	**8,142,640,769**

[1] Collateral types included in others are All Asset debentures, Domiciliation, Counter Indemnity, Authority to collect,Irrevocable standing payment order, Guarantees

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

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

5.1.3 (g) Disclosure of Collateral held against loans and advances to customers by fair value hierarchy

Group
In thousands of Naira

	December 2019		
	Level 1	**Level 2**	**Level 3**
Stage 1			
Property	-	-	5,367,944,780
Equities	-	64,881,768	-
Cash	854,826,365	-	-
Pledged goods/receivables	-	-	-
Others	-	-	2,305,519,145
Total	**854,826,365**	**64,881,768**	**7,673,463,924**
Stage 2			
Property	-	-	1,065,271,338
Equities	-	19,845,457	-
Cash	2,268,500	-	-
Pledged goods/receivables	-	-	-
Others	-	-	1,573,540,291
Total	**2,268,500**	**19,845,457**	**2,638,811,629**
Stage 3			
Property	-	-	91,527,154
Equities	163,467	-	-
Cash	-	-	-
Pledged goods/receivables	-	-	-
Others	-	-	260,045,963
	163,467	**-**	**351,573,117**
Total	**857,258,332**	**84,727,225**	**10,663,848,670**

Bank
In thousands of Naira

	December 2019		
	Level 1	**Level 2**	**Level 3**
Stage 1			
Property	-	-	2,933,303,158
Equities	-	38,851,358	-
Cash	743,327,274	-	-
Pledged goods/receivables	-	-	-
Others	-	-	1,921,265,954
Total	**743,327,274**	**38,851,358**	**4,854,569,112**
Stage 2			
Property	-	-	887,726,116
Equities	-	16,537,881	-
Cash	1,890,416	-	-
Pledged goods/receivables	-	-	-
Others	-	-	1,311,283,576
Total	**1,890,416**	**16,537,881**	**2,199,009,692**
Stage 3			
Property	-	-	68,817,409
Equities	121,086	-	-
Cash	-	-	-
Pledged goods/receivables	-	-	-
[1] Others	-	-	203,160,909
	121,086	**-**	**271,978,318**
Total	**745,338,776**	**55,389,239**	**7,325,557,122**

[1] Collateral types included in others are All Asset debentures, Domiciliation, Counter Indemnity, Authority to collect,Irrevocable standing payment order, Guarantees

Collateral held and other credit enhancements, and their financial effect

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

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

5.1.4 Offsetting financial assets and financial liabilities

As at June 2020

In thousands of Naira

The following financial assets are subject to offsetting	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
Financial assets			
Loans and advances to banks	390,436,738	-	390,436,738
Total	**390,436,738**	**-**	**390,436,738**

As at June 2020

Financial liabilities			
Interest bearing borrowing	592,324,048	-	592,324,048
Total	**592,324,048**	**-**	**592,324,048**

As at December 2019

In thousands of Naira

The following financial assets are subject to offsetting	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
Financial assets			
Loans and advances to banks	152,825,081	-	152,825,081
Total	**152,825,081**	**-**	**152,825,081**

As at December 2019

Financial liabilities			
Interest bearing borrowing	586,602,830	-	586,602,830
Total	**586,602,830**	**-**	**586,602,830**

5.1.5 (a) Credit concentration

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

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

Group
By Sector

June 2020

In thousands of Naira	Corporate	Commercial	Bank	Retail	Government	Others	Total
Cash and balances with banks	-	-	663,916,043	-	-	-	663,916,043
Investment under management	7,295,396	-	11,380,760	-	10,551,692	-	29,227,848
Non pledged trading assets							
Treasury bills	-	-	-	-	208,319,673	-	208,319,673
Bonds	-	-	151,667	-	74,950,715	-	75,102,382
Equity	-	-	-	-	-	-	-
Derivative financial instruments	15,457,515	7,195,909	12,566,557	3,123,670	200,595,173	-	238,938,824
Loans and advances to banks	-	-	390,436,738	-	-	-	390,436,738
Loans and advances to customers							
Auto Loan	254,737	2,364,548	-	11,577,131	-	-	14,196,416
Credit Card	25,043	262,864	-	17,159,588	-	-	17,447,495
Finance Lease	110,677	4,677,310	-	332,112	-	-	5,120,100
Mortgage Loan	-	43,593,282	-	64,734,095	-	-	108,327,377
Overdraft	126,272,321	224,653,095	-	632,218	-	-	351,557,634
Personal Loan	-	-	-	46,227,463	-	-	46,227,463
Term Loan	838,550,561	960,681,308	-	19,222,666	202,060,058	-	2,020,514,594
Time Loan	254,347,431	141,907,571	-	40,171,708	-	-	436,426,710
Pledged assets							
Treasury bills	-	-	-	-	177,276,251	-	177,276,251
Bonds	-	-	-	-	74,115,144	-	74,115,144
Investment securities							
-Financial assets at FVOCI							
Treasury bills	-	-	-	-	414,885,827	-	414,885,827
Bonds	17,828,507	-	-	-	165,268,571	-	183,097,078
Promissory Notes	2,756,789	-	-	-	-	-	2,756,789
-Financial assets at amortised cost						-	
Treasury bills	-	-	-	-	220,030,982	-	220,030,982
Bonds	1,789,635	-	-	-	261,004,021	-	262,793,657
Promissory Notes	-	-	-	-	427,536	-	427,536
Restricted deposit and other assets	99,731,187	1,430,046	64,278,857	7,953,961	1,143,819,658	6,984,921	1,324,198,630
Total	**1,364,419,798**	**1,386,765,932**	**1,142,730,624**	**211,134,614**	**3,153,305,303**	**6,984,921**	**7,265,341,192**
Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	203,390,883	260,003,972	86,184,949	23,931,385	-	-	573,511,189
Clean line facilities for letters of credit and other commitments	35,029,689	213,315,854	6,497,400	30,736,538	-	-	285,579,481
Total	**238,420,573**	**473,319,825**	**92,682,349**	**54,667,924**	**-**	**-**	**859,090,670**

Group
By Sector

December 2019
In thousands of Naira

	Corporate	Commercial	Bank	Retail	Government	Others	Total
Cash and balances with banks	-	-	723,064,003	-	-	-	723,064,003
Investment under management	4,280,814	-	9,287,366	-	14,723,779	-	28,291,959
Non pledged trading assets							
Treasury bills	-	-	-	-	38,465,116	-	38,465,116
Bonds	-	-	-	-	292,684	-	292,684
Equity	-	-	-	-	-	-	-
Derivative financial instruments	5,369,777	6,966,273	418,058	979,371	122,901,393	-	136,634,873
Loans and advances to banks	-	-	152,825,081	-	-	-	152,825,081
Loans and advances to customers							
Auto Loan	315,262	2,849,266	-	14,614,980	-	-	17,779,508
Credit Card	32,444	264,932	-	18,813,614	-	-	19,110,990
Finance Lease	249,572	4,508,948	-	185,656	-	-	4,944,176
Mortgage Loan	-	60,566,194	-	81,316,376	-	-	141,882,570
Overdraft	39,758,235	208,666,924	-	16,148,442	-	-	264,573,601
Personal Loan	-	-	-	52,272,927	-	-	52,272,927
Term Loan	927,007,334	881,799,066	-	14,908,291	222,257,683	-	2,045,972,374
Time Loan	165,427,684	193,206,676	-	6,409,203	-	-	365,043,563
Pledged assets							
Treasury bills	-	-	-	-	522,956,307	-	522,956,307
Bonds	-	-	-	-	82,599,583	-	82,599,583
Investment securities							
-Financial assets at FVOCI							
Treasury bills	-	-	-	-	232,814,072	-	232,814,072
Bonds	7,815,595	-	2,860,694	-	71,301,387	-	81,977,676
-Financial assets at amortised cost						-	
Treasury bills	-	-	-	-	379,283,381	-	379,283,381
Bonds	510,162	-	1,394,042	-	264,374,793	-	266,278,997
Promissory Notes	-	-	-	-	10,844,042	-	10,844,042
Restricted deposit and other assets	51,233,895	4,735,470	90,894,147	9,521,376	4,310,294	6,301,150	166,996,332
Total	**1,202,000,774**	**1,363,563,749**	**980,743,391**	**215,170,236**	**1,967,124,514**	**6,301,150**	**5,734,903,814**

	Corporate	Commercial	Bank	Retail	Government	Others	Total
Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	220,829,106	261,845,451	32,371,788	16,930,319	-	-	531,976,664
Clean line facilities for letters of credit and other commitments	54,219,348	251,825,740	6,145,195	20,637,274	-	-	332,827,557
	-	-	-	-	-	-	
Total	**275,048,454**	**513,671,191**	**38,516,983**	**37,567,593**	**-**	**-**	**864,804,221**

5.1.5(a)i Concentration by location for loans and advances is measured based on the location of the Group entity holding the asset, which has a high correlation with the location of the borrower. Concentration by location for investment securities is measured based on the location of the issuer of the security.

By geography

Group
June 2020
In thousands of Naira

	Nigeria	Rest of Africa	Europe	Others	Total
Cash and balances with banks	348,137,608	96,481,239	219,297,196	-	663,916,044
Investment under management	15,144,881	4,116,252	9,966,715	-	29,227,848
Non pledged trading assets					
Treasury bills	191,384,924	16,934,750	-	-	208,319,673
Bonds	14,913,032	60,189,350	-	-	75,102,382
Equity	-	-	-	-	-
Derivative financial instruments	194,165,902	30,968,303	13,633,088	171,531	238,938,823
Loans and advances to banks	335,542,007	54,707,523	187,208	-	390,436,738
Loans and advances to customers					
Auto Loan	5,386,456	2,576,869	-	-	7,963,325
Credit Card	16,081,969	399,409	-	-	16,481,379
Finance Lease	4,598,085	152,686	-	-	4,750,772
Mortgage Loan	3,135,427	30,768,115	30,249,778	-	64,153,319
Overdraft	337,418,848	4,135,524	3,924	-	341,558,294
Personal Loan	31,695,749	4,250,453	-	-	35,946,202
Term Loan	1,820,189,290	59,124,214	68,216,403	-	1,947,529,908
Time Loan	405,882,840	8,933,928	166,617,819	-	581,434,587
Pledged assets					
Treasury bills	177,276,251	-	-	-	177,276,251
Bonds	74,115,144	-	-	-	74,115,144
Investment securities					
-Financial assets at FVOCI					
Treasury bills	303,445,179	111,440,648	-	-	414,885,828
Bonds	87,661,595	88,583,850	6,851,633	-	183,097,078
Promissory Notes	2,756,789	-	-	-	2,756,789
-Financial assets at amortised cost					
Treasury bills	184,999,935	35,031,047	-	-	220,030,982
Bonds	240,967,354	20,545,389	1,280,914	-	262,793,657
Promissory Notes	427,536	-	-	-	427,536
Restricted deposit and other assets	1,265,993,818	32,425,767	24,824,257	954,788	1,324,198,630
Total	**6,061,320,619**	**661,765,315**	**541,128,936**	**1,126,319**	**7,265,341,191**

	Nigeria	Rest of Africa	Europe	Others	Total
Credit risk exposures relating to other credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	425,781,644	62,419,771	85,309,774	-	573,511,189
Clean line facilities for letters of credit and other commitments	266,027,294	13,464,262	2,023,170	4,064,755	285,579,481
Total	**691,808,937**	**75,884,033**	**87,332,945**	**4,064,755**	**859,090,670**

By geography

Group
December 2019
In thousands of Naira

	Nigeria	Rest of Africa	Europe	Others	Total
Cash and balances with banks	373,524,816	94,581,401	255,049,233	-	723,155,450
Investment under management	9,225,166	6,849,720	12,217,073	-	28,291,959
Non pledged trading assets					
Treasury bills	74,749,344	15,048,617	-	-	89,797,961
Bonds	2,222,417	37,798,860	-	-	40,021,277
Equity	-	-	-	-	-
Derivative financial instruments	126,909,010	1,585,977	6,826,720	1,313,164	136,634,871
Loans and advances to banks	695,095	-	152,129,985	-	152,825,081
Loans and advances to customers					
Auto Loan	6,467,952	11,311,556	-	-	17,779,508
Credit Card	17,413,366	1,697,624	-	-	19,110,990
Finance Lease	4,485,635	458,540	-	-	4,944,175
Mortgage Loan	2,136,440	118,972,854	20,773,276	-	141,882,570
Overdraft	245,768,584	7,217,096	-	-	252,985,680
Personal Loan	34,168,590	18,104,337	-	-	52,272,927
Term Loan	1,816,913,719	221,989,758	7,068,897	-	2,045,972,374
Time Loan	354,269,381	22,362,102	-	-	376,631,483
Pledged assets					
Treasury bills	522,956,307	-	-	-	522,956,307
Bonds	82,599,583	-	-	-	82,599,583
Investment securities					
-Financial assets at FVOCI					
Treasury bills	77,898,247	154,915,826	-	-	232,814,073
Bonds	11,134,851	67,982,131	2,860,694	-	81,977,676
Promissory Notes	807,619	-	-	-	807,619
-Financial assets at amortised cost					
Treasury bills	341,786,029	37,497,352	-	-	379,283,381
Bonds	249,386,429	15,498,526	1,394,042	-	266,278,997
Promissory Notes	10,844,042	-	-	-	10,844,042
Restricted deposit and other assets	140,893,166	22,911,937	2,205,151	986,078	166,996,332
Total	**4,507,255,788**	**856,784,214**	**460,525,071**	**2,299,242**	**5,826,864,316**

Credit risk exposures relating to other credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	451,514,549	80,462,115	-	-	531,976,664
Clean line facilities for letters of credit and other commitments	324,529,363	8,298,194	-	-	332,827,557
Total	**776,043,912**	**88,760,309**	**-**	**-**	**864,804,221**

Credit risk management

5.1.5 (b) By Sector

Bank
June 2020
In thousands of Naira

	Corporate	Commercial	Bank	Retail	Government	Others	Total
Cash and balances with banks	-	-	482,487,540	-	-	-	482,487,540
Investment under management	7,295,396	-	11,380,760	-	10,551,692	-	29,227,848
Non pledged trading assets							
Treasury bills	-	-	-	-	191,384,924	-	191,384,924
Bonds	-	-	151,667	-	14,761,365	-	14,913,032
Equity	-	-	-	-	-	-	-
Derivative financial instruments	15,846,057	7,195,909	12,566,557	3,123,670	200,595,172	-	239,327,366
Loans and advances to banks	-	-	228,130,576	-	-	-	228,130,576
Loans and advances to customers	-	-	-				
Auto Loan	254,737	2,364,548	-	2,767,171	-	-	5,386,456
Credit Card	25,043	262,647	-	15,794,280	-	-	16,081,969
Finance Lease	365	4,424,522	-	173,199	-	-	4,598,085
Mortgage Loan	-	-	-	3,135,427	-	-	3,135,427
Overdraft	122,168,955	215,249,893	-	-	-	-	337,418,849
Personal Loan	-	-	-	31,695,749	-	-	31,695,749
Term Loan	777,488,284	827,546,914	-	18,076,648	195,265,198	-	1,818,377,043
Time Loan	252,147,787	136,866,905	-	16,868,149	-	-	405,882,840
Pledged assets							
Treasury bills	-	-	-	-	177,276,250	-	177,276,250
Bonds	-	-	-	-	74,115,144	-	74,115,144
Investment securities							
-Financial assets at FVOCI							
Treasury bills	-	-	-	-	303,445,179	-	303,445,179
Bonds	10,976,874	-	-	-	76,684,721	-	87,661,595
Promissory Notes	-	-	-	-	2,756,789	-	2,756,789
-Financial assets at amortised cost							
Treasury bills	-	-	-	-	184,999,935	-	184,999,935
Bonds	481,802	-	821,063	-	240,967,354	-	242,270,219
Promissory Notes	-	-	-	-	427,537	-	427,537
Restricted deposit and other assets	97,589,412	1,430,046	53,628,471	7,665,281	1,118,551,576	4,961,998	1,283,826,786
Total	**1,284,274,710**	**1,195,341,383**	**789,166,635**	**99,299,572**	**2,791,782,837**	**4,961,998**	**6,164,827,137**

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	60,596,431	259,543,208	86,184,949	19,457,055	-	-	425,781,644
Clean line facilities for letters of credit and other commitments	33,006,519	200,597,398	6,497,400	30,736,538	-	-	270,837,856
Total	**93,602,950**	**460,140,607**	**92,682,349**	**50,193,594**	**-**	**-**	**696,619,500**

By Sector

Bank
December 2019
In thousands of Naira

	Corporate	Commercial	Bank	Retail	Government	Others	Total
Cash and balances with banks	-	-	575,906,273	-	-	-	575,906,273
Investment under management	4,280,814	-	9,287,366	-	14,723,779	-	28,291,959
Non pledged trading assets							
Treasury bills	-	-	-	-	74,749,344	-	74,749,344
Bonds	-	-	-	-	2,222,417	-	2,222,417
Equity	-	-	-	-	-	-	-
Derivative financial instruments	5,387,684	6,966,273	418,058	979,371	122,901,393	-	136,652,779
Loans and advances to banks	-	-	164,413,001	-	-	-	164,413,001
Loans and advances to customers	-	-	-				
Auto Loan	315,262	2,849,266	-	3,303,424	-	-	6,467,952
Credit Card	32,444	264,629	-	17,116,293	-	-	17,413,366
Finance Lease	119,311	4,294,734	-	71,590	-	-	4,485,635
Mortgage Loan	-	-	-	2,136,440	-	-	2,136,440
Overdraft	32,840,943	197,291,384	-	15,636,258	-	-	245,768,585
Personal Loan	-	-	-	34,168,590	-	-	34,168,590
Term Loan	840,777,349	765,575,104	-	13,885,512	196,675,754	-	1,816,913,721
Time Loan	161,916,195	187,432,005	-	4,921,181	-	-	354,269,381
Pledged assets							
Treasury bills	-	-	-	-	522,956,307	-	522,956,308
Bonds	-	-	-	-	82,599,583	-	82,599,583
Investment securities							
-Financial assets at FVOCI							
Treasury bills	-	-	-	-	77,898,247	-	77,898,247
Bonds	7,815,595	-	-	-	11,134,851	-	18,950,446
Promissory Notes	-	-	-	-	807,619	-	807,619
-Financial assets at amortised cost							
Treasury bills	-	-	-	-	341,786,029	-	341,786,029
Bonds	510,162	-	932,242	-	249,386,429	-	250,828,833
Promissory Notes	-	-	-	-	10,844,042	-	10,844,042
Restricted deposit and other assets	50,763,617	4,735,470	84,133,540	9,218,095	4,294,795	4,360,143	157,505,660
Total	**1,104,759,376**	**1,169,408,865**	**835,090,480**	**101,436,754**	**1,712,980,589**	**4,360,143**	**4,928,036,210**

	Corporate	Commercial	Bank	Retail	Government	Others	Total
Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	142,525,058	261,147,307	32,371,788	15,470,396	-	-	451,514,549
Clean line facilities for letters of credit and other commitments	54,219,348	243,527,547	6,145,195	20,637,274	-	-	324,529,364
							-
Total	**196,744,406**	**504,674,854**	**38,516,983**	**36,107,670**	**-**	**-**	**776,043,913**

5.1.5 (b)i By geography

Bank **June 2020** *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Others**	**Total**
Cash and balances with banks	331,156,326	33,552	151,297,663	-	482,487,540
Investment under management	15,144,881	4,116,252	9,966,715	-	29,227,848
Non pledged trading assets					
Treasury bills	191,384,924	-	-	-	191,384,924
Bonds	14,913,032	-	-	-	14,913,032
Equity	-	-	-	-	-
Derivative financial instruments	194,165,901	30,627,212	14,362,722	171,531	239,327,366
Loans and advances to banks	7,933,394	42,611,268	177,585,915	-	228,130,576
Loans and advances to customers					
Auto Loan	5,386,456	-	-	-	5,386,456
Credit Card	16,081,969	-	-	-	16,081,969
Finance Lease	4,598,085	-	-	-	4,598,085
Mortgage Loan	3,135,427	-	-	-	3,135,427
Overdraft	337,418,848	-	-	-	337,418,848
Personal Loan	31,695,749	-	-	-	31,695,749
Term Loan	1,818,377,043	-	-	-	1,818,377,043
Time Loan	405,882,840	-	-	-	405,882,840
Pledged assets					
Treasury bills	177,276,250	-	-	-	177,276,250
Bonds	74,115,144	-	-	-	74,115,144
Investment securities					
-Financial assets at FVOCI					
Treasury bills	303,445,179	-	-	-	303,445,179
Bonds	87,661,595	-	-	-	87,661,595
Promissory Notes	2,756,789	-	-	-	2,756,789
-Financial assets at amortised cost					
Treasury bills	184,999,935	-	-	-	184,999,935
Bonds	240,967,354	481,802	821,063	-	242,270,219
Promissory Notes	10,844,042	-	-	-	10,844,042
Restricted deposit and other assets	1,264,198,455	19,538,040	-	90,290	1,283,826,786
Total	**5,723,539,617**	**97,408,125**	**354,034,077**	**261,821**	**6,175,243,640**

Credit risk exposures relating to other credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	425,781,644	-	-	-	425,781,644
Clean line facilities for letters of credit and other commitments	266,027,294	745,806	-	4,064,755	270,837,855
Total	**691,808,937**	**745,806**	**-**	**4,064,755**	**696,619,499**

By geography

Bank **December 2019** *In thousands of Naira*	Nigeria	Rest of Africa	Europe	Others	Total
Cash and balances with banks	352,972,318	20,610	186,426,517	-	539,419,445
Investment under management	9,225,166	6,849,720	12,217,073	-	28,291,959
Non pledged trading assets					
Treasury bills	74,749,344	-	-	-	74,749,344
Bonds	2,222,417	-	-	-	2,222,417
Equity	-	-	-	-	-
Derivative financial instruments	126,909,010	1,585,977	6,844,628	1,313,164	136,652,779
Loans and advances to banks	695,095	-	163,717,905	-	164,413,000
Loans and advances to customers					
Auto Loan	6,467,952	-	-	-	6,467,952
Credit Card	17,413,366	-	-	-	17,413,366
Finance Lease	4,485,635	-	-	-	4,485,635
Mortgage Loan	2,136,440	-	-	-	2,136,440
Overdraft	245,768,584	-	-	-	245,768,584
Personal Loan	34,168,590	-	-	-	34,168,590
Term Loan	1,816,913,719	-	-	-	1,816,913,719
Time Loan	354,269,381	-	-	-	354,269,381
Pledged assets					
Treasury bills	522,956,307	-	-	-	522,956,307
Bonds	82,599,583	-	-	-	82,599,583
Investment securities					
-Financial assets at FVOCI					
Treasury bills	77,898,247	-	-	-	77,898,247
Bonds	11,134,851	7,815,595	-	-	18,950,446
Promissory Notes	807,619	-	-	-	807,619
-Financial assets at amortised cost					
Treasury bills	341,786,029	-	-	-	341,786,029
Bonds	249,386,429	510,162	932,242	-	250,828,833
Promissory Notes	10,844,042	-	-	-	10,844,042
Restricted deposit and other assets	139,214,206	17,935,193	-	356,261	157,505,660
Total	**4,485,024,331**	**34,717,257**	**370,138,365**	**1,669,425**	**4,891,549,377**

Credit risk exposures relating to other credit commitments at gross amount are as follows:

	Nigeria	Rest of Africa	Europe	Others	Total
Transaction related bonds and guarantees	451,514,549	-	-	-	451,514,549
Clean line facilities for letters of credit and other commitments	324,529,363	-	-	-	324,529,363
Total	**776,043,912**	**-**	**-**	**-**	**776,043,912**

5.2.1 Interest rate gap position

Repricing gap measures the difference between the Bank's interest sensitive assets and liabilities within certain maturity ranges. Differences between these assets and liabilities pose as potential losses from unexpected changes in interest rate. Negative Gaps represent situations when assets are less than liabilities and the Bank is exposed to an increase in interest rates. Where assets are more than liabilities this can be described as positive gap and the Bank is exposed to decline in interest rates.

The results above shows a negative gap of N2.9 trillion in the 'less than 3 months' time bucket, however this is as a result of the contractual nature of Non Maturity deposits. A significant portion of this gap is as a result of the contractual nature of Non Maturing Deposits.

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

Group

	Re-pricing year						
In thousands of Naira **June 2020**	**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	79,551,899	-	-	-	-	584,364,144	663,916,043
Investment under management	22,235,488	-	-	-	6,992,361	-	29,227,849
Non pledged trading assets							
Treasury bills	6,197,578	37,658,686	164,463,408	-	-	-	208,319,672
Bonds	-	-	-	8,284,045	66,818,337	-	75,102,382
Loans and advances to banks	73,490	-	390,363,248	-	-	-	390,436,738
Loans and advances to customers							
Auto Loan	1,119,465	2,142,681	1,944,630	8,989,640	-	-	14,196,416
Credit Card	3,797,289	-	13,650,206	-	-	-	17,447,495
Finance Lease	251,423	553,194	824,082	3,491,401	-	-	5,120,099
Mortgage Loan	10,629,967	15,797,152	5,271,448	21,904,551	54,724,259	-	108,327,377
Overdraft	138,939,631	56,530,835	156,087,168	-	-	-	351,557,634
Personal Loan	21,625,315	5,319,650	5,980,833	10,100,568	3,201,097	-	46,227,463
Term Loan	33,687,284	39,505,166	81,857,800	775,788,310	1,089,676,032	-	2,020,514,593
Time Loan	221,501,198	140,470,994	74,421,666	-	32,851	-	436,426,710
Pledged assets							-
Treasury bills	11,690,033	104,844,501	60,741,717	-	-	-	177,276,251
Bonds	-	-	-	18,627,321	55,487,822	-	74,115,144
Investment securities							
-Financial assets at FVOCI							
Treasury bills	13,278,324	116,814,523	284,792,979	-	-	-	414,885,826
Bonds	-	-	-	23,550,169	159,546,910	-	183,097,078
Promissory notes	-	-	-	2,756,789	-	-	2,756,789
-Financial assets at amortised cost							
Treasury bills	21,982,474	197,933,661	114,847	-	-	-	220,030,982
Bonds	20,945	648,202	721,893	66,350,785	195,760,468	-	263,502,293
Promissory notes	-	-	-	427,536	-	-	427,536
Restricted deposit and other assets	-	-	-	-	-	1,330,992,767	1,330,992,767
	586,581,801	**718,219,246**	**1,241,235,927**	**940,271,114**	**1,632,240,139**	**1,915,356,911**	**7,033,905,139**
Non-derivative liabilities							
Deposits from financial institutions	1,056,006,319	117,403,269	118,775,976	-	-	-	1,292,185,564
Deposits from customers	4,481,934,631	125,981,215	46,162,864	1,261,988	12,314,831	-	4,667,655,529
Other liabilities	-	-	-	-	-	303,976,874	303,976,874
Debt securities issued	-	-	-	133,260,259	31,497,938	-	164,758,197
Interest bearing borrowings	10,007,863	-	138,374,722	443,944,097	-	-	592,326,682
	5,547,948,814	**243,384,483**	**303,313,562**	**578,466,344**	**43,812,768**	**303,976,874**	**7,020,902,845**
Total interest re-pricing gap	(4,961,367,013)	474,834,763	937,922,364	361,804,770	1,588,427,371	1,611,380,038	13,002,294

Group

	Re-pricing year						
In thousands of Naira **December 2019**	**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	48,838,459	-	-	-	-	674,225,544	723,064,003
Investment under management	23,799,663	-	-	-	4,492,296	-	28,291,959
Non pledged trading assets							
Treasury bills	322,930	-	-	88,784	89,386,247	-	89,797,961
Bonds	6,119,728	18,240,051	15,661,498	-	-	-	40,021,277
Loans and advances to banks	1,574,222	-	151,250,859	-	-	-	152,825,081
Loans and advances to customers							
Auto Loan	1,367,433	2,723,298	2,250,439	11,438,338	-	-	17,779,508
Credit Card	5,224,010	4,005,074	4,832,030	5,049,876	-	-	19,110,990
Finance Lease	185,166	281,973	995,208	3,481,829	-	-	4,944,175
Mortgage Loan	14,083,082	20,961,920	7,042,857	28,829,594	70,965,117	-	141,882,570
Overdraft	191,136,170	28,721,932	33,127,579	-	-	-	252,985,681
Personal Loan	22,390,356	6,891,505	7,762,223	11,855,183	3,373,662	-	52,272,927
Term Loan	135,048,813	46,399,740	103,043,879	883,206,154	878,273,788	-	2,045,972,373
Time Loan	229,826,017	24,874,616	121,930,850	-	-	-	376,631,483
Pledged assets							
Treasury bills	356,959,312	58,032,025	107,964,970	-	-	-	522,956,307
Bonds	4,195,563	-	-	16,962,424	61,441,596	-	82,599,583
Investment securities							
-Financial assets at FVOCI							
Treasury bills	203,505,343	5,506,455	23,801,576	-	-	-	232,813,374
Bonds	-	-	-	16,917,821	65,059,856	-	81,977,676
Promissory notes	-	-	18	807,601	-	-	807,619
-Financial assets at amortised cost							
Treasury bills	180,212,376	44,050,341	155,020,664	-	-	-	379,283,381
Bonds	12,916,561	987,141	2,145,796	60,395,511	189,833,987	-	266,278,996
Promissory notes	10,357,841	58,664	-	427,536	-	-	10,844,042
Restricted deposit and other assets	-	-	-	-	-	1,016,582,843	1,016,582,843
	1,448,063,042	**261,734,735**	**736,830,446**	**1,039,460,651**	**1,362,826,549**	**1,690,808,387**	**6,539,723,809**
Non-derivative liabilities							
Deposits from financial institutions	726,033,482	333,020,413	127,302,419	-	-	-	1,186,356,314
Deposits from customers	3,958,730,179	185,329,362	110,055,505	1,720,003	2,254	-	4,255,837,303
Other liabilities	-	-	-	-	-	315,626,032	315,626,032
Debt securities issued	14,691	157,931	1,046,358	44,090,302	112,678,596	-	157,987,877
Interest bearing borrowings	54,051	581,074	3,849,869	162,221,574	419,896,262	-	586,602,830
	4,684,832,403	**519,088,779**	**242,254,151**	**208,031,878**	**532,577,112**	**315,626,032**	**6,502,410,356**
Total interest re-pricing gap	(3,236,769,361)	(257,354,044)	494,576,294	831,428,773	830,249,437	1,375,182,355	37,313,453

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

Bank

	Re-pricing year						
In thousands of Naira **June 2020**	**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	14,023,983	-	-	-	-	468,463,555	482,487,539
Investment under management	22,235,488	-	-	-	6,992,361	-	29,227,849
Non- pledged trading assets							
Treasury bills	5,694,888	34,604,165	151,085,871	-	-	-	191,384,924
Bonds	-	-	-	1,649,567	13,263,465	-	14,913,032
Loans and advances to banks	73,490	-	228,057,086	-	-	-	228,130,576
Loans and advances to customers							
Auto Loan	238,469	116,390	446,937	4,584,660	-	-	5,386,455
Credit Card	3,797,289	-	12,284,680	-	-	-	16,081,969
Finance Lease	199,221	370,489	610,056	3,418,319	-	-	4,598,085
Mortgage Loan	110,772	18,360	11,850	866,161	2,128,284	-	3,135,427
Overdraft	138,939,631	56,530,835	141,948,382	-	-	-	337,418,848
Personal Loan	19,445,558	233,550	458,782	8,356,762	3,201,097	-	31,695,749
Term Loan	13,473,529	13,227,285	37,387,539	674,719,535	1,079,569,155	-	1,818,377,043
Time Loan	206,229,264	133,445,904	66,174,822	-	32,851	-	405,882,840
Pledged assets							
Treasury bills	9,495,761	85,164,712	82,615,777	-	-	-	177,276,250
Bonds	-	-	-	18,627,321	55,487,822	-	74,115,144
Investment securities							
-Financial assets at FVOCI							
Treasury bills	9,717,280	85,486,647	208,241,251	-	-	-	303,445,179
Bonds	-	-	-	11,170,413	76,491,183	-	87,661,595
Promissory note	-	-	-	2,756,789	-	-	2,756,789
-Financial assets at amortised cost							
Treasury bills	18,497,292	166,406,004	96,639	-	-	-	184,999,935
Bonds	19,271	596,408	664,210	61,049,046	181,050,537	-	243,379,472
Promissory note	-	-	-	427,537	-	-	427,537
Restricted deposit and other assets	-	-	-	-	-	1,290,554,017	1,290,554,017
	462,191,185	**576,200,751**	**930,083,884**	**787,626,112**	**1,418,216,757**	**1,759,017,572**	**5,933,336,260**
Non-derivative liabilities							
Deposits from financial institutions	929,914,590	103,384,810	127,629,129	-	-	-	1,160,928,528
Deposits from customers	3,846,937,132	100,787,042	36,931,050	1,009,611	9,985,056	-	3,995,649,891
Other liabilities	-	-	-	-	-	275,432,222	275,432,222
Debt securities	-	-		133,260,259	31,497,938	-	164,758,197
Interest bearing borrowings	9,283,895	-	128,364,700	407,099,074	-	-	544,747,669
	4,786,135,616	**204,171,852**	**292,924,879**	**541,368,945**	**41,482,994**	**275,432,222**	**6,141,516,510**
Total interest re-pricing gap	(4,323,944,427)	372,028,903	637,159,005	246,257,166	1,376,733,761	1,483,585,350	(208,180,249)

Bank

	Re-pricing year						
In thousands of Naira **December 2019**	**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	32,822,515	-	-	-	-	543,083,756	575,906,272
Investment under management	23,799,663	-	-	-	4,492,296	-	28,291,959
Non- pledged trading assets							
Treasury bills	25,811,643	15,183,327	33,754,374	-	-	-	74,749,344
Bonds	17,933	-	-	4,930	2,199,554	-	2,222,417
Loans and advances to banks	1,574,222	-	162,838,779	-	-	-	164,413,001
Loans and advances to customers							
Auto Loan	236,278	121,640	327,474	5,782,560	-	-	6,467,951
Credit Card	5,224,010	4,005,074	3,134,406	5,049,876	-	-	17,413,366
Finance Lease	139,312	121,485	807,207	3,417,633	-	-	4,485,637
Mortgage Loan	108,469	-	55,551	880,368	1,092,051	-	2,136,440
Overdraft	191,136,170	28,721,932	25,910,483	-	-	-	245,768,584
Personal Loan	19,674,705	554,987	882,575	9,682,662	3,373,662	-	34,168,590
Term Loan	112,142,947	16,622,115	52,650,975	768,676,826	866,820,855	-	1,816,913,719
Time Loan	224,438,927	22,396,554	107,433,900	-	-	-	354,269,381
Pledged assets							
Treasury bills	356,736,955	57,603,524	108,615,828	-	-	-	522,956,307
Bonds	-	-	-	5,370,235	77,229,349	-	82,599,584
Investment securities							
-Financial assets at FVOCI							
Treasury bills	67,587,702	1,820,486	8,490,265	-	-	-	77,898,453
Bonds	-	-	-	3,904,247	15,046,199	-	18,950,446
Promissory note	-	-	18	807,602	-	-	807,620
-Financial assets at amortised cost							
Treasury bills	162,585,507	39,741,705	139,458,818	-	-	-	341,786,029
Bonds	21,854,573	-	2,026,459	37,693,507	200,098,335	-	261,672,874
Promissory note	10,357,841	58,664	-	427,536	-	-	10,844,042
Restricted deposit and other assets	-	-	-	-	-	968,698,629	968,698,629
	1,256,249,369	**186,951,496**	**646,387,111**	**841,697,986**	**1,170,352,303**	**1,511,782,385**	**5,613,420,650**
Non-derivative liabilities							
Deposits from financial institutions	660,027,871	302,744,652	116,511,894	-	-	-	1,079,284,418
Deposits from customers	3,410,734,852	159,764,671	82,433,687	1,482,742	1,943	-	3,654,417,894
Other liabilities	-	-	-	-	-	295,184,124	295,184,124
Debt securities	-	-	-	142,561,644	15,426,233	-	157,987,877
Interest bearing borrowings	-	758,553	1,693,928	187,349,953	350,851,336	3,410,456	544,064,226
	4,070,762,723	**463,267,876**	**200,639,509**	**331,394,340**	**366,279,512**	**298,594,580**	**5,730,938,542**
Total interest re-pricing gap	(2,814,513,350)	(276,316,376)	445,747,602	510,303,645	804,072,790	1,213,187,805	(117,517,891)

Market risk management

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

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

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

June 2020	**Fixed**	**Floating**	**Non-interest bearing**	**Total**
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	79,551,899	-	584,461,006	664,012,905
Non pledged trading assets	283,422,055	-	-	283,422,055
Derivative financial instruments	-	-	259,584,207	259,584,207
Loans and advances to banks	385,641,076	4,795,662	-	390,436,738
Loans and advances to customers	13,426,912	2,986,390,876	-	2,999,817,788
Pledged assets		-	-	-
Treasury bills	177,276,250	-	-	177,276,250
Bonds	74,115,144	-	-	74,115,144
Investment securities:				
-Financial assets at FVOCI	-	-	-	-
Treasury bills	414,885,827	-	-	414,885,827
Bonds	185,853,867	-	-	185,853,867
Promissory notes	2,756,789	-	-	2,756,789
-Financial assets at amortised cost				
Treasury bills	220,030,982	-	-	220,030,982
Bonds	263,221,194	-	-	263,221,194
Promissory notes	-	-	427,536	427,536
TOTAL	**2,100,181,994**	**2,991,186,538**	**844,472,749**	**5,935,841,281**
LIABILITIES				
Deposits from financial institutions	1,317,547,310	-	-	1,317,547,310
Deposits from customers	1,609,774,211	3,057,881,319	-	4,667,655,530
Derivative financial instruments	-	-	20,645,382	20,645,382
Debt securities issued	164,758,197	-	-	164,758,197
Interest-bearing borrowings	354,131,703	170,065,504	-	524,197,207
TOTAL	**3,446,211,421**	**3,227,946,823**	**20,645,382**	**6,694,803,624**

December 2019	**Fixed**	**Floating**	**Non-interest bearing**	**Total**
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	48,838,459	-	674,316,991	723,155,450
Non pledged trading assets	129,819,238	-	-	129,819,238
Derivative financial instruments	-	-	143,520,553	143,520,553
Loans and advances to banks	152,825,081	-	-	152,825,081
Loans and advances to customers	14,009,421	2,897,570,286	-	2,911,579,708
Pledged assets		-	-	
Treasury bills	522,956,309	-	-	522,956,309
Bonds	82,599,583	-	-	82,599,583
Investment securities:				
-Financial assets at FVOCI	-	-	-	-
Treasury bills	232,813,374	-	-	232,813,374
Bonds	82,785,297	-	-	82,785,297
Promissory notes	807,619	-	-	807,619
-Financial assets at amortised cost				
Treasury bills	379,283,381	-	-	379,283,381
Bonds	276,563,816	-	-	276,563,816
Promissory notes	-	-	10,844,042	10,844,042
TOTAL	**1,923,301,577**	**2,897,570,286**	**828,681,585**	**5,649,553,449**
LIABILITIES				
Deposits from financial institutions	1,186,356,314	-	-	1,186,356,314
Deposits from customers	1,784,924,350	2,470,912,954	-	4,255,837,305
Derivative financial instruments	-	-	6,885,680	6,885,680
Debt securities issued	157,987,877	-	-	157,987,877
Interest-bearing borrowings	308,692,956	277,909,874	-	586,602,830
TOTAL	**3,437,961,497**	**2,748,822,829**	**6,885,680**	**6,193,670,004**

Bank

June 2020	Fixed	Floating	Non-interest bearing	Total
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	14,023,984	-	468,466,919	482,490,903
Non pledged trading assets	206,297,955	-	-	206,297,955
Derivative financial instruments	-	-	259,030,652	259,030,652
Loans and advances to banks	228,130,576	-	-	228,130,576
Loans and advances to customers	12,770,294	2,609,806,126	-	2,622,576,420
Pledged assets				
'Treasury bills	177,276,249	-	-	177,276,249
'Bonds	74,115,144	-	-	74,115,144
Investment securities:				
-Financial assets at FVOCI	-	-	-	-
Treasury bills	303,445,179	-	-	303,445,179
Bonds	90,418,384	-	-	90,418,384
-Financial assets at amortised cost				
Treasury bills	184,999,935	-	-	184,999,935
Bonds	242,697,755	-	-	242,697,755
TOTAL	**1,534,175,456**	**2,609,806,126**	**727,497,571**	**4,871,479,153**
LIABILITIES				
Deposits from financial institutions	1,175,442,663	-	-	1,175,442,663
Deposits from customers	1,235,286,997	2,760,362,894	-	3,995,649,891
Derivative financial instruments	-	-	19,703,286	19,703,286
Debt securities issued	164,758,197	-	-	164,758,197
Interest-bearing borrowings	284,491,261	256,162,509	3,410,456	544,064,226
TOTAL	2,859,979,118	3,016,525,402	23,113,742	5,899,618,262

December 2019	Fixed	Floating	Non-interest bearing	Total
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	32,822,516	-	543,085,033	575,907,549
Non pledged trading assets	76,971,760	-	-	76,971,760
Derivative financial instruments	-	-	143,480,073	143,480,073
Loans and advances to banks	164,413,001	-	-	164,413,001
Loans and advances to customers	13,346,263	2,468,277,408	-	2,481,623,671
Pledged assets				
'Treasury bills	522,956,308	-	-	522,956,308
'Bonds	82,599,583	-	-	82,599,583
Investment securities:				-
-Financial assets at FVOCI	-	-	-	-
Treasury bills	77,897,548	-	-	77,897,548
Bonds	19,758,066	-	-	19,758,066
-Financial assets at amortised cost				
Treasury bills	341,786,029	-	-	341,786,029
Bonds	261,138,688	-	-	261,138,688
TOTAL	**1,593,689,762**	**2,468,277,408**	**686,565,106**	**4,748,532,276**
LIABILITIES				
Deposits from financial institutions	1,079,284,418	-	-	1,079,284,418
Deposits from customers	1,463,431,594	2,204,908,217	-	3,668,339,811
Derivative financial instruments	-	-	6,827,293	6,827,293
Debt securities issued	157,987,877	-	-	157,987,877
Interest-bearing borrowings	284,491,261	256,162,509	3,410,456	544,064,226
TOTAL	2,985,195,150	2,461,070,726	10,237,748	5,456,503,624

Derivative financial instruments include elements of interest rate differential between the applicable underlying currencies. Further details on the fair value of derivatives have been discussed in Note 21 of the financial statement.

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate repricing (note 5.2.1) that may be undertaken, which is monitored daily by Group Treasury.

Cash flow and fair value interest rate risk

The group's interest rate risk arises from risk assets, long-term borrowings, deposits from banks and customers. Borrowings issued at variable rates expose the group to cash flow interest rate risk.

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- June 2020

Impact on net interest income of +/-100 basis points changes in rates over a one year (N'000)

	Cash flow interest rate risk	
Time Band	**100 basis points decline in rates**	**100 basis points increase in rates**
Less than 3 months	39,520,220	(39,520,220)
6 months	(2,159,506)	2,159,506
12 months	(1,343,536)	1,343,536
	36,017,179	**(36,017,179)**

Interest sensitivity analysis- December 2019

Impact on net interest income of +/-100 basis points changes in rates over a one year (N'000)

	Cash flow interest rate risk	
Time Band	**100 basis points decline in rates**	**100 basis points increase in rates**
Less than 3 months	25,416,897	(25,416,897)
6 months	1,502,426	(1,502,426)
12 months	(1,366,377)	1,366,377
	25,552,946	**(25,552,946)**

Bank

Interest sensitivity analysis - June 2020

Impact on net interest income of +/-100 basis points changes in rates over a one year (N'000)

	Cash flow interest rate risk	
Time Band	**100 basis points decline in rates**	**100 basis points increase in rates**
Less than 3 months	34,145,881	(34,145,881)
6 months	(1,487,775)	1,487,775
12 months	(1,002,570)	1,002,570
	31,655,536	**(31,655,536)**

Interest sensitivity analysis - December 2019

Impact on net interest income of +/-100 basis points changes in rates over a one year (N'000)

	Cash flow interest rate risk	
Time Band	**100 basis points decline in rates**	**100 basis points increase in rates**
Less than 3 months	22,197,970	(22,197,970)
6 months	1,596,005	(1,596,005)
12 months	(1,122,211)	1,122,211
	22,671,765	**(22,671,765)**

The table above sets out the impact on net interest income of a 100 basis points parallel fall or rise in all yields. A parallel increase in yields by 100 basis points would lead to an increase in net interest income while a parallel fall in yields by 100 basis points would lead to a decline in net interest income. The interest rate sensitivities are based on simplified scenarios and assumptions, including that all positions will be retained and rolled over upon maturity. The figures represent the effect of movements in net interest income based on the 100 basis point shift in interest rate and subject to the current interest rate exposures. However, the effect has not taken into account the possible risk management measures undertaken by the Bank to mitigate interest rate risk. In practice, the Assets and Liability Committee, ALCO seeks proactively to change the interest rate risk profile to minimize losses and optimise net revenues. The projections also assume that interest rates on various maturities will move within similar ranges, and therefore do not reflect any potential effect on net interest income in the event that some interest rates may change and others remain unchanged.

Price sensitivity analysis on bonds and treasury bills

The table below shows the impact of likely movement in yields on the value of bonds and treasury bills. This relates to the positions held for trade and available for sale. Since an increase in yields would lead to decline in market values of bonds and treasury bills, the analysis was carried out to show the likely impact of 50 and 100 basis points increase in market yields. The impact of held for trading investments is on the income statement while the impact of available for sale instruments is on the statement of other comprehensive income.

Group

June 2020	**Carrying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive			
Investment under management T-Bills			
Fair value through profit or loss: Bonds	75,548,903	(727,167)	(1,417,103)
Fair value through profit or loss: T-bills	89,797,961	(654,807)	(1,309,615)
Fair value through profit or loss: Bonds - Pledged	-	-	-
Fair value through profit or loss: T-bills - Pledged	34,040,076	(103,131)	(206,261)
	199,386,940	(1,485,104)	(2,932,979)
Impact on Other Comprehensive Income			
-Financial assets at FVOCI-Bonds	146,589,371	(2,571,989)	(5,018,100)
-Financial assets at FVOCI-Tbills	414,885,826	(842,180)	(1,684,359)
Financial assets at FVOCI - Bonds - Pledged	3,001,493	(69,020)	(135,357)
Financial assets at FVOCI - T-Bills - Pledged	68,706,838	(172,868)	(345,737)
	633,183,530	(3,656,057)	(7,183,553)
TOTAL	**832,570,470**	**(5,141,161)**	**(10,116,532)**

December 2019	**Carrying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive			
Investment under management T-Bills			
Fair value through profit or loss: Bonds	40,021,277	(231,021)	(458,263)
Fair value through profit or loss: T-bills	89,797,961	(207,869)	(415,738)
Fair value through profit or loss: Bonds - Pledged	-	-	-
Fair value through profit or loss: T-bills - Pledged	39,881,494	(79,008)	(158,017)
	169,700,732	(517,898)	(1,032,018)
Impact on Other Comprehensive Income			
-Financial assets at FVOCI-Bonds	2,222,417	(60,034)	(117,469)
-Financial assets at FVOCI-Tbills	74,749,344	(199,479)	(398,958)
Financial assets at FVOCI - Bonds - Pledged	-	-	-
Financial assets at FVOCI - T-Bills - Pledged	39,881,494	(79,008)	(158,017)
	116,853,256	(338,522)	(674,444)
TOTAL	**286,553,988**	**(856,420)**	**(1,706,462)**

Bank

June 2020	**Carrying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive Income			
Fair value through profit or loss: Bonds	14,761,365	(532,306)	(1,028,790)
Fair value through profit or loss: T-bills	191,384,924	(629,388)	(1,258,776)
Fair value through profit or loss: Bonds - Pledged	-	-	-
Fair value through profit or loss: T-bills - Pledged	34,040,076	(103,131)	(206,261)
	240,186,365	(1,264,824)	(2,493,827)
Impact on Other Comprehensive Income			
-Financial assets at FVOCI-Bonds	58,528,847	(1,903,891)	(3,697,457)
-Financial assets at FVOCI-Tbills	303,445,179	(828,264)	(1,656,528)
Financial assets at FVOCI - Bonds - Pledged	3,001,493	(69,020)	(135,357)
Financial assets at FVOCI - T-Bills - Pledged	68,706,838	(172,868)	(345,737)
	433,682,357	(2,974,045)	(5,835,079)
TOTAL	**673,868,722**	**(4,238,868)**	**(8,328,907)**

December 2019	**Carrying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive Income			
Fair value through profit or loss: Bonds	2,222,417	(60,034)	(117,469)
Fair value through profit or loss: T-bills	74,749,344	(199,479)	(398,958)
Fair value through profit or loss: Bonds - Pledged	-	-	-
Fair value through profit or loss: T-bills - Pledged	39,881,494	(79,008)	(158,017)
	116,853,255	(338,521)	(674,444)
Impact on Other Comprehensive Income			
-Financial assets at FVOCI-Bonds	4,823,398	(165,587)	(322,441)
-Financial assets at FVOCI-Tbills	77,898,247	(43,018)	(86,035)
Financial assets at FVOCI - Bonds - Pledged	-	-	-
Financial assets at FVOCI - T-Bills - Pledged	30,388,532	(78,701)	(157,402)
	113,110,177	(287,306)	(565,878)
TOTAL	**229,963,432**	**(625,827)**	**(1,240,322)**

Foreign currency sensitivity analysis
The Group's principal foreign currency exposure is to US Dollars, as it constitutes a significant portion of the Group's foreign currency exposure as at 30 June 2020. The table below illustrates the hypothetical sensitivity of the Group and Bank's reported profit to a 5% increase in the US Dollar/Naira exchange rates at the year end, assuming all other variables remain unchanged. The sensitivity rate of 5% increase represents the directors' assessment of a reasonable possible change based on historic volatility.

The analysis assumes that exchange rate fluctuations on currency derivatives that form part of an effective cash flow hedge affect the fair value reserve in equity and the fair value of the hedging derivatives. For foreign exchange derivatives which are not designated hedges, movements in exchange rates impact the income statement.

Group

In thousands of naira	**Impact on statement of comprehensive income June 2020**
Naira weakens by 5%	8,175,249

In thousands of naira	**Impact on statement of comprehensive income December 2019**
Naira weakens by 5%	16,335,612

Bank

In thousands of naira	**Impact on statement of comprehensive income June 2020**
Naira weakens by 5%	5,719,043

	Impact on statement of comprehensive income December 2019
Naira weakens by 5%	2,566,064

The NGN/USD exchange rate applied in the conversion of balances as at year end is N386.75/USD1 (2019: N364.70/USD1). The strengthening or weakening of Naira may not produce symmetrical results depending on the proportion and nature of balance sheet and the impact of derivatives.

5.2.3 The table below summarises the Group's financial instruments at carrying amount, categorised by currency:

Financial instruments by currency
Group

In thousands of Naira

June 2020	**Total**	**Naira**	**US**	**GBP**	**Euro**	**Others**
Cash and balances with banks	663,916,043	215,043,972	253,834,933	57,384,007	56,647,292	81,005,839
Investment under management	29,227,850	26,525,643	2,702,207	-	-	-
Non-pledged trading assets						
Treasury bills	208,319,672	191,384,924	-	-	-	16,934,748
Bonds	75,102,382	14,761,365	151,667	-	-	60,189,350
Equity	-	-	-	-	-	-
Derivative financial instruments	259,584,207	259,030,652	61,734	135,571	15,159	341,091
Loans and advances to banks	390,436,738	73,490	388,320,954	440,950	1,558,733	42,611
Loans and advances to customers						
Auto Loan	14,196,416	5,386,456	-	-	-	8,809,960
Credit Card	17,447,495	13,005,153	4,442,124	219	-	-
Finance Lease	5,120,099	4,598,085	-	-	-	522,014
Mortgage Loan	108,327,377	3,135,427	-	-	-	105,191,951
Overdraft	351,557,633	306,394,500	31,024,333	15	-	14,138,786
Personal Loan	46,227,463	31,640,641	55,108	-	-	14,531,714
Term Loan	2,020,514,593	1,406,522,895	472,456,628	-	38,785	141,496,285
Time Loan	436,426,710	136,236,112	262,381,063	863,654	6,326,323	30,619,558
Pledged assets						
-Financial assets at FVOCI						
Treasury bills	68,708,829	68,708,829	-	-	-	-
Bonds	3,001,493	3,001,493	-	-	-	-
-Financial assets at amortised cost						
Treasury bills	74,527,347	74,527,347	-	-	-	-
Bonds	71,113,651	71,113,651	-	-	-	-
-Financial assets at FVPL						
Treasury bills	34,040,076	34,040,076	-	-	-	-
Bonds	-	-	-	-	-	-
Investment securities						
-Financial assets at FVOCI						
Treasury bills	414,885,827	303,445,179	107,060,558	-	-	4,380,090
Bonds	183,097,078	87,661,595	-	-	-	95,435,483
Promissory notes	2,756,789	2,756,789	-	-	-	-
-Financial assets at FVPL						
Equity	126,874,839	22,221,779	103,929,114	723,946	-	-
-Financial assets at amortised cost						
Treasury bills	220,030,982	142,213,633	42,786,302	-	-	35,031,047
Bonds	262,793,656	241,449,155	7,672,696	-	-	13,671,805
Promissory notes	427,537	427,537	-	-	-	-
Restricted deposit and other assets	1,330,992,767	1,237,569,346	54,997,297	872,559	510,524	37,043,041
	7,419,655,548	**4,902,875,724**	**1,731,876,718**	**60,420,918**	**65,096,816**	**659,385,372**
Deposits from financial institutions	1,317,547,310	268,241,233	1,034,739,461	4,222,998	9,071,422	1,272,195
Deposits from customers	4,667,655,529	3,050,416,682	1,085,428,097	202,419,067	31,179,171	298,212,511
Derivative financial instruments	20,645,382	19,703,286	16,844	919,931	3,133	2,188
Other liabilities	303,976,875	251,173,524	32,136,230	5,668,576	2,319,429	12,679,117
Debt securities issued	164,674,175	46,855,441	117,818,734	-	-	-
Interest bearing borrowings	592,324,048	293,192,625	276,757,543	-	2,162,485	20,211,395
	7,066,823,320	**3,929,582,792**	**2,546,896,912**	**213,230,571**	**44,735,639**	**332,377,407**
Off balance sheet exposures:						
Transaction related bonds and guarantees	575,957,910	341,920,917	116,354,693	190,686	47,297,755	70,193,860
Clean line facilities for letters of credit and other commitments	540,838,313	208,010,756	314,986,446	3,495,160	13,539,804	806,147
	1,116,796,223	**549,931,673**	**431,341,141**	**3,685,845**	**60,837,560**	**71,000,006**

*Included in Others are balances the group has in other currencies which includes South Africa Rand, Japanese Yen, Ghanaian Cedis, Dirham, Australian dollars, Canadian dollars, Swiss franc, Chinese Yuan etc.

Financial instruments by currency

Group
In thousands of Naira

December 2019	**Total**	**Naira**	**US**	**GBP**	**Euro**	**Others**
Cash and balances with banks	723,063,304	453,932,614	133,256,184	81,538,667	53,428,679	907,159
Investment under management	28,291,959	25,854,313	2,437,646	-	-	-
Non-pledged trading assets						
Treasury bills	71,810,176	71,810,176	-	-	-	-
Bonds	2,105,312	2,105,312	-	-	-	-
Equity	-	-	-	-	-	-
Derivative financial instruments	143,520,554	143,480,074	31,765	4,274	4,441	-
Loans and advances to banks	125,646,471	125,388,045	233,140	23,287	1,315	684
Loans and advances to customers						
Auto Loan	17,779,508	6,467,952	-	-	-	11,311,556
Credit Card	19,110,990	13,193,895	5,259,311	224	-	657,560
Finance Lease	4,944,175	4,485,635	-	-	-	458,540
Mortgage Loan	141,882,570	2,136,440	-	-	-	139,746,130
Overdraft	252,985,680	211,698,524	34,070,060	-	-	7,217,096
Personal Loan	52,272,927	34,109,700	58,890	-	-	18,104,337
Term Loan	2,045,972,373	1,250,302,404	734,773,011	-	28,938	60,868,021
Time Loan	376,631,483	66,600,412	300,932,717	570,300	4,488,266	4,039,788
Pledged assets						
-Financial assets at FVOCI						
Treasury bills	30,388,532	30,388,532	-	-	-	-
Bonds	-	-	-	-	-	-
-Financial assets at amortised cost						
Treasury bills	452,686,281	452,686,281	-	-	-	-
Bonds	82,599,583	82,599,583	-	-	-	-
-Financial assets at FVPL						
Treasury bills	39,881,494	39,881,494	-	-	-	-
Bonds	-	-	-	-	-	-
Investment securities						
-Financial assets at FVOCI						
Treasury bills	232,814,072	77,898,247	149,464,151	-	-	5,451,674
Bonds	81,977,677	18,950,446	-	-	-	63,027,231
Promissory notes	807,619	807,619	-	-	-	-
-Financial assets at FVPL						
Equity	113,158,320	113,126,623	-	31,697	-	-
-Financial assets at amortised cost						
Treasury bills	379,283,381	341,786,029	-	-	-	37,497,352
Bonds	265,856,916	249,896,592	510,162	-	-	15,450,162
Promissory notes	10,844,042	10,844,042	-	-	-	-
Restricted deposit and other assets	1,028,044,587	924,333,084	44,882,326	1,616,300	476,590	56,736,288
	6,724,359,985	**4,754,764,069**	**1,405,909,364**	**83,784,748**	**58,428,229**	**421,473,579**
Deposits from financial institutions	1,186,356,314	11,466,226	1,154,893,153	7,543,859	11,517,210	935,866
Deposits from customers	4,255,837,303	2,885,124,586	889,539,662	198,600,481	40,860,263	241,712,310
Derivative financial instruments	6,885,680	6,827,293	21,657	735	35,738	257
Other liabilities	315,593,152	247,375,844	41,266,317	6,392,838	8,451,784	12,106,370
Debt securities issued	157,987,877	47,054,109	110,933,768	-	-	-
Interest bearing borrowings	585,666,012	287,901,717	279,547,909	-	2,048,811	16,167,574
	6,508,326,339	**3,485,749,774**	**2,476,202,469**	**212,537,912**	**62,913,806**	**270,922,378**
Off balance sheet exposures						
Transaction related bonds and guarantees	531,976,664	297,939,670	116,354,693	190,686	47,297,755	70,193,860
Clean line facilities for letters of credit and other commitments	332,827,557	-	314,986,446	3,495,160	13,539,804	806,147
	864,804,221	**297,939,670**	**431,341,141**	**3,685,845**	**60,837,560**	**71,000,006**

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

June 2020	Total	Naira	US	GBP	Euro	Others
Cash and balances with banks	482,487,540	211,574,183	199,723,013	18,766,935	50,698,144	1,725,265
Investment under management	29,227,850	26,525,643	2,702,207	-	-	-
Non-pledged trading assets						
Treasury bills	191,384,924	191,384,924	-	-	-	-
Bonds	14,913,032	14,761,365	151,667	-	-	-
Equity	-	-	-	-	-	-
Derivative financial instruments	259,030,652	259,030,652	-	-	-	-
Loans and advances to banks	228,130,576	73,490	228,057,086	-	-	-
Loans and advances to customers						
Auto Loan	5,386,456	5,386,456	-	-	-	-
Credit Card	16,081,969	13,005,153	3,076,598	219	-	-
Finance Lease	4,598,085	4,598,085	-	-	-	-
Mortgage Loan	3,135,427	3,135,427	-	-	-	-
Overdraft	337,418,848	306,394,500	31,024,333	15	-	-
Personal Loan	31,695,749	31,640,641	55,108	-	-	-
Term Loan	1,818,377,043	1,406,522,895	411,815,363	-	38,785	-
Time Loan	405,882,840	136,236,112	262,381,063	863,654	6,326,323	75,688
Pledged assets						
-Financial assets at FVOCI						
Treasury bills	68,708,829	68,708,829	-	-	-	-
Bonds	3,001,493	3,001,493	-	-	-	-
-Financial assets at amortised cost						
Treasury bills	74,527,346	74,527,346	-	-	-	-
Bonds	71,113,651	71,113,651	-	-	-	-
-Financial assets at FVPL						
Treasury bills	34,040,076	34,040,076	-	-	-	-
Bonds	-	-	-	-	-	-
Investment securities						
-Financial assets at FVOCI						
Treasury bills	303,445,179	303,445,179	-	-	-	-
Bonds	87,661,595	87,661,595	-	-	-	-
Promissory notes	2,756,789	2,756,789	-	-	-	-
-Financial assets at FVPL						
Equity	126,841,333	22,221,779	104,619,554	-	-	-
-Financial assets at amortised cost						
Treasury bills	184,999,935	142,213,633	42,786,302	-	-	-
Bonds	242,270,218	241,449,155	821,063	-	-	-
Promissory notes	427,537	427,537	-	-	-	-
Restricted deposit and other assets	1,290,554,018	1,237,569,346	52,474,871	-	509,800	-
	6,318,098,989	**4,899,405,934**	**1,339,688,228**	**19,630,820**	**57,573,052**	**1,800,953**
Deposits from financial institutions	1,175,442,663	268,241,233	901,383,909	12,277	5,771,730	33,513
Deposits from customers	3,995,649,891	3,050,416,682	909,253,896	14,975,002	21,003,910	400
Derivative financial instruments	19,703,286	19,703,286	-	-	-	-
Other liabilities	275,432,222	251,173,524	21,781,294	140,770	2,309,622	27,012
Debt securities issued	164,758,196	46,939,462	117,818,734	-	-	-
Interest bearing borrowings	544,745,035	293,192,625	251,552,411	-	-	-
	6,175,731,293	**3,929,666,813**	**2,201,790,245**	**15,128,051**	**29,085,264**	**60,924**
Off balance sheet exposures:						
Transaction related bonds and guarantees	425,781,644	341,920,917	36,264,140	-	47,596,587	-
Clean line facilities for letters of credit and other commitments	270,837,855	208,010,756	52,520,870	91,646	10,203,003	11,580
	696,619,499	**549,931,673**	**88,785,009**	**91,646**	**57,799,591**	**11,580**

Financial instruments by currency

Bank
In thousands of Naira

December 2019	**Total**	**Naira**	**US**	**GBP**	**Euro**	**Others**
Cash and balances with banks	575,905,574	453,932,614	60,998,522	16,118,142	43,016,317	1,839,979
Investment under management	28,291,959	25,854,313	2,437,646	-	-	-
Non-pledged trading assets						
Treasury bills	71,810,176	71,810,176	-	-	-	-
Bonds	2,105,312	2,105,312	-	-	-	-
Equity	-	-	-	-	-	-
Derivative financial instruments	143,480,074	143,480,074	-	-	-	-
Loans and advances to banks	164,413,001	880,686	162,779,633	-	752,682	-
Loans and advances to customers						
Auto Loan	6,467,952	6,467,952	-	-	-	-
Credit Card	17,413,366	13,193,895	4,219,247	224	-	-
Finance Lease	4,485,635	4,485,635	-	-	-	-
Mortgage Loan	2,136,440	2,136,440	-	-	-	-
Overdraft	245,768,584	211,698,524	34,070,060	-	-	-
Personal Loan	34,168,590	34,109,700	58,890	-	-	-
Term Loan	1,816,913,719	1,250,302,404	566,582,377	-	28,938	-
Time Loan	354,269,381	66,600,412	282,293,518	570,300	4,488,266	316,886
Pledged assets						
-Financial assets at FVOCI						
Treasury bills	30,388,532	30,388,532	-	-	-	-
Bonds	-	-	-	-	-	-
-Financial assets at amortised cost						
Treasury bills	452,686,281	452,686,281	-	-	-	-
Bonds	82,599,583	82,599,583	-	-	-	-
-Financial assets at FVPL						
Treasury bills	39,881,494	39,881,494	-	-	-	-
Bonds	-	-	-	-	-	-
Investment securities						
-Financial assets at FVOCI						
Treasury bills	77,898,247	77,898,247	-	-	-	-
Bonds	18,950,446	18,950,446	-	-	-	-
Promissory notes	807,619	807,619	-	-	-	-
-Financial assets at FVPL						
Equity	113,126,623	113,126,623	-	-	-	-
-Financial assets at amortised cost						
Treasury bills	341,786,029	341,786,029	-	-	-	-
Bonds	250,406,754	249,896,592	510,162	-	-	-
Promissory notes	10,844,042	10,844,042	-	-	-	-
Restricted deposit and other assets	968,141,727	924,333,084	43,332,809	-	475,833	-
	5,855,147,139	**4,630,256,711**	**1,157,282,864**	**16,688,664**	**48,762,035**	**2,156,864**
Deposits from financial institutions	1,079,284,418	11,466,226	1,064,743,979	234,864	2,523,963	315,387
Deposits from customers	3,668,339,811	2,885,124,586	750,073,110	15,112,528	18,029,210	376
Derivative financial instruments	6,827,293	6,827,293	-	-	-	-
Other liabilities	295,184,124	247,375,844	38,647,749	477,852	8,441,521	241,159
Debt securities issued	157,987,877	47,054,109	110,933,768	-	-	-
Interest bearing borrowings	544,064,226	287,901,717	256,162,509	-	-	-
	5,751,687,749	**3,485,749,774**	**2,220,561,116**	**15,825,244**	**28,994,696**	**556,922**
Off balance sheet exposures						
Transaction related bonds and guarantees	451,514,549	297,939,670	106,863,384	-	46,711,494	-
Clean line facilities for letters of credit and other commitments	324,529,363	-	314,795,394	884,561	8,104,976	744,432
	776,043,912	297,939,670	421,658,778	884,561	54,816,471	744,432

Liquidity risk management
The following table shows the undiscounted cash flows on the Group's financial assets and liabilities and on the basis of their earliest possible contractual maturity. The Gross nominal inflow / (outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment.

The amounts in the table below have been compiled as follows:

Type of financial instrument	**Basis on which amounts are compiled**
Non-derivative financial liabilities and financial assets	Undiscounted cash flows, which include estimated interest payments.
Issued financial guarantee contracts, and unrecognised loan commitments	Earliest possible contractual maturity. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest year in which the guarantee could be called.
Derivative financial liabilities and financial assets held for risk management purposes	Contractual undiscounted cash flows. The amounts shown are the gross nominal inflows and outflows for derivatives that have simultaneous gross settlement (e.g. forward exchange contracts and currency swaps) and the net amounts for derivatives that are net settled.
Trading derivative liabilities and assets forming part of the Group's proprietary trading operations that are expected to be closed out before contractual maturity	Fair values at the date of the statement of financial position. This is because contractual maturities are not reflective of the liquidity risk exposure arising from these positions. These fair values are disclosed in the 'less than one month' column.
Trading derivative liabilities and assets that are entered into by the Group with its customers	Contractual undiscounted cash flows. This is because these instruments are not usually closed out before contractual maturity and so the Group believes that contractual maturities are essential for understanding the timing of cash flows associated with these derivative positions.

The Group's expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. For example, demand deposits from customers are expected to remain stable or increase and unrecognised loan commitments are not all expected to be drawn down immediately. As part of the management of liquidity risk arising from financial liabilities, the Group holds liquid assets comprising Cash and balances with banks and debt securities issued by federal government, which can be readily sold to meet liquidity requirements.
In addition, the Group maintains agreed lines of credit with other banks and holds unencumbered assets eligible for use as collateral.

5.3.1 Residual contractual maturities of financial assets and liabilities

Group **June 2020** *In thousands of Naira*	**Carrying amount**	**Gross nominal inflow/(outflow)**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
Cash and balances with banks	663,916,043	663,949,886	663,949,886	-	-	-	-
Investment under management	29,227,849	29,227,850	414,180	6,850,328	14,970,979	6,992,363	-
Non-pledged trading assets							
Treasury bills	208,319,673	215,012,485	11,357,238	35,796,807	167,858,438	-	-
Bonds	75,102,382	113,777,431	-	-	-	32,251,669	81,525,763
Derivative financial instruments	259,584,207	259,584,206	6,252,383	88,186,361	144,408,710	20,736,752	-
Loans and advances to banks	390,436,738	409,423,181	62,168,351	50,075,590	297,179,241	-	-
Loans and advances to customers							
Auto Loan	14,196,416	15,628,586	2,055,778	2,858,829	2,985,458	7,728,522	-
Credit Card	17,447,495	17,547,703	3,878,320	-	13,669,383	-	-
Finance Lease	5,120,099	6,233,929	1,259,439	1,037,474	1,409,124	2,527,891	-
Mortgage Loan	108,327,377	109,974,752	10,982,760	16,085,105	5,619,301	23,036,709	54,250,877
Overdraft	351,557,634	396,405,974	172,611,698	58,946,861	164,847,415	-	-
Personal Loan	46,227,464	35,509,057	6,301,228	6,775,072	8,345,339	10,320,602	3,766,816
Term Loan	2,020,514,593	2,932,241,442	139,337,975	99,900,099	215,181,781	1,686,002,301	791,819,286
Time Loan	436,426,710	278,543,324	171,843,947	57,415,422	22,115,345	27,149,863	18,748
Pledged assets							
-Financial instruments at FVOCI							
Treasury bills	68,708,829	70,300,000	-	25,100,000	45,200,000	-	-
Bonds	3,001,493	5,618,716	-	-	-	1,830,343	3,788,373
-Financial instruments at amortised cost							
Treasury bills	74,527,346	74,829,157	-	74,829,157	-	-	-
Bonds	71,113,651	126,055,473	-	-	-	4,507,669	121,547,803
-Financial instruments at FVPL							
Treasury bills	34,040,076	35,079,500	-	4,900,000	30,179,500	-	-
Bonds	-	-	-	-	-	-	-
Investment securities							
-Financial assets at FVOCI							
Treasury bills	414,885,827	423,015,469	49,041,062	117,766,868	256,207,540	-	-
Bonds	183,097,078	273,184,114	-	-	-	53,129,529	220,054,584
Promissory note	2,756,789	3,359,537	-	-	-	3,359,537	-
-Financial assets at amortised cost							
Treasury bills	220,030,982	222,886,730	33,427,016	133,553,195	55,906,519	-	-
Bonds	263,502,293	470,779,702	-	-	-	101,828,872	368,950,831
Promissory note	427,535	427,535	-	-	-	427,536	-
Restricted deposit and other assets	1,330,992,765	1,330,992,765	126,844,281	27,203,672	31,103,088	-	1,145,841,725
	7,293,489,344	**8,519,588,502**	**1,461,725,542**	**807,280,841**	**1,477,187,162**	**1,981,830,158**	**2,791,564,805**
Deposits from financial institutions	1,317,547,310	1,322,296,066	782,915,999	225,102,032	314,278,035	-	-
Deposits from customers	4,667,655,529	4,672,414,484	3,495,021,388	1,146,523,494	30,562,540	307,062	-
Derivative financial instruments	20,645,382	20,645,384	7,124,653	12,746,407	457,230	317,095	-
Other liabilities	303,976,874	303,976,875	123,656,253	59,533,796	120,786,826	-	-
Debt securities issued	164,758,197	213,982,795	-	-	155,777,042	58,205,753	-
Interest bearing borrowings	592,324,048	749,253,965	14,086,431	10,806,687	31,182,447	207,462,513	485,715,886
	7,066,907,340	**7,282,569,570**	**4,422,804,723**	**1,454,712,419**	**653,044,118**	**266,292,425**	**485,715,886**
Gap (asset - liabilities)	226,582,005	1,237,018,932	(2,961,079,180)	(647,431,578)	824,143,044	1,715,537,733	2,305,848,920
Cumulative liquidity gap			(2,961,079,180)	(3,608,510,759)	(2,784,367,715)	(1,068,829,982)	1,237,018,938
Off-balance sheet							
Transaction related bonds and guarantees	573,511,189	573,511,189	51,062,841	49,284,145	257,238,682	113,445,348	102,480,174
Clean line facilities for letters of credit and other commitments	285,579,481	285,579,481	121,601,178	73,881,448	85,251,198	4,845,656	-
	859,090,670	**859,090,670**	**172,664,019**	**123,165,593**	**342,489,880**	**118,291,004**	**102,480,174**

Group **December 2019** *In thousands of Naira*	**Carrying amount**	**Gross nominal inflow/(outflow)**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
Cash and balances with banks	723,064,003	688,914,193	688,914,193	-	-	-	-
Investment under management	28,291,959	28,291,959	767,313	9,012,114	14,020,236	4,492,296	-
Non-pledged trading assets			-	-	-	-	-
Treasury bills	89,797,961	94,861,781	31,063,592	20,455,361	43,342,828	-	-
Bonds	40,021,277	42,952,256	12,617,789	-	-	12,606,930	17,727,537
Derivative financial instruments	143,520,553	143,520,552	49,561,122	11,860,583	82,098,847	-	-
Loans and advances to banks	152,825,081	154,450,204	2,884,137	-	151,566,067	-	-
Loans and advances to customers							
Auto Loan	17,779,508	17,856,398	1,419,559	3,511,085	2,800,066	10,125,688	-
Credit Card	19,110,990	19,339,743	5,292,084	4,057,264	4,874,714	5,115,681	-
Finance Lease	4,944,175	5,146,881	439,934	1,003,556	1,594,991	2,108,400	-
Mortgage Loan	141,882,570	142,875,275	14,630,993	21,223,787	7,422,974	28,751,374	70,846,147
Overdraft	252,985,681	299,728,849	221,191,091	31,384,466	47,153,292	-	-
Personal Loan	52,272,928	52,940,647	19,939,124	8,196,350	9,510,897	11,401,910	3,892,366
Term Loan	2,045,972,373	2,185,260,598	318,195,947	162,727,687	262,350,776	796,327,128	645,659,060
Time Loan	376,631,483	379,822,056	137,932,385	187,158,574	54,731,097	-	-
Pledged assets							
-Financial instruments at FVOCI							
Treasury bills	30,388,532	32,424,722	5,500,000	8,124,722	18,800,000	-	-
Bonds	-	-	-	-	-	-	-
-Financial instruments at amortised cost							
Treasury bills	452,686,283	453,872,748	129,026,743	242,100,648	82,745,357	-	-
Bonds	82,599,583	123,975,255	-	-	-	5,618,298	118,356,957
-Financial instruments at FVPL							
Treasury bills	39,881,494	41,886,245	-	31,221,245	10,665,000	-	-
Bonds	-	-	-	-	-	-	-
Investment securities							
-Financial assets at FVOCI							
Treasury bills	232,813,374	233,605,789	203,904,571	10,907,341	18,793,877	-	-
Bonds	81,977,676	103,693,091	-	-	65,466,231	38,226,860	-
Promissory note	807,619	1,055,468	-	20	-	1,055,448	-
-Financial assets at amortised cost							
Treasury bills	379,283,381	380,408,695	175,122,124	52,224,901	153,061,670	-	-
Bonds	266,278,996	416,671,728	19,737,979	3,862,541	6,117,451	42,467,781	344,485,976
Promissory note	10,844,041	10,844,041	10,357,841	58,664	-	427,536	-
Restricted deposit and other assets	1,016,582,841	1,016,582,841	141,177,839	26,558,428	-	-	848,846,574
	6,683,244,362	**7,070,982,010**	**2,189,676,361**	**835,649,337**	**1,037,116,372**	**958,725,329**	**2,049,814,617**
Deposits from financial institutions	1,186,356,314	1,211,552,503	906,219,476	227,258,349	78,074,678	-	-
Deposits from customers	4,255,837,303	4,977,071,222	4,444,035,379	281,016,620	155,768,045	96,251,178	-
Derivative financial instruments	6,885,680	6,885,681	4,030,595	2,370,236	484,849	-	-
Other liabilities	315,626,032	272,530,808	140,126,903	(279,892,711)	95,816,466	316,480,151	-
Debt securities issued	157,987,877	208,325,732	-	-	-	208,325,732	-
Interest bearing borrowings	586,602,830	768,264,849	71,437	767,986	5,088,240	214,402,709	547,934,477
	6,509,296,036	**7,444,630,795**	**5,494,483,790**	**231,520,482**	**335,232,278**	**835,459,770**	**547,934,477**
Gap (asset - liabilities)	173,948,327	(373,648,786)	(3,304,807,429)	604,128,855	701,884,094	123,265,559	1,501,880,142
Cumulative liquidity gap			(3,304,807,429)	(2,700,678,574)	(1,998,794,480)	(1,875,528,921)	(373,648,779)
Off-balance sheet							
Transaction related bonds and guarantees	477,932,817	531,976,664	86,095,559	49,298,749	234,207,639	85,238,843	77,135,874
Clean line facilities for letters of credit and other commitments	419,584,999	332,827,556	118,727,744	67,565,811	133,275,180	13,258,822	-
	897,517,816	**864,804,220**	**204,823,304**	**116,864,560**	**367,482,818**	**98,497,664**	**77,135,874**

5.3.1 Residual contractual maturities of financial assets and liabilities

Bank June 2020 *In thousands of Naira*	Carrying amount	Gross nominal inflow/(outflow)	Less than 3 months	6 months	12 months	5 years	More than 5 years
Cash and balances with banks	482,487,540	482,510,625	482,510,625	-	-	-	-
Investment under management	29,227,849	29,227,850	414,180	6,850,328	14,970,979	6,992,363	-
Non-pledged trading assets							
Treasury bills	191,384,924	198,077,735	5,712,322	30,151,891	162,213,522	-	-
Bonds	14,913,032	53,588,082	-	-	-	2,156,994	51,431,088
Derivative financial instruments	259,030,652	259,030,652	6,113,995	88,047,972	144,270,321	20,598,364	-
Loans and advances to banks	228,130,576	242,317,553	121,167	5,925,664	236,270,721	-	-
Loans and advances to customers							
Auto Loan	5,386,456	6,815,678	1,174,487	831,860	1,487,264	3,322,066	-
Credit Card	16,081,969	16,180,875	3,878,320	-	12,302,555	-	-
Finance Lease	4,598,085	5,676,277	1,203,674	842,297	1,180,488	2,449,820	-
Mortgage Loan	3,135,427	4,558,212	441,106	272,624	348,474	1,953,401	1,542,607
Overdraft	337,418,848	382,102,820	172,611,698	58,946,861	150,544,261	-	-
Personal Loan	31,695,749	20,964,084	4,119,482	1,684,331	2,818,249	8,575,205	3,766,816
Term Loan	1,818,377,043	2,718,744,915	117,988,322	72,145,550	168,212,545	1,579,254,037	781,144,459
Time Loan	405,882,840	247,369,435	156,257,002	50,245,427	13,698,394	27,149,863	18,748
Pledged assets							
-Financial instruments at FVOCI							
Treasury bills	68,708,829	70,300,000	-	25,100,000	45,200,000	-	-
Bonds	3,001,493	5,618,716	-	-	-	1,830,343	3,788,373
-Financial instruments at amortised cost							
Treasury bills	74,527,346	74,829,157	-	74,829,157	-	-	-
Bonds	71,113,651	126,055,473	-	-	-	4,507,669	121,547,803
-Financial instruments at FVPL							
Treasury bills	34,040,075	35,079,500	-	4,900,000	30,179,500	-	-
Bonds	-	-	-	-	-	-	-
Investment securities							
-Financial assets at FVOCI							
Treasury bills	303,445,179	311,574,821	11,894,179	80,619,985	219,060,657	-	-
Bonds	87,661,595	177,748,631	-	-	-	5,411,788	172,336,843
Promissory note	2,756,789	3,359,537	-	-	-	3,359,537	-
-Financial assets at amortised cost							
Treasury bills	184,999,935	187,855,683	21,750,000	121,876,179	44,229,504	-	-
Bonds	242,951,935	450,229,344	-	-	-	91,553,693	358,675,652
Promissory note	427,537	427,535	-	-	-	427,536	-
Restricted deposit and other assets	1,290,554,017	1,290,554,018	111,845,418	27,046,263	31,103,089	-	1,120,559,246
	6,191,939,372	**7,400,797,206**	**1,098,035,978**	**650,316,389**	**1,278,090,522**	**1,759,542,681**	**2,614,811,635**
Deposits from financial institutions	1,175,442,663	1,180,191,417	735,547,783	177,733,816	266,909,818	-	-
Deposits from customers	3,995,649,891	4,000,408,846	3,145,377,223	824,162,021	30,562,540	307,062	-
Derivative financial instruments	19,703,286	19,703,286	6,810,620	12,432,374	143,197	317,095	-
Other liabilities	275,432,222	275,432,222	121,225,147	58,819,531	95,387,545	-	-
Debt securities issued	164,758,197	213,982,795	-	-	155,777,042	58,205,753	-
Interest bearing borrowings	544,745,035	701,674,953	4,570,629	1,290,885	21,666,644	197,946,711	476,200,084
	6,175,731,296	6,391,393,520	4,013,531,401	1,074,438,627	570,446,787	256,776,621	476,200,084
Gap (asset - liabilities)	16,208,076	1,009,403,686	(2,915,495,423)	(424,122,238)	707,643,735	1,502,766,059	2,138,611,551
Cumulative liquidity gap			(2,915,495,423)	(3,339,617,660)	(2,631,973,925)	(1,129,207,866)	1,009,403,685
Off balance-sheet							
Transaction related bonds and guarantees	425,781,644	425,781,644	21,516,932	19,738,236	227,692,773	83,899,439	72,934,265
Clean line facilities for letters of credit and other commitments	270,837,855	270,837,856	117,915,771	70,196,042	81,565,792	1,160,250	-
	696,619,499	**696,619,501**	**139,432,703**	**89,934,278**	**309,258,565**	**85,059,689**	**72,934,265**

Bank **December 2019** *In thousands of Naira*	**Carrying amount**	**Gross nominal inflow/(outflow)**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
Cash and balances with banks	575,906,273	539,508,104	539,508,104	-	-	-	-
Investment under management	28,291,959	28,291,959	767,313	9,012,114	14,020,236	4,492,296	-
Non-pledged trading assets							
Treasury bills	74,749,344	79,813,164	26,047,386	15,439,156	38,326,622	-	-
Bonds	2,222,417	5,153,396	18,169	-	-	7,310	5,127,917
Derivative financial instruments	143,480,073	143,480,073	49,520,643	11,860,583	82,098,847	-	-
Loans and advances to banks	164,413,001	165,774,989	2,884,137	-	162,890,852	-	-
Loans and advances to customers							
Auto Loan	6,467,952	6,536,533	287,573	907,516	875,689	4,465,755	-
Credit Card	17,413,366	17,640,279	5,292,084	4,057,264	3,175,250	5,115,681	-
Finance Lease	4,485,635	4,661,966	391,442	833,836	1,396,176	2,040,512	-
Mortgage Loan	2,136,440	2,577,131	601,179	179,065	408,067	691,745	697,075
Overdraft	245,768,584	280,704,330	221,191,091	31,384,466	28,128,773	-	-
Personal Loan	34,168,590	34,817,133	17,220,597	1,853,120	2,623,962	9,227,088	3,892,366
Term Loan	1,816,913,719	1,947,125,422	294,382,430	131,770,114	209,961,037	677,259,540	633,752,301
Time Loan	354,269,381	368,560,297	132,301,506	184,568,369	51,690,422	-	-
Pledged assets							
-Financial instruments at FVOCI							
Treasury bills	30,388,532	32,424,722	5,500,000	8,124,722	18,800,000	-	-
Bonds	-	-	-	-	-	-	-
-Financial instruments at amortised cost							
Treasury bills	452,686,282	453,872,748	129,026,743	242,100,648	82,745,357	-	-
Bonds	82,599,583	123,975,255	-	-	-	5,618,298	118,356,957
-Financial instruments at FVPL							
Treasury bills	39,881,494	41,886,245	-	31,221,245	10,665,000	-	-
Bonds	-	-	-	-	-	-	-
Investment securities							
-Financial assets at FVOCI							
Treasury bills	77,897,548	78,427,845	68,640,956	1,870,533	7,916,356	-	-
Bonds	18,950,446	40,527,773	-	-	5,161,606	35,366,167	-
Promissory note	2,041,859	1,055,468	-	20	-	1,055,448	-
-Financial assets at amortised cost							
Treasury bills	341,786,029	343,353,622	162,770,433	39,873,210	140,709,979	-	-
Bonds	250,828,832	401,221,564	15,875,438	-	2,254,910	38,605,240	344,485,976
Promissory note	20,260,865	10,844,041	10,357,841	58,664	-	427,536	-
Restricted deposit and other assets	968,698,629	968,698,630	131,504,135	26,558,428	-	-	810,636,067
	5,756,706,836	**6,120,932,686**	**1,814,089,197**	**741,673,072**	**863,849,141**	**784,372,616**	**1,916,948,659**
Deposits from financial institutions	1,079,284,418	1,102,172,881	677,224,322	307,522,023	117,426,536	-	-
Deposits from customers	3,668,339,811	4,384,094,475	4,174,991,396	188,375,203	20,330,139	397,737	-
Derivative financial instruments	6,827,293	6,827,293	3,972,208	2,370,236	484,849	-	-
Other liabilities	295,184,124	290,798,173	137,525,038	153,273,135	-	-	-
Debt securities issued	157,987,877	208,325,732	-	-	-	208,325,732	-
Interest bearing borrowings	544,064,226	768,264,849	71,437	767,986	5,088,240	214,402,709	547,934,477
	5,751,687,750	6,760,483,403	4,993,784,401	652,308,584	143,329,764	423,126,178	547,934,477
Gap (asset - liabilities)	5,019,085	(639,550,717)	(3,179,695,204)	89,364,488	720,519,377	361,246,439	1,369,014,182
Cumulative liquidity gap			(3,179,695,204)	(3,090,330,716)	(2,369,811,339)	(2,008,564,900)	(639,550,718)
Off balance-sheet							
Transaction related bonds and guarantees	451,514,549	451,514,549	31,273,900	24,799,672	233,066,260	85,238,843	77,135,874
Clean line facilities for letters of credit and other commitments	324,529,363	324,529,364	110,429,551	67,565,811	133,275,180	13,258,822	-
	776,043,912	**776,043,914**	**141,703,451**	**92,365,483**	**366,341,440**	**98,497,665**	**77,135,874**

5.3.2 Financial instruments below and above 1 year's maturity

Group	June 2020			December 2019		
In thousands of Naira	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Cash and balances with banks	663,916,043	-	**663,916,043**	723,064,003	-	**723,064,003**
Investments under management	22,235,488	6,992,361	**29,227,849**	23,799,663	4,492,296	**28,291,959**
Non pledged trading assets						
Treasury bills	208,319,672	-	**208,319,672**	322,930	-	**322,930**
Bonds	-	75,102,382	**75,102,382**	40,021,277	-	**40,021,277**
Derivative financial instruments	238,432,288	20,598,364	**259,030,652**	41,649,342	102,051,110	**143,700,452**
Loans and advances to banks	390,436,738	-	**390,436,738**	152,825,081	-	**152,825,081**
Loans and advances to customers						
Auto Loan	9,791,436	4,404,980	**14,196,416**	6,341,170	11,438,338	**17,779,508**
Credit Card	17,447,495	-	**17,447,495**	6,682,170	12,428,820	**19,110,990**
Finance Lease	5,047,017	73,082	**5,120,099**	1,462,346	3,481,829	**4,944,175**
Mortgage Loan	32,564,728	75,762,650	**108,327,377**	42,087,859	99,794,711	**141,882,570**
Overdraft	351,557,634	-	**351,557,634**	252,985,681	-	**252,985,681**
Personal Loan	41,282,561	4,944,902	**46,227,464**	37,044,083	15,228,844	**52,272,927**
Term Loan	829,769,786	1,190,744,807	**2,020,514,593**	284,492,432	1,761,479,941	**2,045,972,373**
Time Loan	436,393,859	32,851	**436,426,710**	376,631,483	-	**376,631,483**
Pledged assets						
Treasury bills	177,276,251	-	**177,276,251**	522,956,307	-	**522,956,307**
Bonds	-	74,115,144	**74,115,144**	4,195,563	78,404,020	**82,599,583**
Investment securities						
-Financial assets at FVOCI						
Treasury bills	414,885,826	-	**414,885,826**	232,813,374	-	**232,813,374**
Bonds	-	183,097,078	**183,097,078**	-	81,977,676	**81,977,676**
Promissory note	-	-	**-**	18	-	**18**
-Financial assets at amortised cost						
Treasury bills	220,030,982	-	**220,030,982**	379,283,381	-	**379,283,381**
Bonds	1,391,040	262,111,253	**263,502,293**	16,049,498	250,229,498	**266,278,996**
Promissory note	-		**-**	-		**-**
Restricted deposit and other assets	154,047,953	1,176,944,814	**1,330,992,767**	-	1,016,582,843	**1,016,582,843**
	4,466,218,192	**3,074,924,670**	**7,289,751,466**	**3,750,263,553**	**3,437,589,929**	**6,582,297,588**
Deposits from financial institutions	1,292,185,564	-	**1,292,185,564**	1,186,356,314	-	**1,186,356,314**
Deposits from customers	4,654,078,711	13,576,818	**4,667,655,529**	4,254,115,046	1,722,257	**4,255,837,303**
Derivative financial instruments	19,386,192	317,095	**19,703,287**	6,673,932	153,361	**6,827,294**
Debt securities issued	-	164,758,197	**164,758,197**	1,218,979	156,768,898	**157,987,877**
Other liabilities	303,976,874	-	**303,976,874**	-	315,626,032	**315,626,032**
Interest-bearing borrowings	148,382,585	443,944,097	**592,326,682**	4,484,994	582,117,836	**586,602,830**
	6,418,009,924	**622,596,207**	**7,040,606,132**	**5,452,849,265**	**1,056,388,384**	**6,509,237,650**

Bank	**June 2020** Within 12 months	After 12 months	Total	**December 2019** Within 12 months	After 12 months	Total
In thousands of Naira						
Cash and balances with banks	482,487,540	-	**482,487,540**	575,906,273	-	**575,906,273**
Investment under management	22,235,488	6,992,361	**29,227,849**	23,799,663	4,492,296	**28,291,959**
Non pledged trading assets						
Treasury bills	191,384,924	-	**191,384,924**	74,749,344	-	**74,749,344**
Bonds	-	14,913,032	**14,913,032**	17,933	2,204,485	**2,222,417**
Derivative financial instruments	238,432,288	20,598,364	**259,030,652**	41,428,962	102,051,110	**143,480,073**
Loans and advances to banks	228,130,576	-	**228,130,576**	164,413,001	-	**164,413,001**
Loans and advances to customers						
Auto Loan	5,386,456	-	**5,386,456**	685,393	5,782,560	**6,467,952**
Credit Card	16,081,969	-	**16,081,969**	4,984,546	12,428,820	**17,413,366**
Finance Lease	4,598,085	-	**4,598,085**	1,068,002	3,417,633	**4,485,635**
Mortgage Loan	1,007,143	2,128,284	**3,135,427**	164,020	1,972,420	**2,136,440**
Overdraft	337,418,848	-	**337,418,848**	245,768,584	-	**245,768,584**
Personal Loan	28,494,652	3,201,097	**31,695,749**	21,112,266	13,056,324	**34,168,590**
Term Loan	738,807,889	1,079,569,155	**1,818,377,043**	181,416,038	1,635,497,681	**1,816,913,719**
Time Loan	405,849,990	32,851	**405,882,840**	354,269,381	-	**354,269,381**
Pledged assets						
Treasury bills	177,276,250	-	**177,276,250**	522,956,307	-	**522,956,307**
Bonds	-	74,115,144	**74,115,144**	-	82,599,584	**82,599,584**
Investment securities						
-Financial assets at FVOCI						
Treasury bills	303,445,179	-	**303,445,179**	77,898,453	-	**77,898,453**
Bonds	-	87,661,595	**87,661,595**	-	18,950,446	**18,950,446**
Promissory note	2,756,789	-	**2,756,789**	807,602	-	**807,602**
-Financial assets at amortised cost						
Treasury bills	184,999,935	-	**184,999,935**	341,786,029	-	**341,786,029**
Bonds	1,279,889	242,099,583	**243,379,472**	23,881,032	237,791,842	**261,672,874**
Promissory note	-		**-**	58,664	-	**58,664**
Restricted deposit and other assets	138,891,681	1,151,662,336	**1,290,554,017**	-	968,698,629	**968,698,629**
	3,760,356,962	**2,682,973,804**	**6,191,939,371**	**3,262,727,383**	**3,088,943,832**	**5,746,115,323**
Deposits from financial institutions	1,160,928,528	-	**1,160,928,528**	1,079,284,418	-	**1,079,284,418**
Deposits from customers	3,984,655,224	10,994,667	**3,995,649,891**	3,652,933,209	1,484,685	**3,654,417,894**
Derivative financial instruments	19,386,192	317,095	**19,703,287**	6,673,932	153,361	**6,827,294**
Debt securities issued	-	164,758,197	**164,758,197**	-	157,987,877	**157,987,877**
Other liabilities	275,432,223	-	**275,432,223**	290,798,174	-	**290,798,174**
Interest-bearing borrowings	2,452,481	538,201,289	**540,653,770**	2,452,481	538,201,289	**540,653,770**
	5,442,854,650	**714,271,248**	**6,157,125,899**	**5,032,142,216**	**697,827,212**	**5,729,969,429**

6 Capital management

The Bank’s objectives when managing capital, which is a broader concept than the ‘equity’ on the face of the statement of financial position, are:
i) To comply with the capital requirements set by the Central Bank;
ii) To safeguard the Bank’s ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
iii) To maintain a strong capital base to support the development of its business.

The capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's risk weighted asset base. In accordance with Central Bank of Nigeria regulations, a minimum ratio of 16% (15% + additional 1%) is to be maintained for deposit money banks designated as significant financial institutions. Following the CBN guideline on regulatory capital computation, the Regulatory Risk Reserve has been excluded from the capital computation. Standardised approach has been adopted in computing the risk weighted assets for Credit, Operational, and Market Risk. The following table provides an overview of the development of the capital ratios and risk-weighted assets (RWA):

The regulatory capital requirements are strictly observed when managing capital. The Bank’s regulatory capital is managed by the Bank's Risk Management and Financial Control. Regulatory capital comprises two tiers:
- Tier 1 capital: This includes ordinary share capital, share premium, retained earnings and other reserves excluding regulatory reserves. Intangible assets, deferred tax assets and investment in subsidiaries were also deducted from Tier I capital for capital adequacy purposes; and
- Tier 2 capital: This includes fair value reserves, foreign currency translation reserves with adjustments for investments in subsidiaries.

IFRS 9 Regulatory Transition Arrangement

The Central Bank of Nigeria, in its circular on transitional arrangements on treatment of IFRS 9 expected credit loss for regulatory purposes by banks in Nigeria dated 18 October 2018, has recommended transitional arrangements to cushion the impact of IFRS 9 implementation on tier 1 regulatory capital. The Bank advised that the balance in regulatory risk reserve should be applied to retained earnings to reduce the additional ECL provisions on opening retained earnings. Where the additional ECL provision is higher than the regulatory risk reserve transfer, the excess shall be amortised in line with the transitional arrangements. The regulatory arrangement for amortization of the impact is as detailed in the table below:

year	**Provisions to be written back**
year 0 (January 1, 2018)	4/5 of Adjusted Day One Impact
year 1 (December 31, 2018)	3/5 of Adjusted Day One Impact
year 2 (December 31, 2019)	2/5 of Adjusted Day One Impact
year 3 (December 31, 2020)	1/5 of Adjusted Day One Impact
year 4 (December 31, 2021)	NIL

Therefore, the bank has computed Capital Adequacy Ratio based on the full impact of IFRS 9 and in line with regulatory provision described above

In thousands of Naira	**Group June 2020**	**Group December 2019**	**Bank June 2020**	**Bank December 2019**
Tier 1 capital with adjusted ECL impact				
Ordinary share capital	17,772,613	17,772,613	17,772,613	17,772,613
Share premium	234,038,850	234,038,850	234,038,850	234,038,850
Retained earnings	254,183,338	225,118,811	210,896,952	192,378,618
Add back IFRS impact(adjusted day one impact)	79,253,886	79,253,886	79,253,886	79,253,886
Other reserves	157,328,639	124,733,788	110,866,190	98,751,022
Non-controlling interests	7,038,379	8,528,833	-	-
	749,615,705	**689,446,782**	**652,828,491**	**622,194,988**
Add/(Less):				
Fair value reserve for available-for-sale	(7,606,259)	(964,243)	(7,075,406)	(835,472)
Foreign currency translation reserves	(25,118,478)	(11,780,013)	-	-
Other reserves	(1,370,624)	(1,881,768)	(1,370,623)	(1,881,767)
Total Tier 1	**715,520,343**	**674,820,757**	**644,382,462**	**619,477,748**
Add/(Less):				
50% Investments in subsidiaries	-	-	(68,705,963)	(65,729,355)
Deferred tax assets	(7,178,972)	(8,807,563)	-	-
Regulatory risk reserve	(19,976,442)	(18,091,941)	(9,483,000)	(9,483,000)
Intangible assets	(61,124,774)	(65,932,754)	(66,239,438)	(71,003,729)
Adjusted Tier 1	**627,240,154**	**581,988,499**	**499,954,061**	**473,261,665**

Tier 2 capital				
Debt securities issued	126,687,500	128,469,000	126,687,500	128,469,000
Fair value reserve for available-for-sale securities	7,606,259	964,243	7,075,406	835,472
Foreign currency translation reserves	25,118,478	11,780,013	-	-
Other reserves	1,370,624	1,881,768	1,370,623	1,881,767
50% Investments in subsidiaries	-	-	(68,705,963)	(65,729,355)
Total Tier 2	**160,782,860**	**143,095,024**	**66,427,565**	**65,456,884**
Adjusted Tier 2 capital (33% of Tier 1)	**160,782,860**	**143,095,024**	**66,427,566**	**65,456,885**
Total regulatory capital	**788,023,014**	**725,083,522**	**566,381,627**	**538,718,550**
Risk-weighted assets	**3,931,491,554**	**3,621,011,364**	**3,216,589,666**	**3,052,419,013**
Capital ratios				
Total regulatory capital expressed as a percentage of total risk-weighted assets	20.04%	20.02%	17.61%	17.65%
Total tier 1 capital expressed as a percentage of risk-weighted assets	15.95%	16.07%	15.54%	15.50%

IFRS 9 Regulatory Transition Arrangement computation

IFRS 9 impact	(264,255,539)	(264,255,539)	(264,255,539)	(264,255,539)
Transfer from regulatory risk reserve	66,120,824	66,120,824	66,120,824	66,120,824
Net impact	(198,134,715)	(198,134,715)	(198,134,715)	(198,134,715)
Provision basis	0.40	0.40	0.40	0.40
IFRS 9 Regulatory Transition Arrangement	**79,253,886**	**79,253,886**	**79,253,886**	**79,253,886**

The IFRS 9 impact on Capital adequacy ration computation shows a significant increase from N73Bn which was the value of the impact at Access bank as at period of implementation to N264.2Bn for Bank . This is as a result of the merger between Access Bank Plc and the former Dimaond Bank Plc. The IFRS 9 impact from former Diamond Bank Plc was N190.79Bn for Bank

Capital adequacy ratio without adjustment

This is the presentation of the capital adequacy ratio without IFRS 9 Regulatory Transition Arrangement computation

In thousands of Naira	Group June 2020	Group December 2019	Bank June 2020	Bank December 2019
Tier 1 capital without adjusted ECL impact				
Ordinary share capital	17,772,613	17,772,613	17,772,613	17,772,613
Share premium	234,038,850	234,038,850	234,038,850	234,038,850
Retained earnings	254,183,338	225,118,811	210,896,952	192,378,618
Other reserves	157,328,639	124,733,788	110,866,190	98,751,022
Non-controlling interests	7,038,379	8,528,833	-	-
	670,361,819	**610,192,896**	**573,574,605**	**542,941,103**
Add/(Less):				
Fair value reserve for available-for-sale	(7,606,259)	(964,243)	(7,075,406)	(835,472)
Foreign currency translation reserves	(25,118,478)	(11,780,013)	-	-
Other reserves	(1,370,624)	(1,881,768)	(1,370,623)	(1,881,767)
Total Tier 1	**636,266,459**	**595,566,873**	**565,128,577**	**540,223,864**
Add/(Less):				
50% Investments in subsidiaries	-	-	(68,705,963)	(65,729,355)
Deferred tax assets	(7,178,972)	(8,807,563)	-	-
Regulatory risk reserve	(19,976,442)	(18,091,941)	(9,483,000)	(9,483,000)
Intangible assets	(61,124,774)	(65,932,754)	(66,239,438)	(71,003,729)
Adjusted Tier 1	**547,986,270**	**502,734,615**	**420,700,176**	**394,007,780**
Tier 2 capital				
Debt securities issued	126,687,500	128,469,000	126,687,500	128,469,000
Fair value reserve for available-for-sale securities	7,606,259	964,243	7,075,406	835,472
Foreign currency translation reserves	25,118,478	11,780,013	-	-
Other reserves	1,370,624	1,881,768	1,370,623	1,881,767
50% Investments in subsidiaries	-	-	(68,705,963)	(65,729,355)
Total Tier 2	**160,782,860**	**143,095,024**	**66,427,565**	**65,456,884**
Adjusted Tier 2 capital (33% of Tier 1)	**160,782,860**	**143,095,024**	**66,427,565**	**65,456,884**
Total regulatory capital	**708,769,130**	**645,829,639**	**487,127,741**	**459,464,665**
Risk-weighted assets	**3,865,370,730**	**3,554,890,540**	**3,150,468,842**	**2,986,298,189**
Capital ratios				
Total regulatory capital expressed as a percentage of total risk-weighted assets	18.34%	18.17%	15.46%	15.39%
Total tier 1 capital expressed as a percentage of risk-weighted assets	14.18%	14.14%	13.35%	13.19%

7 Operating segments

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

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

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

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

- **Retail banking** – The retail 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 name of this division was recently changed from 'personal banking' to Retail banking' during the year.The private banking segment focuses on offering bespoke services to High Net worth Individuals (HNI) and Ultra High Net worth Individuals (UHNI) by handling their wealth portfolio needs both locally and abroad

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

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

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

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

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

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

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

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

Material total assets and liabilities	**Group June 2020**	***Restated Group December 2019**
In thousands of Naira		
Other Assets	1,376,490,218	1,055,510,452
Deferred tax (net)	7,178,972	8,807,563
Assets Held for Sale	23,757,518	24,957,519
Goodwill	5,235,837	5,235,837
	1,412,662,546	**1,094,511,371**
Other liabilities	312,426,714	324,333,873
Debt Securities issued	164,758,197	157,987,877
Interest-bearing loans and borrowings	592,324,048	586,602,830
Deferred tax	14,100,920	11,272,928
Retirement Benefit Obligation	3,988,680	3,609,037
Total liabilities	**1,087,598,559**	**1,083,806,545**

Material revenue and expenses	**Group June 2020**	**Group June 2019**
Interest expense on debt securities issued		
Interest expense on debts	(9,458,568)	(13,759,546)
	(9,458,568)	**(13,759,546)**

7a Operating segments (continued)

June 2020

In thousands of Naira	Corporate & Investment Banking	Commercial Banking	Business Banking	Retail Banking	Unallocated Segments	Total continuing operations	Total
Revenue:							
Derived from external customers	151,978,239	112,077,671	36,878,197	95,823,134	-	396,757,240	396,757,240
Derived from other business segments	-	-	-	-	-	-	-
Total Revenue	151,978,239	112,077,671	36,878,197	95,823,134	-	396,757,240	396,757,240
Interest Income	95,053,875	77,867,918	21,638,099	52,162,628	-	246,722,520	246,722,520
Interest expense	(48,218,632)	(35,288,904)	(7,672,175)	(19,876,826)	(9,458,568)	(120,515,106)	(120,515,106)
Impairment Losses	(10,710,227)	(6,996,577)	1,026,212	214,901	-	(16,465,691)	(16,465,691)
Profit/(Loss) on ordinary activities before taxation	38,320,699	20,843,786	7,503,209	7,638,529	-	74,306,223	74,306,223
Income tax expense	(6,368,077)	(3,898,826)	(2,007,316)	(997,209)	-	(13,271,428)	(13,271,428)
Profit after tax						61,034,795	61,034,795
Assets and liabilities:							
Loans and Advances to banks and customers	1,314,119,475	1,831,269,866	135,816,154	109,049,031	-	3,390,254,526	3,390,254,526
Goodwill		-	-	-	5,235,837	5,235,837	5,235,837
Tangible segment assets	2,498,896,608	3,210,688,265	355,359,591	294,135,996	-	6,359,080,461	6,359,080,461
Unallocated segment assets	-	-	-	-	1,407,426,709	1,407,426,709	1,407,426,709
Total assets	2,498,896,608	3,210,688,265	355,359,591	294,135,996	1,407,426,709	7,766,507,170	7,766,507,170
Deposits from customers	1,465,338,253	1,040,929,788	481,611,833	1,679,775,655	-	4,667,655,529	4,667,655,529
Segment liabilities	1,675,518,923	1,188,355,015	693,757,748	2,450,915,106	-	6,008,546,792	6,008,546,792
Unallocated segment liabilities	-	-	-	-	1,087,598,559	1,087,598,559	1,087,598,559
Total liabilities	1,675,518,923	1,188,355,015	693,757,748	2,450,915,106	1,087,598,559	7,096,145,351	7,096,145,351
Net assets	823,377,685	2,022,333,250	(338,398,156)	(2,156,779,110)	319,828,150	670,361,819	670,361,821

The line"Derived from external customers" comprises of interest income, fees and commission income, net gain on investment securities and net foreign exchange income. The basis of accounting of transactions among reportable operating segments is on accrual basis.

June 2019
Operating segments (continued)

In thousands of Naira	Corporate & Investment Banking	Commercial Banking	Business Banking	Personal Banking	Unallocated Segments	Total continuing operations	Total
Revenue:							
Derived from external customers	161,530,852	78,008,073	20,044,113	64,792,760	-	324,375,797	324,375,797
Derived from other business segments	-	-	-	-	-	-	-
Total Revenue	161,530,852	78,008,073	20,044,113	64,792,760	-	324,375,797	324,375,797
Interest Income	135,895,484	65,627,988	16,863,060	54,509,979	-	272,896,511	272,896,511
Interest expense	(65,117,902)	(34,450,655)	(7,007,031)	(11,174,885)	-	(117,750,474)	(117,750,474)
Impairment Losses	(2,700,129)	(1,525,905)	(373,507)	(280,130)	-	(4,879,671)	(4,879,671)
Profit/(Loss) on ordinary activities before taxation	35,333,530	21,048,601	6,472,602	11,261,263	-	74,115,997	74,115,997
Income tax expense						(11,091,302)	(11,091,302)
Profit after tax						63,024,694	63,024,694
December 2019							
Assets and liabilities:							
Loans and Advances to banks and customers	1,370,155,157	1,283,314,337	143,528,577	267,406,717	-	3,064,404,788	3,064,404,788
Goodwill	-	-	-	-	5,235,837	5,235,837	5,235,837
Tangible segment assets	2,789,878,313	2,576,723,412	352,297,683	281,246,050	-	6,000,145,458	6,000,145,458
Unallocated segment assets	-	-	-	-	1,146,464,687	1,146,464,687	1,146,464,687
Total assets	2,789,878,313	2,576,723,412	352,297,683	281,246,050	1,146,464,687	7,146,610,145	7,146,610,145
Deposits from customers	1,238,932,440	880,391,040	315,565,547	1,820,948,275	-	4,255,837,303	4,255,837,303
Segment liabilities	1,360,937,180	1,352,167,101	484,667,984	2,254,838,443	-	5,452,610,707	5,452,610,707
Unallocated segment liabilities	-	-	-	-	1,083,806,545	1,083,806,545	1,083,806,545
Total liabilities	1,360,937,180	1,352,167,101	484,667,984	2,254,838,443	1,083,806,545	6,536,417,252	6,536,417,252
Net assets	1,428,941,133	1,224,556,311	(132,370,301)	(1,973,592,393)	62,658,142	610,192,893	610,192,895

The line"Derived from external customers" comprises of interest income, fees and commission income, net gain on investment securities and net foreign exchange income. The basis of accounting of transactions among reportable operating segments is on accrual basis.

7b Geographical segments

The Group operates in three geographic regions, being:

- Nigeria
- Rest of Africa
- Europe

June 2020		**Rest of**		**Total Continuing**	**Discontinued**	**Intercompany**	
In thousands of Naira	**Nigeria**	**Africa**	**Europe**	**Operations**	**Operations**	**elimination**	**Total**
Derived from external customers	338,581,878	39,140,065	22,842,192	400,564,135	-	(3,806,896)	396,757,239
Derived from other segments	-	-	-	-	-	-	-
Total revenue	338,581,878	39,140,065	22,842,192	400,564,135	-	(3,806,896)	396,757,239
Interest income	205,325,877	27,438,900	17,764,637	250,529,414	-	(3,806,896)	246,722,518
Impairment losses	(14,768,613)	(215,958)	(1,481,119)	(16,465,690)	-	-	(16,465,690)
Interest expense	(108,233,080)	(10,504,577)	(5,584,345)	(124,322,002)	-	3,806,896	(120,515,106)
Net fee and commission income	31,847,885	9,951,518	(1,207,138)	40,592,264	-		40,592,264
Operating income	230,348,800	28,635,487	17,257,847	276,242,133	-	-	276,242,133
Profit before income tax	49,069,737	14,794,572	10,441,914	74,306,223	-	-	74,306,223
Assets and liabilities:							
Loans and advances to customers and banks	2,850,706,996	100,290,231	726,779,264	3,677,776,491	-	(287,521,963)	3,390,254,528
Total assets	6,771,040,376	574,580,334	932,712,995	8,278,333,705	-	(511,826,533)	7,766,507,172
Deposit from customers	3,995,649,891	377,016,856	294,988,782	4,667,655,529	-	-	4,667,655,529
Total liabilities	6,197,465,771	486,956,194	773,342,688	7,457,764,654	-	(361,619,300)	7,096,145,354
Net assets	573,574,605	87,624,140	159,370,307	820,569,051	-	(150,207,232)	670,361,819

		Rest of		**Total continuing**	**Discontinued**	**Intercompany**	
June 2019	**Nigeria**	**Africa**	**Europe**	**operations**	**operations**	**elimination**	**Total**
Derived from external customers	277,987,450	32,464,626	19,475,686	329,927,763	(3,884,948)	(5,954,685)	320,088,130
Derived from other segments	-	-	-	-	-	-	-
Total revenue	277,987,450	32,464,626	19,475,686	329,927,763	-	(5,954,685)	320,088,130
Interest income	241,617,079	22,122,761	15,111,355	278,851,196	-	(5,954,685)	272,896,511
Impairment losses	(3,165,199)	(1,670,463)	(45,976)	(4,881,638)	-	-	(4,881,638)
Interest expense	(110,252,757)	(8,651,959)	(4,800,445)	(123,705,161)	-	5,954,685	(117,750,476)
Net fee and commission income	29,185,791	(6,767,829)	15,111,355	37,529,317	-		37,529,317
Operating income	167,734,693	23,812,667	14,675,241	206,222,602	(3,884,948)	-	202,337,654
Profit before income tax	58,022,284	7,017,232	9,076,480	74,115,996	-	-	74,115,996

December 2019							
Assets and liabilities:							
Loans and advances to customers and banks	2,646,036,672	109,740,491	575,848,422	3,331,625,585	-	(267,220,794)	3,064,404,791
Total assets	6,311,041,282	463,255,864	923,193,664	7,697,490,810	-	(550,880,666)	7,146,610,143
Deposit from customers	3,668,339,811	306,476,348	281,021,142	4,255,837,302	-	-	4,255,837,302
Total liabilities	5,768,100,182	398,118,129	782,025,377	6,948,243,684	-	(411,814,937)	6,536,428,751
Net assets	542,941,104	65,137,735	141,168,287	749,247,131	-	(139,065,728)	610,181,397

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 the period ended 30 June 2020 and for the period ended 31 December 2019. 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 2020	Group June 2019	Bank June 2020	Bank June 2019
Interest income				
Cash and balances with banks	5,390,063	4,832,295	4,230,752	2,575,977
Loans and advances to banks	6,724,059	2,567,667	4,273,731	2,480,321
Loans and advances to customers	160,606,501	157,588,573	139,053,006	137,647,710
Investment securities				
-Financial assets at FVOCI	21,617,886	41,281,234	9,615,304	35,855,486
-Financial assets at amortised cost	17,652,024	19,854,916	15,254,910	16,879,176
	211,990,533	226,124,685	172,427,703	195,438,670
-Financial assets at FVPL	34,731,987	46,771,826	32,898,173	46,178,410
	246,722,520	**272,896,511**	**205,325,876**	**241,617,080**
Interest expense				
Deposit from financial institutions	34,065,691	22,891,437	34,015,810	24,073,642
Deposit from customers	63,826,589	72,212,697	52,496,185	63,996,744
Debt securities issued	9,458,568	13,759,546	9,458,568	13,759,546
Lease liabilities	688,073	234,627	415,172	234,627
Interest bearing borrowings and other borrowed funds	12,476,185	8,652,167	11,847,345	8,188,198
	120,515,106	**117,750,474**	**108,233,080**	**110,252,757**
Net interest income	**126,207,414**	**155,146,037**	**97,092,796**	**131,364,323**

Interest income for the period ended 30 June 2020 includes interest accrued on impaired financial assets of Group: N3.96Bn (30 June 2019: N2.09Bn) and Bank: N3.76Bn (30 June 2019: N1.98Bn).

The Group experienced slight growth in interest expense as a result of borrowings whilst the Bank experienced a decline as a result of reduction on cost of deposits rates. The decrease in interest income is attributable to drop in yield of securities and decreased level of trading activities during the period.

9 Net impairment charge on financial assets

In thousands of Naira	Group June 2020	Group June 2019	Bank June 2020	Bank June 2019
Allowance for impairment on loans and advance to banks (note 22)	(2,418,497)	(1,636,922)	(869,384)	(1,427,124)
Allowance for impairment on loans and advance to customers (note 23) (a)	(13,324,286)	(8,091,608)	(13,180,506)	(6,586,935)
Write back/(allowance) on impairment on financial assets in other assets (note 26)	(1,132,843)	4,892,644	(1,127,424)	4,892,644
Allowance for impairment on off balance sheet items (note 34c)	800,376	(26,905)	778,839	(26,905)
Allowance for impairment on money market placement (note 18b)	(5,416)	(155)	(2,088)	(155)
(Allowance)/write back of impairment on investment securities	(385,025)	(16,724)	(368,050)	(16,724)
	(16,465,691)	(4,879,671)	(14,768,613)	(3,165,199)

10 (a) Fee and commission income

In thousands of Naira	Group June 2020	Group June 2019	Bank June 2020	Bank June 2019
Credit related fees and commissions	17,135,879	15,977,941	11,934,065	10,981,700
Account maintenance charge and handling commission	7,135,519	6,165,096	6,926,418	5,732,916
Commission on bills and letters of credit	930,988	1,514,927	847,526	1,404,784
Commissions on collections	447,590	146,530	380,129	109,382
Commission on other financial services	2,763,484	4,811,602	1,619,732	3,685,160
Commission on virtual products	7,936,874	5,781,257	6,662,399	4,677,439
Commission on foreign currency denominated transactions	1,216,938	1,146,298	648,059	739,470
Channels and other E-business income	13,905,503	5,532,969	13,482,936	5,179,709
Retail account charges	302,139	781,563	194,792	699,173
	51,774,914	**41,858,183**	**42,696,056**	**33,209,733**

Credit related fees and commissions are fees charged to corporate customers other than fees included in determining the effective interest rates relating to loans and advances carried at amortized cost. These fees are accounted for in accordance with the Group's revenue accounting policy. All fees and commission recognised in the period and prior period are point in time.

Channels and other E-business income include income from electronic channels, card products and related services.

10 (b) Fee and commission expense

In thousands of Naira	Group June 2020	Group June 2019	Bank June 2020	Bank June 2019
Bank and electronic transfer charges	1,636,955	820,684	1,302,495	515,777
E-banking expense	9,545,695	3,508,182	9,545,676	3,508,165
	11,182,650	**4,328,866**	**10,848,171**	**4,023,942**

Fees and commissions expenses are fees charged for the provision of services to customers transacting on alternate channels platform of the Bank and on the various debit and credit cards issued for the purpose of these payments. They are charged to the Bank on services rendered on internet banking, mobile banking and online purchasing platforms. The corresponding income lines for these expenses include the income on cards (both foreign and local cards), online purchases and bill payments included in fees and commissions. Fees and commissions expense includes the cost incurred to the bank for providing alternate platforms for the purposes of internet banking, mobile banking and online purchases. It also includes expenses incurred by the Bank on the various debit and credit cards issued.

11 Net gain on financial instruments

a Net gain on financial instruments at fair value through profit or loss

In thousands of Naira	Group June 2020	Group June 2019	Bank June 2020	Bank June 2019
Trading gains on Fixed income securities	17,334,905	(2,378,166)	14,242,842	(3,155,772)
Derivative instruments	103,245,900	(1,812,663)	102,947,998	(1,846,358)
Fair value gain on equity investments	13,714,710	5,887,513	13,714,711	5,887,513
Gain on disposal of investment	-	2,265,686	-	2,265,686
Total	**134,295,515**	**3,962,370**	**130,905,551**	**3,151,069**

The gain of N103.25bn on derivatives instruments relates to gains on forward, swap and future contracts entered into by the Group. These transactions also resulted in a short position on the foreign currency financial position which gave rise to the unrealized foreign exchange loss on revaluation and the foreign exchange trading loss based arising from the near legs of the contracts. See note 12.

b (i) Net gains on disposal of financial instruments held as fair value through other comprehensive income

In thousands of Naira	Group June 2020	Group June 2019	Bank June 2020	Bank June 2019
Fixed income securities	545,105	183,520	458,072	183,520
	545,105	**183,520**	**458,072**	**183,520**
Total	**134,840,620**	**4,145,890**	**131,363,623**	**3,334,589**

Net gains/(loss) on financial instruments classified as fair value through profit or loss includes the gains and losses arising both on the purchase and sale of trading instruments and from changes in fair value.

Gain on derivative instruments are from transactions to which the Bank is a party in the normal course of business and are held at fair value. Derivative financial instruments consist of forward, swap and future contracts.

12 Net foreign exchange loss

In thousands of Naira	Group June 2020	Group June 2019	Bank June 2020	Bank June 2019
Foreign exchange trading loss	(8,559,721)	(13,640,320)	(13,847,781)	(20,014,071)
Unrealised foreign exchange loss on revaluation	(57,663,177)	(5,296,565)	(55,639,653)	(3,273,041)
	(66,222,898)	**(18,936,885)**	**(69,487,434)**	**(23,287,112)**

Net foreign exchange loss includes loss arising from the spot leg of derivatives with corresponding gains in note 11.

13 Other operating income

In thousands of Naira	Group June 2020	Group June 2019	Bank June 2020	Bank June 2019
Dividends on equity securities	2,312,433	2,576,171	2,312,433	2,576,171
Gain on disposal of property and equipment	2,449,085	-	2,445,199	-
Rental income	3,810	2,712	-	-
Bad debt recovered	22,359,337	13,966,614	22,338,219	13,523,833
Cash management charges	325,326	299,007	325,326	299,007
Income from agency and brokerage	118,348	260,868	118,348	260,866
Income from asset management	1,064,104	1,692,452	1,064,104	1,692,452
Income from other investments	878,511	315,214	56,734	51,111
Income from other financial services	131,131	5,299,060	23,394	4,709,721
	29,642,085	**24,412,098**	**28,683,757**	**23,113,161**

14 Personnel expenses

In thousands of Naira	Group June 2020	Group June 2019	Bank June 2020	Bank June 2019
Wages and salaries	34,140,292	29,573,293	26,245,338	21,896,720
Increase in defined benefit obligation (see note 37 (a) (i))	384,828	219,360	384,828	219,360
Contributions to defined contribution plans	1,191,879	1,015,475	807,502	650,364
Restricted share performance plan (b)	534,382	437,545	394,282	377,911
	36,251,381	**31,245,673**	**27,831,950**	**23,144,355**

(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. Some members of the Group also have a similar scheme, over the vesting period of 7 years. The RSPP is an equity-settled scheme, where the Bank recognizes an expense and a corresponding increase in equity. Initial estimates of the number of equity settled instruments that are expected to vest are adjusted to current estimates and ultimately to the actual number of equity settled instruments that vest unless differences are due to market conditions.

By the resolution of the Board and Shareholders, the Bank sets aside an amount not exceeding twenty (20) per cent of the aggregate emoluments of the Bank's employees in each financial year to purchase shares of the Bank from the floor of the Nigerian Stock Exchange for the purpose of the plan. The Bank has also established a Structured Entity (SE) to hold shares of the Bank purchased. Upon vesting, the SE transfers the shares to the employee whose interest has vested. The SE is consolidated in the Group's financial statements.

(i) The shares allocated to staff has a contractual vesting year of three to seven years commencing from the year of purchase/allocation to the staff. The Group has no legal or constructive obligation to repurchase or settle on a cash basis.

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

Group

Description of shares		June 2020 Number of Shares	June 2020 Weighted Share Price per Share - Naira	June 2019 Number of Shares	June 2019 Weighted Share Price per Share - Naira
(i)	Shares allocated to s	563,504,767	8.28	522,296,572	7.93
(ii)	Shares allocated dur	28,626,620	6.57	142,135,932	6.57
(iii)	Forfeited during the	(104,113,884)	9.36	(70,934,945)	9.55
(iv)	Exercised during the	(97,490,776)	10.65	(160,096,896)	4.99
(v)	Shares allocated to s	390,526,727	8.50	433,400,663	9.36
	Shares under the scl	729,103,014	8.61	504,050,973	10.55
		Naira ('000)	**Price per Share - Naira**	**Naira ('000)**	**Price per Share - Naira**
Share based expense recognised during the period		534,382	8.50	437,546	9.36

Outstanding allocated shares to staff at the end of the period have the following maturity dates

	Vesting year	Expiry date	Shares
Outstanding allocated shares for the 2017 - 2(	2017 - 2020	1 Jul 2020	27,114,748
Outstanding allocated shares for the 2018 - 2(	2018-2021	1 Jan 2021	90,144,982
Outstanding allocated shares for the 2018 - 2(	2018-2021	1 Jul 2021	19,502,038
Outstanding allocated shares for the 2019 - 2(	2019-2022	1 Jul 2022	253,764,959
			390,526,727

Bank

Description of shares		June 2020 Number of Shares	June 2020 Weighted Share Price per Share - Naira	June 2019 Number of Shares	June 2019 Weighted Share Price per Share - Naira
(i)	Shares allocated to s	492,053,323	8.28	451,894,911	8.04
(ii)	Shares allocated dur	-	-	120,456,964	6.80
(iii)	Forfeited during the	(104,113,884)	9.36	(70,934,945)	9.55
(iv)	Exercised during the	(90,542,767)	10.00	(160,096,896)	4.99
(v)	Shares allocated to s	297,396,672	10.95	341,320,034	12.74
(vi)	Shares under the scl	635,972,959	8.61	411,970,344	10.55
		Naira ('000)	**Price per Share - Naira**	**Naira ('000)**	**Price per Share - Naira**
Share based expense recognised during the period		394,282	10.95	377,911	12.74

Outstanding allocated shares to staff at the end of the period have the following maturity dates

	Vesting year	Expiry date	Shares
Outstanding allocated shares for the 2017 - 2(	2017 - 2020	1 Jul 2020	18,206,174
Outstanding allocated shares for the 2018 - 2(	2018-2021	1 Jan 2021	75,236,408
Outstanding allocated shares for the 2018 - 2(	2018-2021	1 Jul 2021	7,554,147
Outstanding allocated shares for the 2019 - 2(	2019-2022	1 Jan 2022	102,890,780
Outstanding allocated shares for the 2019 - 2(	2019-2022	1 Jul 2022	93,509,163
			297,396,672

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

	Group June 2020	Group June 2019	Bank June 2020	Bank June 2019
	years	years	years	years
Weighted average contractual life of remaining shares	1.47	1.51	1.30	1.59

Under the restricted share performance plan, N925.37 million worth of shares were granted to employees of the Bank at a wieghted avearge fair value of N6.7 per share on grant date. The fair value of shares is the grant date fair value of each ordinary shares of the Bank listed on the floor of the Nigerian Stock Exchange

ii. The average number of persons other than directors, in employment at the Group level during the period comprise:

	Group June 2020	Group June 2019	Bank June 2020	Bank June 2019
	Number	Number	Number	Number
Managerial	344	350	283	299

Other staff	6,273	7,023	5,293	6,062
	6,617	**7,373**	**5,576**	**6,361**

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 2020	Group June 2019	Bank June 2020	Bank June 2019
	Number	Number	Number	Number
Below N900,000	-	-	-	-
N900,001 - N1,990,000	-	-	-	-
N1,990,001 - N2,990,000	607	527	607	527
N2,990,001 - N3,910,000	1,354	3	1,085	3
N3,910,001 - N4,740,000	5	1,641	5	1,398
N4,740,001 - N5,740,000	1,779	6	1,561	6
N5,740,001 - N6,760,000	-	2,118	-	1,892
N6,760,001 - N7,489,000	1,039	-	830	-
N7,489,001 - N8,760,000	848	1,152	680	935
N8,760,001 - N9,190,000	-	862	-	698
N9,190,001 - N11,360,000	637	-	521	-
N11,360,001 - N14,950,000	1	712	1	601
N14,950,001 - N17,950,000	153	-	130	-
N17,950,001 - N21,940,000	98	175	83	148
N21,940,001 - N26,250,000	48	97	38	84
N26,250,001 - N30,260,000	26	-	22	-
N30,261,001 - N45,329,000	16	80	13	69
Above N45,329,000	6	-	-	-
	6,617	**7,373**	**5,576**	**6,361**

15 Other operating expenses

In thousands of Naira	Group June 2020	Group June 2019	Bank June 2020	Bank June 2019
Premises and equipment costs	6,985,188	6,287,979	6,191,376	5,171,047
Professional fees	5,398,828	4,345,634	4,550,329	3,607,205
Insurance	774,448	562,048	635,256	437,032
Business travel expenses	4,308,468	4,309,091	4,090,752	3,926,287
Asset Management Corporation of Nigeria (AMCON) surcharge	35,435,426	22,644,521	35,435,426	22,644,521
Bank charges	2,236,588	1,335,663	1,801,033	764,960
Deposit insurance premium	7,535,271	5,848,717	7,399,689	5,848,717
Auditor's remuneration	467,094	561,470	322,500	451,608
Administrative expenses	7,732,099	3,863,418	7,352,316	4,525,171
Board expenses	712,990	762,208	535,207	615,562
Communication expenses	3,466,305	1,960,355	2,838,588	1,487,742
IT and e-business expenses	12,090,773	6,329,121	10,594,185	5,013,814
Outsourcing costs	11,393,808	6,112,396	10,843,976	5,631,628
Advertisements and marketing expenses	6,697,700	3,336,493	6,428,879	3,104,452
Recruitment and training	2,338,779	2,757,832	2,198,954	2,587,504
Events, charities and sponsorship	4,339,033	3,806,469	4,181,505	3,665,000
Periodicals and subscriptions	254,781	454,552	135,615	327,267
Security expenses	2,642,667	1,691,587	2,338,714	1,460,271
Loss on disposal of non current asset held for sale	-	305,770	-	305,770
Cash processing and management cost	3,253,103	1,625,749	3,160,706	1,547,877
Stationeries, postage and printing	952,812	538,584	791,723	364,756
Office provisions and entertainment	330,979	317,676	175,633	210,941
Rent expenses	1,328,377	822,145	1,009,364	67,792
	120,675,517	**80,579,478**	**113,011,726**	**73,766,924**

16 Income tax

In thousands of Naira	Group June 2020	Group June 2019	Bank June 2020	Bank June 2019
Current tax expense				
Corporate income tax	6,524,898	5,051,270	-	-
Minimum tax	1,715,347	2,984,388	1,715,347	2,984,438
IT tax	490,697	580,223	490,698	580,223
Education tax	-	-	-	-
Capital gains tax	-	-	-	-
Police fund tax levy	2,454	-	2,453	-
Prior year's under provision	-	-	-	-
	8,733,396	8,615,881	2,208,498	3,564,661
Deferred tax expense				
Origination of temporary differences	4,538,032	2,475,421	4,285,371	4,053,316
Income tax expense	13,271,428	11,091,302	6,493,869	7,617,977

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

	Group June 2020	Group December 2019	Bank June 2020	Bank December 2019
Balance at the beginning of the period	3,531,410	4,057,861	1,409,436	2,939,801
Acquired from business combination	-	472,844	-	327,525
Tax paid	(8,940,978)	(14,686,580)	(833,942)	(5,677,826)
Income tax charge	8,733,396	13,938,382	2,208,498	3,819,936
Withholding tax utilization	(643,591)	-	(643,591)	-
Translation adjustments	18,333	(251,097)	-	-
Balance at the end of the period	**2,698,570**	**3,531,410**	**2,140,401**	**1,409,436**

Income tax liability is to be settled within one year

Income tax for the Bank has been assessed under the minimum tax regulation.

In thousands of Naira	Group June 2020	Group June 2020	Group June 2019	Group June 2019
Profit before income tax		74,306,223		74,115,996
Income tax using the domestic tax rate	30%	22,291,867	30%	22,234,799
Effect of tax rates in foreign jurisdictions	-5%	(3,626,283)	-3%	(2,274,889)
Information technology tax	1%	494,215	0%	314,186
Capital allowance utilised for the period	0%		0%	-
Non-deductible expenses	16%	11,984,379	7%	5,517,093
Tax exempt income	-36%	(26,736,031)	-5%	(3,431,279)
Tax losses unutilised	0%		0%	-
Education tax levy	0%	9,895	0%	-
Capital gain tax	0%		0%	-
Capital allowance	12%	8,853,387	-15%	(11,268,606)
Under provided in prior years	0%	-	0%	-
Minimum tax effect	0%	-	0%	-
Effective tax rate	**18%**	**13,271,429**	**15%**	**11,091,304**

In thousands of Naira	Bank June 2020	Bank June 2020	Bank June 2019	Bank June 2019
Profit before income tax		49,069,737		58,022,284
Income tax using the domestic tax rate	30%	14,720,922	30%	17,406,685
Effect of tax rates in foreign jurisdictions	0%	-	0%	-
Information technology tax	1%	490,697	1%	580,223
Non-deductible expenses	19%	9,155,758	6%	3,718,835
Tax exempt income	-54%	(26,729,348)	-5%	(2,819,112)
Education tax levy	0%	-	0%	-
Capital gain tax	0%	-	0%	-
Nigerian Police fund levy	0%	2,453	0%	-
Effect of prior year under provision	0%	-	0%	-
Capital allowance	18%	8,853,387	-19%	(11,268,606)
Minimum tax effect	0%	-	0%	-
Effective tax rate	**13%**	**6,493,869**	**13%**	**7,618,025**

Current income tax liabilities are due within 12 months from the period end date

17 Earnings per share
(a) Basic from continuing operations
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the company and held as treasury shares.

In thousands of Naira	Group June 2020	*Restated Group June 2019	Bank June 2020	*Restated Bank June 2019
Profit for the period from continuing operations	60,358,948	61,143,194	42,575,868	49,253,286
Weighted average number of ordinary shares in issue	35,545,226	32,714,512	35,545,226	32,714,512
Weighted average number of treasury Shares	729,103	504,051	-	-
	34,816,123	32,210,461	35,545,226	32,714,512
In kobo per share				
Basic earnings per share from continuing operations	173	190	120	151

Diluted EPS

Diluted earnings per share is calculated by considering the impact of the treasury shares in weighted average number of ordinary shares outstanding

In thousands of Naira	Group June 2020	*Restated Group June 2019	Bank June 2020	*Restated Bank June 2019
Profit for the year from continuing operations	60,358,948	61,143,194	42,575,868	49,253,286
Weighted average number of ordinary shares in issue	35,545,226	32,714,512	35,545,226	32,714,512
In kobo per share				
Diluted earnings per share from continuing operations	170	187	120	151

18 Cash and balances with banks

In thousands of Naira	Group June 2020	Group December 2019	Bank June 2020	Bank December 2019
Cash on hand and balances with banks (see note (i))	461,034,459	457,085,624	366,237,720	346,003,407
Unrestricted balances with central banks	34,109,382	117,883,814	12,912,034	97,734,073
Money market placements	79,551,899	48,838,459	14,023,984	32,822,516
Other deposits with central banks (see note (ii)	89,317,165	99,347,553	89,317,165	99,347,552
	664,012,905	**723,155,450**	**482,490,903**	**575,907,548**
ECL on Placements	(96,862)	(91,447)	(3,363)	(1,275)
	663,916,043	**723,064,003**	**482,487,540**	**575,906,273**

(i) Included in cash on hand and balances with banks is an amount of N22.44Bn (31 Dec 2019: N25.97Bn) representing the Naira value of foreign currencies held on behalf of customers to cover letter of credit transactions. The corresponding liability is included in customer's deposit for foreign trade reported under other liabilities (see Note 34). This has been excluded for cash flow purposes.

(ii) The balance of N89.3bn represents the nominal value of outstanding forward contracts entered on behalf of customers, with the Central Bank of Nigeria.

Movement in ECL on Placements

	Group June 2020	Group December 2019	Bank June 2020	Bank December 2019
Opening balance at beginning of the year	91,446	3,206	1,275	742
Acquired from business combination	-	4,064	-	4,063
Additional allowance	-	-	-	-
-Charge for the period	5,416	91,338	2,088	534
Write off	-	(7,161)	-	(4,064)
Closing balance	**96,862**	**91,447**	**3,363**	**1,275**

The sum of N4.06Mn and N7.16Mn write off in both bank and Group represents the write off attributable to residual balances in interest receivable.

19 Investment under management

In thousands of Naira	Group June 2020	Group December 2019	Bank June 2020	Bank December 2019
Relating to unclaimed dividends:				
Government bonds	4,290,155	2,054,650	4,290,155	2,054,650
Placements	7,264,508	9,779,427	7,264,508	9,779,427
Commercial paper	4,593,189	6,849,720	4,593,189	6,849,720
Nigerian treasury bills	6,261,538	4,280,814	6,261,538	4,280,814
Mutual funds	4,116,252	2,889,702	4,116,252	2,889,702
Eurobonds	2,702,207	2,437,646	2,702,207	2,437,646
	29,227,849	**28,291,959**	**29,227,849**	**28,291,959**

The Bank entrusted the sum transferred to it by the Registrars in respect of unclaimed dividends with select Asset Managers who will ensure safekeeping and manage the funds for the benefit of the Bank. The investments by the Asset Managers are as listed above (the corresponding liability which is due to the Registrar is reported as "unclaimed dividend" in other liabilities.

20 Non pledged trading assets

In thousands of Naira	Group June 2020	Group December 2019	Bank June 2020	Bank December 2019
Government bonds	74,950,715	40,021,277	14,761,365	2,222,417
Eurobonds	151,667	-	151,667	-
Treasury bills	208,319,673	89,797,962	191,384,924	74,749,344
	283,422,055	**129,819,239**	**206,297,956**	**76,971,761**

21 Derivative financial instruments

In thousands of Naira	Notional amount	Fair Value Assets/ (Liabilities)	Notional amount	Fair Value Assets/ (Liabilities)
	June 2020		December 2019	
Group				
Foreign exchange derivatives				
Total derivative assets	**1,107,989,310**	**259,584,207**	**1,200,294,464**	**143,520,553**
Non-deliverable future contracts	-	13,700,813	-	1,073,677
Forward and swap contracts	1,107,989,310	245,883,394	1,215,811,042	142,446,876
Total derivative liabilities	**254,083,638**	**(20,645,382)**	**82,812,664**	**(6,885,680)**
Non-deliverable future contracts	-	(13,705,173)	-	(1,027,272)
Forward and swap contracts	254,083,638	(6,940,209)	82,812,664	(5,858,408)

	Notional amount	Fair Value Assets/ (Liabilities)	Notional amount	Fair Value Assets/ (Liabilities)
	June 2020		December 2019	
Bank				
Foreign exchange derivatives				
Total derivative assets	**1,065,137,601**	**259,030,652**	**1,150,759,629**	**143,480,073**
Non-deliverable future contracts	-	13,700,813	-	1,073,677
Forward and swap contracts	1,065,137,601	245,329,839	1,150,759,629	142,406,396
Total derivative liabilities	**179,014,301**	**(19,703,286)**	**78,393,273**	**(6,827,293)**
Non-deliverable future contracts	-	(13,705,174)	-	(1,027,272)
Forward and swap contracts	179,014,301	(5,998,112)	78,393,273	(5,800,021)

Derivative financial instruments consist of forward, swap and future contracts. These are held for day to day cash management rather than for trading purposes and are held at fair value. The contracts have intended settlement dates of between 30 days and a year. All derivative contracts are considered to be valued with reference to data obtained from the Financial Market Dealer Quotation (FMDQ).

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

22 Loans and advances to banks

In thousands of Naira	Group June 2020	Group December 2019	Bank June 2020	Bank December 2019
Loans and advances to banks	392,319,597	154,450,204	228,201,187	165,774,988
Less allowance for impairment losses	(1,882,859)	(1,625,123)	(70,611)	(1,361,987)
	390,436,738	**152,825,081**	**228,130,576**	**164,413,001**

Group

Impairment allowance for loans and advances to banks

In thousands of Naira	June 2020			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade:				
Investment	1,835,182	-	-	1,835,182
Standard grade	-	-	-	-
Non Investment	-	-	47,677	47,677
Total	**1,835,182**	**-**	**47,677**	**1,882,859**

	June 2020			
	Stage 1	Stage 2	Stage 3	Total ECL
ECL allowance as at 1 January 2020	6,986	-	1,618,137	1,625,123
-Charge for the period:	-	-	-	-
Transfers to Stages	-	-	-	-
Total net P&L charge during the period	1,828,196	-	590,301	2,418,497
Amounts written off	-	-	(2,160,761)	(2,160,761)
At 30 June 2020	**1,835,182**	**-**	**47,677**	**1,882,859**
	1,812,315	-	(1,812,315)	

Impairment allowance for loans and advances to banks

In thousands of Naira	December 2019			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade:				
Investment	6,986	-	-	6,986
Standard grade	-	-	-	-
Non Investment	-	-	1,618,137	1,618,137
Total	**6,986**	**-**	**1,618,137**	**1,625,123**

	Stage 1	Stage 2	Stage 3	Total
Restated ECL allowance as at 1 January 2019	35,178	-	45,026	80,204
Acquired from Business Combination	3,245	-	4,154	7,399
-Charge for the period:	-	-	-	-
Total net P&L charge during the period	231,765	-	1,305,755	1,537,520
Amounts written off	-	-	-	-
At 31 December 2019	**270,188**	**-**	**1,354,935**	**1,625,123**

Bank

Loans to banks
In thousands of Naira

	June 2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total ECL**
Internal rating grade:				
Investment	22,934	-	-	22,934
Standard grade	-	-	-	-
Non Investment	-	-	47,677	47,677
Total	**22,934**	**-**	**47,677**	**70,611**

	June 2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total ECL**
ECL allowance as at 1 January 2020	7,053	-	1,354,935	1,361,988
Acquired from Business Combination	-	-	-	-
-Charge for the period:	-	-	-	-
Total net P&L charge during the period	15,881	-	853,503	869,384
Amounts written off	-	-	(2,160,761)	(2,160,761)
At 30 June 2020	**22,934**	**-**	**47,677**	**70,611**

Impairment allowance for loans and advances to banks
In thousands of Naira

	December 2019			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Internal rating grade:				
Investment	6,986	-	-	6,986
Standard grade	-	-	-	-
Non Investment	-	-	1,355,001	1,355,001
Total	**6,986**	**-**	**1,355,001**	**1,361,987**

	December 2019			
	Stage 1	**Stage 2**	**Stage 3**	**Total ECL**
ECL allowance as at 1 January 2019	35,178	-	45,027	80,205
Acquired from Business Combination	-	-	-	-
-Charge for the period:	-	-	-	-
Total net P&L charge during the period	(28,192)	-	1,309,974	1,281,782
Amounts written off	-	-	-	-
At 31 December 2019	**6,986**	**-**	**1,355,001**	**1,361,987**

23 Loans and advances to customers

a **Group**

In thousands of Naira	**June 2020**
Loans to individuals	
Retail Exposures	
Auto Loan	11,608,936
Credit Card	17,257,902
Finance Lease (note 23c)	337,667
Mortgage Loan	64,808,255
Overdraft	636,971
Personal Loan	46,573,926
Term Loan	19,442,269
Time Loan	41,920,385
	202,586,310
Less allowance for expected credit loss	(2,529,329)
	200,056,981

Loans to corporate entities and other organizations	
Non-Retail Exposures	
Auto Loan (note 23c)	2,655,743
Credit Card	289,800
Finance Lease (note 23c)	4,875,420
Mortgage Loan	43,798,611
Overdraft	395,769,004
Personal Loan	-
Term Loan	2,109,158,719
Time Loan	402,115,748
	2,958,663,045
Less allowance for expected credit loss	(158,902,238)
	2,799,760,807

Loans and advances to customers (Individual and corporate entities and other organizations)	3,161,249,355
Less allowance for expected credit loss	(161,431,567)
	2,999,817,788

ECL allowance on loans and advances to customers

Loans to Individuals
In thousands of Naira

	June 2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Internal rating grade				
Investment	-	-	-	-
Standard grade	288,644	292,402	-	581,046
Non-Investment	-	235,288	1,712,994	1,948,282
Sub-standard grade	-	-	-	-
Total	**288,644**	**527,690**	**1,712,994**	**2,529,328**

	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2020	712,723	1,223,766	3,239,997	5,176,486
- Charge for the period:				-
Transfers to Stages	(55,046)	(1,247,946)	1,302,992	0
Total net P&L charge during the period	(304,359)	810,567	595,786	1,101,994
Amounts written off	-	-	(3,102,412)	(3,102,412)
Translation difference	(64,674)	(258,696)	(323,370)	(646,740)
At 30 June 2020	**288,644**	**527,689**	**1,712,994**	**2,529,328**

Loans to corporate entities and other organizations
In thousands of Naira

	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Investment	2,557,397	16,633,273	-	19,190,670
Standard grade	14,665,454	57,125,503	3,296,954	75,087,911
Non-Investment	-	13,431,747	51,191,910	64,623,657
Sub-standard grade				
Total	**17,222,851**	**87,190,522**	**54,488,865**	**158,902,238**

	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2020	20,708,736	109,914,847	55,590,669	186,214,252
Acquired from Business Combination	-	-	-	-
- Charge for the period:	-	-	-	-
Transfers to Stages	(693,988)	(25,344,456)	26,038,444	-
Total net P&L charge during the period	(3,507,537)	753,144	14,976,685	12,222,292
Amounts written off	-	-	(43,304,804)	(43,304,804)
Translation difference	715,640	1,866,986	1,187,872	3,770,498
At 30 June 2020	**17,222,851**	**87,190,521**	**54,488,865**	**158,902,238**

Group

In thousands of Naira	**December 2019**
Loans to individuals	
Retail Exposures	
Auto Loan	14,653,393
Credit Card	19,014,547
Finance Lease (note 23c)	186,896
Mortgage Loan	81,814,281
Overdraft	18,645,708
Personal Loan	52,940,646
Term Loan	15,736,788
Time Loan	6,853,714
	209,845,973
Less Allowance for ECL/Impairment losses	(5,176,485)
	204,669,488
Loans to corporate entities and other organizations	
Non-Retail Exposures	
Auto Loan (note 23c)	3,203,006
Credit Card	325,196
Finance Lease (note 23c)	4,959,983
Mortgage Loan	61,060,992
Overdraft	281,083,142
Personal Loan	-
Term Loan	2,169,523,811
Time Loan	372,968,343
	2,893,124,473
Less Alowance for ECL/Impairment losses	(186,214,253)
	2,706,910,220
Loans and advances to customers (Individual and corporate entities and other organizations)	3,102,970,446
Less Allowance for ECL/Impairment losses	(191,390,738)
	2,911,579,708

ECL allowance on loans and advances to customers

Loans to Individuals
In thousands of Naira

	December 2019			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Investment	-	-	-	-
Standard grade	712,723	642,545	-	1,355,268
Non-Investment	-	581,220	3,239,997	3,821,217
Sub-standard grade	-	-	-	-
Total	**712,723**	**1,223,765**	**3,239,997**	**5,176,485**

	Stage 1	Stage 2	Stage 3	Total ECL
ECL allowance as at 1 January 2019	542,505	490,339	4,641,687	5,674,531
Acquired from Business Combination	3,778,488	257,325	6,028,142	10,063,955
- Charge for the period				
Total net P&L charge during the period	(3,608,271)	476,102	(6,397,737)	(9,529,906)
Amounts written off	-	-	(1,032,094)	(1,032,094)
At 31 December 2019	**712,722**	**1,223,765**	**3,239,998**	**5,176,485**

Loans to corporate entities and other organizations
In thousands of Naira

	December 2019			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Investment	1,918,337	27,033,883	-	28,952,220
Standard grade	18,790,398	32,848,728	-	51,639,126
Non-Investment	-	50,032,238	55,590,669	105,622,907
Total	**20,708,736**	**109,914,849**	**55,590,669**	**186,214,253**

	Stage 1	Stage 2	Stage 3	Total ECL
ECL allowance as at 1 January 2019	26,158,327	40,303,328	16,028,608	82,490,263
Acquired from Business Combination	28,717,717	41,269,036	89,170,100	159,156,853
- Charge for the period	-	-	-	-
Total net P&L charge during the period	(34,167,309)	28,342,484	35,387,308	29,562,484
Amounts written off	-	-	(91,492,193)	(91,492,193)
Translation difference	-	-	6,496,846	6,496,846
At 31 December 2019	**20,708,736**	**109,914,848**	**55,590,669**	**186,214,253**

23 Loans and advances to customers

b Bank

In thousands of Naira	**June 2020**
Loans to individuals	
Retail Exposures	
Auto Loan	2,796,026
Credit Card	15,891,292
Finance Lease (note 23c)	177,336
Mortgage Loan	3,190,325
Overdraft	-
Personal Loan	32,028,952
Term Loan	18,289,064
Time Loan	18,177,995
	90,550,990
Less Allowance for Expected credit loss	(2,040,374)
	88,510,616
Loans to corporate entities and other organizations	
Non-Retail Exposures	
Auto Loan (note 23c)	2,655,755
Credit Card	289,581
Finance Lease (note 23c)	4,478,100
Mortgage Loan	-
Overdraft	382,102,820
Term Loan	1,896,815,393
Time Loan	394,684,246
	2,681,025,895
Less Allowance for Expected credit loss	(146,960,091)
	2,534,065,804
Loans and advances to customers (Individual and corporate entities and other organizations)	2,771,576,885
Less Allowance for Expected credit loss	(149,000,465)
	2,622,576,420

ECL allowance on loans and advances to customers

Loans to Individuals

In thousands of Naira	June 2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Internal rating grade				
Investment	-	-	-	-
Standard grade	263,782	292,404	-	556,186
Non-Investment	-	102,689	1,381,497	1,484,186
Total	**263,782**	**395,093**	**1,381,497**	**2,040,372**

	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2020	632,815	1,117,221	3,026,908	4,776,944
- Charge for the period:				
Transfers to Stages	-	(1,274,000)	1,274,000	-
Total net P&L charge during the period	(369,033)	551,872	(1,044,749)	(861,910)
Amounts written off	-	-	(1,874,662)	(1,874,662)
At 30 June 2020	**263,782**	**395,093**	**1,381,497**	**2,040,372**

Loans to corporate entities and other organizations
In thousands of Naira

	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Investment	2,396,621	16,633,273	-	19,029,894
Standard grade	14,022,352	57,125,502	3,296,955	74,444,809
Non-Investment	-	10,249,384	43,236,004	53,485,388
Sub-standard grade				
Total	**16,418,973**	**84,008,159**	**46,532,959**	**146,960,091**

	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2020	18,388,167	107,357,778	50,476,532	176,222,477
- Charge for the year:	-	-	-	
Transfers to Stages	(67)	(24,022,881)	24,022,948	-
Total net P&L charge during the period	(1,969,127)	673,262	15,338,280	14,042,415
Amounts written off	-	-	(43,304,801)	(43,304,801)
Foreign exchange revaluation	-	-	-	-
At 30 June 2020	**16,418,973**	**84,008,159**	**46,532,960**	**146,960,091**

23 Loans and advances to customers

b Bank

In thousands of Naira	December 2019
Loans to individuals	
Retail Exposures	
Auto Loan	3,333,527
Credit Card	17,315,389
Finance Lease (note 23c)	71,791
Mortgage Loan	2,577,130
Overdraft	18,129,969
Personal Loan	34,817,131
Term Loan	14,708,495
Time Loan	5,062,800
	96,016,232
Less Allowance for ECL/Impairment losses	(4,776,944)
	91,239,288
Loans to corporate entities and other organizations	
Non-Retail Exposures	
Auto Loan (note 23c)	3,203,006
Credit Card	324,891
Finance Lease (note 23c)	4,590,176
Mortgage Loan	-
Overdraft	262,574,362
Term Loan	1,932,416,926
Time Loan	363,497,497
	2,566,606,858
Less Allowance for ECL/Impairment losses	(176,222,475)
	2,390,384,383
Loans and advances to customers (Individual and corporate entities and other organizations)	2,662,623,090
Less Allowance for ECL/Impairment losses	(180,999,419)
	2,481,623,671

Impairment allowance on loans and advances to customers

Loans to Individuals
In thousands of Naira

	December 2019			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Investment	-	-	-	-
Standard grade	632,815	642,546	-	1,275,361
Non-Investment	-	474,675	3,026,908	3,501,583
Total	**632,815**	**1,117,221**	**3,026,908**	**4,776,944**

	Stage 1	**Stage 2**	**Stage 3**	**Total**
ECL allowance as at 1 January 2019	460,839	381,451	4,425,360	5,267,650
Write offs)	3,778,488	257,324	6,028,142	10,063,954
- Charge for the period	-	-	-	
Total net P&L charge during the period	(3,606,512)	478,445	(6,394,499)	(9,522,566)
Amounts written off	-	-	(1,032,094)	(1,032,094)
At 31 December 2019	**632,815**	**1,117,220**	**3,026,909**	**4,776,944**

Loans to corporate entities and other organizations
In thousands of Naira

	December 2019			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Internal rating grade				
Investment	1,454,222	27,033,881	-	28,488,103
Standard grade	16,933,943	32,848,728	-	49,782,671
Non-Investment	-	47,475,169	50,476,532	97,951,701
Sub-standard grade	-	-	-	-
Total	**18,388,165**	**107,357,778**	**50,476,532**	**176,222,475**

	Stage 1	**Stage 2**	**Stage 3**	**Total ECL**
ECL allowance as at 1 January 2019	23,517,781	37,690,005	10,800,514	72,008,300
Acquired from Business Combination	28,717,717	41,263,043	89,170,101	159,150,861
- Charge for the period				
Total net P&L charge during the period	(33,847,332)	28,404,728	36,377,667	30,935,063
Amounts written off	-	-	(91,392,193)	(91,392,193)
Foreign exchange revaluation	-	-	5,520,444	5,520,444
At 31 December 2019	**18,388,166**	**107,357,776**	**50,476,533**	**176,222,475**

23(c) Advances under finance leases

Loans and advances to customers at amortised cost include the following finance lease receivables for leases of certain property, automobile/vehicle and equipment where the group is the lessor:

In thousands of Naira	Group June 2020	Group December 2019	Bank June 2020	Bank December 2019
Gross investment in finance lease, receivable	21,875,709	24,543,646	12,364,275	13,735,198
Unearned finance income on finance leases	(4,364,863)	(7,515,554)	(967,922)	(1,853,986)
Net investment in finance leases	17,510,846	17,028,092	11,396,353	11,881,212
Gross investment in finance leases, receivable:				
Less than one year	8,689,213	12,696,773	3,933,496	7,292,549
Between one and five years	13,186,496	11,846,874	8,430,779	6,442,649
Later than five years	-	-	-	-
	21,875,709	24,543,647	12,364,275	13,735,198
Unearned finance income on finance leases	(4,364,863)	(7,515,554)	(967,922)	(1,853,986)
Present value of minimum lease payments	17,510,846	17,028,093	11,396,353	11,881,212
Present value of minimum lease payments may be analysed				
- Less than one year	12,622,020	7,866,303	5,076,867	5,292,863
- Between one and five years	11,075,203	9,161,789	6,319,486	6,588,349
- Later than five years	-	-	-	-

24 Pledged assets

In thousands of Naira	Group June 2020	Group December 2019	Bank June 2020	Bank December 2019
-Financial instruments at FVOCI				
Treasury bills	68,708,829	30,388,532	68,708,829	30,388,532
Government bonds	3,001,493	-	3,001,493	-
	71,710,322	30,388,532	71,710,322	30,388,532
-Financial instruments at amortised cost				
Treasury bills	74,527,346	452,686,283	74,527,346	452,686,283
Government bonds	71,113,651	82,599,583	71,113,651	82,599,583
	145,640,997	535,285,866	145,640,997	535,285,866
-Financial instruments at FVPL				
Treasury bills	34,040,076	39,881,493	34,040,075	39,881,494
Government bonds	-	-	-	-
	34,040,076	39,881,493	34,040,075	39,881,494
	251,391,395	**605,555,891**	**251,391,394**	**605,555,892**

The related liability for assets pledged as collateral include:

Central Bank of Nigeria (CBN)	251,811,993	251,051,432	251,811,993	251,051,432
Bank of Industry (BOI)	20,644,190	22,191,400	20,644,190	22,191,400
	272,456,183	**273,242,832**	**272,456,183**	**273,242,832**

The disclosure above does not include liabilities where actual cash was received . The other counterparties included in this category of pledged assets include FIRS, Valu card, interswitch, Nibss and others.

(i) The assets pledged as collateral include assets pledged to third parties under secured borrowing with the related liability disclosed above. Pledged assets includes pledges to counterparties for total return swap of N 720.38mn (31 December 2019: N117.97bn). The pledges have been made in the normal course of business of the Bank. In the event of default, the pledgee has the right to realise the pledged assets. This disclosure in 24(i) is inclusive of only liabilities that actual cash has been received for.

25 Investment securities

At fair value through profit or loss *In thousands of Naira*	Group June 2020	Group December 2019	Bank June 2020	Bank December 2019
Equity securities at fair value through profit or loss (see note (i) below)	126,874,839	113,158,320	126,841,333	113,126,623

At fair value through other comprehensive income *In thousands of Naira*	**June 2020**	**December 2019**	**June 2020**	**December 2019**
Debt securities				
Government bonds	147,112,697	64,989,934	58,528,847	4,823,398
Treasury bills	414,885,827	232,813,374	303,445,179	77,897,548
Eurobonds	6,851,633	2,860,694	-	-
Corporate bonds	10,976,874	7,815,595	10,976,874	7,815,595
State government bonds	18,155,874	6,311,454	18,155,874	6,311,454
Promissory notes	2,756,789	807,619	2,756,789	807,619
	600,739,694	315,598,670	393,863,563	97,655,614
Changes in fair value of FVOCI instruments	6,406,405	2,485,121	6,019,414	2,591,363
Changes in allowance on FVOCI financial instruments	235,611	109,420	220,521	63,712
Net fair value changes in FVOCI instruments	**6,642,015**	**2,594,540**	**6,239,935**	**2,655,075**

At amortised cost *In thousands of Naira*				
Debt securities				
Treasury bills	220,030,982	379,283,381	184,999,935	341,786,029
Federal government bonds	254,927,813	255,138,534	234,864,226	240,150,170
State government bonds	6,784,844	9,236,259	6,784,844	9,236,259
FGN Promissory notes	427,536	10,844,042	427,537	10,844,042
Corporate bonds	481,802	510,161	481,802	510,162
Eurobonds	1,307,834	1,394,042	821,063	932,242
Gross amount	483,960,811	656,406,418	428,379,407	603,458,904
ECL on financial assets at amortized cost	(708,636)	(559,223)	(681,717)	(534,188)
Carrying amount	483,252,175	655,847,195	427,697,690	602,924,716
Total	**1,210,866,708**	**1,084,604,185**	**948,402,586**	**813,706,953**

ECL allowance on investments at fair value through other comprehensive income

In thousands of Naira	Group June 2020	Group December 2019	Bank June 2020	Bank December 2019
Opening balance at 1 January 2020	111,096	1,676	63,712	1,676
Additional allowance	235,612	109,420	220,521	62,036
Revaluation difference	-	-	-	-
Balance, end of period	**346,708**	**111,096**	**284,233**	**63,712**

ECL on financial assets at fair value through OCI are presented in statement of changes in equity.

ECL allowance on investments at amortized cost

In thousands of Naira	Group June 2020	Group December 2019	Bank June 2020	Bank December 2019
Opening balance at 1 January 2020/1 Jan 2019	559,223	17,368	534,188	17,368
Acquired from business combination	-	188,655	-	188,655
-Charge for the period	149,413	353,200	147,529	328,165
Write off	-	-	-	-
Balance, end of period	**708,636**	**559,223**	**681,717**	**534,188**

(i) Equity securities at FVPL (carrying amount)

Central securities clearing system limited	5,304,329	4,312,500	5,304,329	4,312,500
Nigeria interbank settlement system plc.	9,895,760	4,999,760	9,895,760	4,999,760
Unified payment services limited	4,694,305	6,732,958	4,694,305	6,732,958
Africa finance corporation	99,916,340	89,805,806	99,916,340	89,805,806
E-Tranzact	598,933	598,936	598,933	598,936
African export-import bank	41,330	34,396	41,330	34,396
FMDQ OTC Plc	660,463	684,900	660,463	684,900
Nigerian mortage refinance company plc.	239,443	305,227	239,443	305,227
Credit reference company	568,067	391,854	568,067	391,854
NG Clearing Limited	210,477	227,491	210,477	227,491
Capital Alliance Equity Fund	4,661,885	4,982,794	4,661,885	4,982,794
Shared agent network expansion facility	50,000	50,000	50,000	50,000
Others	33,507	31,698	-	-
	126,874,837	**113,158,320**	**126,841,332**	**113,126,622**

25 (b) Debt instruments other than those designated at fair value through profit or loss

The table below shows the analysis of the Bank's debt instruments measured at FVOCI and amortized cost by credit risk, based on the Bank's internal credit rating system and year end- stage classificaton.

Group — **June 2020**

At fair value through other comprehensive income
In thousands of Naira

	Fair value	ECL
Debt securities		
Government bonds	147,112,697	52,372
Treasury bills	414,885,827	92,318
Eurobonds	6,851,633	62,477
Corporate bonds	10,976,874	33,510
State government bonds	18,155,874	106,030
Promissory notes	2,756,789	-
Total	**600,739,694**	**346,707**

At amortised cost
In thousands of Naira

	Amortized cost	ECL	Carrying Amount
Debt securities			
Government bonds	254,927,813	89,231	254,838,582
Treasury bills	220,030,982	17,206	220,013,776
Eurobonds	1,307,832	104,289	1,203,542
Corporate bonds	481,802	462,731	19,071
State government bonds	6,784,844	35,177	6,749,667
FGN Promissory notes	427,536	-	427,536
Total	**483,960,809**	**708,633**	**483,252,172**

Bank

At fair value through other comprehensive income
In thousands of Naira

	Fair value	ECL
Debt securities		
Government bonds	58,528,847	52,372
Treasury bills	303,445,179	92,318
Corporate bonds	10,976,874	33,511
State government bonds	18,155,874	106,031
Promissory notes	2,756,789	-
Total	**393,863,563**	**284,232**

At amortised cost
In thousands of Naira

	Amortized cost	ECL	Carrying Amount
Debt securities			
Government bonds	234,864,226	89,231	234,774,995
Treasury bills	184,999,935	17,206	184,982,729
Eurobonds	821,063	77,370	743,693
Corporate bonds	481,802	462,732	19,070
State government bonds	6,784,844	35,178	6,749,666
Promissory notes	427,537	-	427,537
Total	**428,379,408**	**681,717**	**427,697,690**

Group

Financial instruments at fair value through other comprehensive income — **June 2020**
In thousands of Naira

	stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Investment	593,888,060	-	-	593,888,060
Standard grade	6,851,633	-	-	6,851,633
Total	**600,739,693**	**-**	**-**	**600,739,693**

	stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2020	111,097	-	-	111,097
- Charge for the period	235,611	-	-	235,611
Amounts written off	-	-	-	-
At 30 June 2020	**346,708**	**-**	**-**	**346,708**

Financial instruments at amortised cost
In thousands of Naira

	stage 1	Stage 2	Stage 3	Total
Internal rating grade				-
Investment	440,304,542	41,866,634	-	482,171,176
Standard grade	486,771	840,334	462,530	1,789,635
Total	**440,791,313**	**42,706,968**	**462,530**	**483,960,811**

	stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2020	94,814	1,879	462,530	559,223
- Charge for the period	72,960	76,453	-	149,413
At 30 June 2020	**167,774**	**78,332**	**462,530**	**708,636**

June 2020

Bank

Financial instruments at fair value through other comprehensive income
In thousands of Naira

	stage 1	Stage 2	Stage 3	Total
Internal rating grade			-	-
Investment	393,863,563	-	-	393,863,563
Total	**393,863,563**	**-**	**-**	**393,863,563**

	stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2020	63,712	-	-	63,712
- Charge for the period	220,520	-	-	220,520
At 30 June 2020	**284,232**	**-**	**-**	**284,232**

Financial instruments at amortised cost
In thousands of Naira

	stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Investment	385,209,908	41,866,634	-	427,076,542
Standard grade	-	840,334	462,530	1,302,864
Total	**385,209,908**	**42,706,968**	**462,530**	**428,379,406**

	stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2020	69,778	1,879	462,530	534,187
- Charge for the period	71,076	76,453	-	147,529
Acquired from business combination	-	-	-	-
Amounts written off	-	-	-	-
At 30 June 2020	**140,854**	**78,332**	**462,530**	**681,716**

26 Restricted deposits and other assets

In thousands of Naira	**Group June 2020**	**Group December 2019**	**Bank June 2020**	**Bank December 2019**
Financial assets				
Accounts receivable	133,613,415	86,028,924	118,547,650	76,387,882
Receivable on E-business channels	27,203,672	61,158,239	27,046,263	60,961,016
Receivable from disposal of non-current asset	-	-	-	-
Deposit for investment in AGSMEIS (see note (a)below)	13,363,490	9,685,037	13,363,490	9,685,037
Subscription for investment (see note (b)below)	17,764,601	16,873,391	17,764,601	16,873,390
Restricted deposits with central banks (see note (c)below)	1,145,841,725	848,846,575	1,120,559,246	810,636,067
	1,337,786,903	1,022,592,167	1,297,281,250	974,543,392
Non-financial assets				
Prepayments	43,233,871	37,023,629	39,730,330	34,102,137
Inventory (see note (d)below)	2,263,580	1,903,980	1,934,654	1,509,522
	45,497,451	38,927,609	41,664,984	35,611,659
Gross other assets	1,383,284,354	1,061,519,777	1,338,946,234	1,010,155,050
Allowance for impairment on other assets				
Accounts receivable	(6,769,134)	(5,984,322)	(6,702,232)	(5,819,762)
Subscription for investment	(25,002)	(25,002)	(25,001)	(25,001)
	1,376,490,218	**1,055,510,452**	**1,332,219,001**	**1,004,310,288**
Classified as:				
Current	199,545,403	180,130,451	180,556,666	167,140,794
Non current	1,176,944,815	875,380,001	1,151,662,335	837,169,494
	1,376,490,218	**1,055,510,452**	**1,332,219,001**	**1,004,310,288**

Movement in allowance for impairment on other assets:

In thousands of Naira	**Group Accounts Receivable**	**Group subscription for investments**	**Bank Accounts Receivable**	**Bank subscription for investments**
Balance as at 1 January 2019	1,907,699	25,001	1,808,352	25,001
ECL allowance for the period:				
Acquired from business combination	7,311,549	-	7,231,695	-
- Additional provision	-	-	-	-
- Provision no longer required	(3,200,712)	-	(3,220,284)	-
Net impairment	4,110,837	-	4,011,411	-
Allowance written off	-	-	-	-
-Transalation difference	(34,214)	-	-	-
Balance as at 31 December 2019/1 January 2020	5,984,322	25,001	5,819,762	25,001
ECL allowance for the period:				
- Additional provision	1,132,843	-	1,127,424	-
Net ECL allowance	1,132,843	-	1,127,424	-
- Write Off	(348,593)	-	(244,954)	-
-Translation difference	562	-	-	-
Balance as at 30 June 2020	6,769,134	25,001	6,702,232	25,001

(a) Deposit for investment in AGSMEIS represents the Bank's deposit as equity investment in Agri-business/Small and Medium Enterprises Investment Scheme. As approved by the Bankers' Committee on 9th February 2017, all Deposit Money Banks are required to invest 5% of prior year's Profit After Tax as equity investment in the scheme.

(b) Subscription for investment balance relates to deposits paid for the acquisition of equity investments for which shares have not been issued to the Bank.

(c) 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 as well as the special intervention fund with the Central Bank of Nigeria of N89.58Bn introduced in January 2016 as a reduction in the cash reserve ratio with a view of channeling the reduction to financing the real sector. These balances are not available for day to day operations of the Group.

(d) Inventory consists of blank debit cards, cheque leaves, computer consumables and other stationery held by the Bank. Increase in prepayments resulted from services that have been paid in advance for the year for which the amortization will be over the relevant year of service. These include rents and advertisements.

27(a) Subsidiaries (with continuing operations)

(i) Group entities

Set out below are the group's subsidiaries as at 30 June 2020. Unless otherwise stated, the subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the group and the proportion of ownership interests held equals to the voting rights held by the group. The country of incorporation is also their principal place of business.

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

			Ownership interest	
	Nature of business	**Country of incorporation**	**June 2020**	**December 2019**
Access Bank Gambia Limited	Banking	Gambia	88%	88%
Access Bank Sierra Leone Limited	Banking	Sierra Leone	99%	97%
Access Bank Rwanda Limited	Banking	Rwanda	91%	75%
Access Bank Zambia	Banking	Zambia	70%	70%
The Access Bank UK	Banking	United Kingdom	100%	100%
Access Bank R.D. Congo	Banking	Congo	100%	100%
Access Bank Ghana	Banking	Ghana	93%	93%
Access Pension Fund Custodian	Custody	Nigeria	100%	100%
Diamond Finance BV	Banking	Netherlands	100%	100%
Access Bank Guinea S.A	Banking	Guinea	100%	100%

Diamond Finance B.V. is a structured entity, incorporated on former Diamond Bank's behalf by intertrust (a Netherlands corporate finance company) for the sole purpose of issuing loan participatory notes to interested parties for the purpose of funding a subordinated facility to former Diamond Bank. Access Bank (hereafter known as "The Bank") has determined that it has control over the entity due to the power it has to direct relevant activities of the entity. The Bank has no direct holdings in the entity. The former Diamond Bank issued dollar denominated notes of $50 million (N9.95 billion) through a structured entity, Diamond Finance BV, Netherlands, on 27 March 2014, which is due on 27 March 2021. The principal amount is payable at the end of the tenor which is 7 years while interest on the notes is payable semi-annually at 7% per annum. The net proceeds from the issue of the loan participatory Notes was used by the issuer (Diamond Finance BV) for the sole purpose of providing a loan to former Diamond Bank, which was used by the erstwhile Diamond Bank to support its business expansion and development. The bank unconditionally and irrevocably guaranteed the due payment of all sums by the issuer (Diamond Finance BV) in respect of the Notes.

During the year, the Bank obtained the Central Bank of Guinea's approval to setup a subsidiary in the country. The approval was granted on 31st December, 2019 after prior approval by the Central Bank of Nigeria. The Bank has 100% ownership in the subsidiary

The Group has divested from its investment in Diamond Bank UK. See note 48 for details

(ii) Structured entities:

			Ownership interest	
	Nature of business	**Country of incorporation**	**June 2020**	**December 2019**
Restricted Share Performance Plan (RSPP)	Financial services	Nigeria	100%	100%

27(b)(i) Investment in subsidiaries

In thousands of Naira	**Bank June 2020**	**Bank December 2019**
Subsidiaries with continuing operations		
Access Bank, UK	60,044,822	60,044,822
Access Bank, Ghana	32,195,607	32,195,607
Access Bank Rwanda	5,220,925	1,578,825
Access Bank, Congo	13,205,190	13,205,190
Access Bank, Zambia	4,274,925	4,274,923
Access Bank, Gambia	7,061,501	7,061,501
Access Bank, Sierra Leone	3,398,136	1,582,486
Access Bank, Guinea	5,441,100	5,441,100
Investment in RSPP scheme	4,569,720	4,074,255
Access Bank Pension Fund Custodian	2,000,000	2,000,000
Balance, end of year	**137,411,926**	**131,458,709**

Based on the contractual arrangements between the Bank and the shareholders in each of the entities, the Bank 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 Bank concluded that the Bank has control over each of the above listed entities and were consolidated in the Bank financial statements.

All investment in subsidiaries have been classified as non current with a closing balance of N137.41Bn

-

27 (c) Condensed results of consolidated entities

(i) The condensed financial data of the con June 2020 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	Dimaond Bank B.V.	Access Bank Guinea	Access Bank PFC
Operating income	17,221,004	19,751,395	1,849,251	3,466,905	1,650,203	527,081	814,380	-	(69)	-	278,705
Operating expenses	(5,297,971)	(7,555,624)	(1,283,278)	(2,422,985)	(1,044,055)	(372,861)	(451,011)	-	(11,927)	-	(185,579)
Net impairment loss on financial assets	(1,481,119)	(27,660)	(22,289)	-	(147,028)	(18,981)	-	-	-	-	-
Profit before tax	10,441,914	12,168,111	543,684	1,043,920	459,120	135,239	363,369	-	(11,996)	-	93,126
Income tax expense	(2,347,275)	(4,085,638)	(159,900)	-	(145,812)	(38,878)	-	-	-	-	-
Profit for the period	8,094,638	8,082,473	383,784	1,043,920	313,308	96,360	363,369	-	(11,996)	-	93,126
Assets											
Cash and cash equivalents	85,941,681	102,988,222	17,104,372	48,274,639	10,412,732	8,557,744	1,914,926	-	12,802	5,441,100	3,529,303
Non pledged trading assets	-	77,124,098	-	-	-	-	-	-	-	-	-
Pledged assets	-	-	-	-	-	-	-	-	-	-	-
Derivative financial instruments	212,464	341,091	-	-	-	-	-	-	-	-	-
Loans and advances to banks	339,909,935	-	-	-	-	-	-	-	-	-	-
Loans and advances to customers	367,515,025	61,692,148	9,990,995	21,428,938	4,349,331	1,992,974	751,467	-	19,354,304	-	84,378
Investment securities	107,060,558	108,253,283	15,128,062	-	18,488,884	6,396,759	7,136,576	-	-	-	-
Investment properties	-	-	-	-	-	-	-		-	-	200,000
Other assets	3,402,123	7,349,462	2,011,954	1,692,692	2,494,724	2,960,012	654,761	-	588	-	42,053
Investment in associates	-	-	-	-	-	-	-	-	-	-	-
Investment in subsidiary	723,946	-	-	-	-	-	-	5,293,666	-	-	-
Property and equipment	2,437,551	13,526,667	1,806,885	2,980,134	2,041,549	1,039,201	528,222	-	-	-	865,175
Intangible assets	848,352	96,604	329,095	82,350	97,693	99,758	45,075	-	-	-	59,661
Deferred tax assets	-	881,941	-	947,419	365,225	-	(0)	-	-	-	-
Assets classified as held for sale	-	-	-	-	-	-	-	-	-	-	-
	908,051,635	372,253,516	46,371,363	75,406,172	38,250,138	21,046,448	11,031,027	5,293,666	19,367,694	5,441,100	4,780,570
Financed by:											
Deposits from banks	465,331,300	16,228,458	-	-	1,088,763	3,843,450	1,235,938	-	-	-	-
Deposits from customers	294,988,782	243,865,603	35,819,697	51,529,005	28,261,081	12,147,619	5,393,851	-	-	-	-
Derivative Liability	942,097	-	-	-	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-	-	-	-
Retirement benefit obligations	5,136	12,437	-	164,716	3,503	-	-	-	-	-	-
Current tax liabilities	-	112,763	98,387	131,593	199,659	-	-	-	829	-	14,938
Other liabilities	11,991,266	7,912,588	2,181,335	5,557,680	2,156,193	1,157,821	411,814	-	349	-	241,923
Interest-bearing loans and borrowings	-	42,120,536	-	5,072,290	386,187	-	-	-	19,365,241	-	-
Contingent settlement provisions	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	84,107	-	160,502	22,633	-	34,131	11,183	-	-	-	11,498
Equity	134,708,947	62,001,131	8,111,442	12,928,255	6,154,752	3,863,428	3,978,241	5,293,666	1,274	5,441,100	4,512,211
	908,051,635	372,253,516	46,371,363	75,406,172	38,250,138	21,046,448	11,031,027	5,293,666	19,367,694	5,441,100	4,780,570
Net cashflows from investing activities	53,209,647	(85,575,298)	(1,954,948)	(215,138)	(9,070,835)	-	(2,584,651)	-	-		(823,384)
Net cashflows from financing activities	-	12,081,575	-	57,502	(17,104)	(43,078)	-	-	-		-
Increase in cash and cash equivalents	(114,518,596)	3,531,271	(15,727)	11,224,136	10,412,732	625,325	707,226	-	-		(749,425)
Cash and cash equivalent, beginning of period	201,274,767	100,603,837	15,457,516	36,501,508	7,807,361	5,277,697	406,245	-	-		4,274,301
Effect of exchange rate fluctuations on cash held	813,680	4,341,122	-	-	-	-	-	-	-		-
Cash and cash equivalent, end of period	85,942,491	108,476,229	15,441,789	47,725,644	2,605,371	5,903,022	1,113,471	-	-		3,524,876

27 (c) Condensed results of consolidated entities
(i) The condensed financial data of the consolidated entities as at December 2019 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.	Access Bank Guinea	Access Bank PFC
Operating income	30,700,960	27,282,293	3,309,812	5,366,496	3,226,305	989,164	1,036,398	-	32,686	-	755,042
Operating expenses	(9,807,591)	(14,166,009)	(2,902,144)	(4,752,778)	(2,191,053)	(789,625)	(761,181)	-	(28,590)	-	(372,996)
Net impairment loss on financial assets	(348,543)	1,655,758	(54,167)	(92,104)	(283,921)	(7,979)	(5,664)	-	-	-	-
Profit before tax	20,544,826	14,772,042	353,501	521,614	751,331	191,560	269,553	-	4,096	-	382,046
Income tax expense	(4,606,537)	(3,113,081)	(101,387)	(438,714)	(241,987)	(46,971)	(69,386)	-	-	-	-
Profit for the year	15,938,289	11,658,961	252,114	82,900	509,344	144,589	200,168	-	4,096	-	382,046
Assets											
Cash and cash equivalents	187,344,128	68,941,205	12,676,174	38,494,916	9,478,061	4,972,172	1,157,626	-	8,692	5,441,100	4,273,554
Non pledged trading assets	-	52,847,477	-	-	-	-	-	-	-	-	-
Pledged assets	-	-	-	-	-	-	-	-	-	-	-
Derivative financial instruments	(17,907)	-	-	-	-	-	-	-	-	-	-
Loans and advances to banks	237,020,069	-	-	-	-	-	-	-	-	-	-
Loans and advances to customers	320,199,158	75,020,624	10,065,537	17,963,784	4,566,126	1,237,361	842,481	-	18,629,195	-	44,578
Investment securities	149,464,151	77,975,925	12,393,343	-	18,545,310	8,257,406	4,261,099	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-	200,000
Other assets	3,130,785	6,229,773	301,298	1,413,911	2,559,750	829,531	736,115	-	688	-	21,275
Investment in associates	-	-	-	-	-	-	-	-	-	-	-
Investment in subsidiaries	721,660	-	-	-	-	-	-	4,795,913	-	-	-
Property and equipment	1,352,209	14,327,417	1,911,436	3,117,354	659,043	746,674	402,984	-	-	-	62,666
Intangible assets	548,142	127,784	683,890	58,027	72,624	99,076	18,274	-	(3,223)	-	94,453
Deferred tax assets	-	2,351,401	-	991,418	431,757	2,708	45,890	-	-	-	-
Assets classified as held for sale	-	-	-	-	-	-	-	-	-	-	-
	899,762,395	297,821,606	38,031,678	62,039,410	36,312,671	16,144,928	7,464,469	4,795,913	18,635,352	5,441,100	4,696,526
Financed by:											
Deposits from banks	488,810,476	13,684,596	-	-	4,896	-	599,309	-	-	-	-
Deposits from customers	281,021,142	189,142,072	31,322,448	41,347,878	28,265,734	11,389,389	5,008,829	-	-	-	-
Derivative Liability	-	-	-	-	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-	-	-	-
Retirement benefit obligations	2,772	11,877	-	172,366	3,962	-	-	-	-	-	-
Current tax liabilities	2,369,088	(561,481)	1,614	159,499	136,719	-	-	-	1,597	-	14,938
Other liabilities	9,757,522	6,890,321	2,713,263	2,688,965	524,984	1,207,319	281,639	-	11,591	-	225,344
Interest-bearing loans and borrowings	-	36,925,884	-	5,247,682	365,038	-	-	-	18,612,806	-	-
Contingent settlement provisions	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	64,376	1,090,487	152,671	462,398	-	-	-	-	-	-	11,498
Equity	117,737,019	50,637,850	3,841,682	11,960,622	7,011,338	3,548,220	1,574,693	4,795,913	9,358	5,441,100	4,444,746
	899,762,395	297,821,606	38,031,678	62,039,410	36,312,671	16,144,928	7,464,469	4,795,913	18,635,352	5,441,100	4,696,526
Net cashflows from investing activities	(10,368,430)	(73,469,476)	(8,553,221)	(2,427,648)	(2,120,854)	(2,052,913)	(1,348,947)	-	-	-	180,403
Net cashflows from financing activities	13,719,022	11,202,804	(1,586,643)	7,400,164	(32,435)	-	-	-	-	-	-
Increase in cash and cash equivalents	(159,163,270)	(29,070,088)	(5,521,165)	16,362,390	9,478,151	1,165,550	158,098	-	-	-	55,250
Cash and cash equivalent, beginning of period	371,734,932	95,315,484	16,831,393	21,834,296	9,592,287	3,771,388	376,383	-	-	-	3,788,264
Effect of exchange rate fluctuations on cash held	522,957	3,947,968	-	-	-	-	-	-	-	-	-
Cash and cash equivalent, end of period	213,094,444	70,193,363	11,310,228	38,196,686	(114,136)	4,936,938	534,482	-	-	-	3,843,514

28 (a) Property and equipment

Group

In thousands of Naira

	Leasehold improvement and building	Land	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Cost							
Balance at 1 January 2020	120,498,322	31,754,879	33,124,341	68,788,535	23,216,355	16,437,297	293,819,729
Acquisitions	1,086,605	541,000	2,136,552	6,254,753	662,695	3,518,400	14,200,005
Disposals	(6,540,486)	(1,785,738)	(237,493)	(3,626,517)	(535,945)	-	(12,726,179)
Write-offs	-	-	-	(1,445)	-	(17,625)	(19,070)
Reversals	(210,985)	-	(525)	(15,789)	-	(95,140)	(322,439)
Reclassifications	-	-	-	-	-	-	-
Transfers	805,351	3,112,867	2,469,644	1,214,633	366,580	(7,969,076)	0
Translation difference	(588,885)	-	125,673	161,996	77,377	(71,634)	(295,472)
Balance at 30 June 2020	**115,049,924**	**33,623,009**	**37,618,193**	**72,776,168**	**23,787,064**	**11,802,222**	**294,656,574**
Balance at 1 January 2019	68,441,819	11,112,045	24,759,848	54,155,039	18,327,865	7,562,637	184,359,253
Acquired from business combination	45,822,253	20,507,420	1,711,188	6,638,063	1,351,558	219,213	76,249,695
Acquisitions	4,575,475	133,912	5,690,378	8,803,828	4,630,846	13,671,137	37,505,576
Disposals	(100,089)	-	(774,895)	(469,225)	(1,124,802)	-	(2,469,010)
Transfers	4,220,645	1,502	-	705,939	249,682	(5,177,767)	-
Write-offs	(36,266)	-	-	(4,064)	-	(94,008)	(134,339)
Translation difference	(2,425,516)	-	1,737,822	(1,041,046)	(218,796)	256,084	(1,691,453)
Balance at 31 December 2019	120,498,322	31,754,879	33,124,341	68,788,535	23,216,355	16,437,297	293,819,723

Depreciation and impairment losses	Leasehold improvement and building	Land	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Balance at 1 January 2020	17,089,709	-	24,271,518	43,552,881	11,877,305	-	96,791,414
Charge for the period	1,376,195	-	2,120,130	5,331,802	1,831,312	-	10,659,439
Disposal	(1,009,452)	-	(234,027)	(3,362,416)	(134,725)	-	(4,740,620)
Write-Offs	-	-	(3,213)	(4,803)	-	-	(8,016)
Transfers	(28,470)	-	-	-	-	-	(28,470)
Translation difference	(33,966)	-	82,305	138,323	26,106	-	212,768
Balance at 30 June 2020	**17,394,018**	**-**	**26,236,714**	**45,655,787**	**13,599,998**	**-**	**102,886,516**
Balance at 1 January 2019	14,840,634	-	21,299,150	34,740,360	9,810,386	-	80,690,530
Charge for the period	2,489,676	-	3,285,052	9,295,128	2,980,705	-	18,050,561
Disposal	(8,613)	-	(700,626)	(414,920)	(882,333)	-	(2,006,492)
Write-Offs	(33,234)	-	-	(1,898)	-	-	(35,132)
Translation difference	(198,754)	-	387,941	(65,789)	(31,453)	-	91,945
Balance at 31 December 2019	17,089,709	-	24,271,518	43,552,881	11,877,305	-	96,791,412

Carrying amounts	**97,655,905**	**33,623,009**	**11,381,480**	**27,120,381**	**10,187,066**	**11,802,222**	**191,770,057**
Right of use assets (see 28(b) below)	**16,595,848**	-	-	-	-	-	**16,595,848**
Balance at 30 June 2020	**114,251,753**	**33,623,009**	**11,381,480**	**27,120,381**	**10,187,066**	**11,802,222**	**208,365,905**
Balance at 31 December 2019	117,594,544	31,754,879	8,852,823	25,235,654	11,339,050	16,437,297	211,214,238

Depreciation charge on property plant and equipment and right of use assets

Total Depreciation charge (a+b)	**3,248,065**	-	**2,120,130**	**5,331,802**	**1,831,312**	-	**12,531,309**

(a) Estimates of useful life and residual value, and the method of depreciation, are reviewed at a minimum at each reporting year. Any changes are accounted for prospectively as a change in estimate.

(b) The amount of contractual commitments for the acquisition of property and equipment as at 30 June 2020 is N260.7Mn (31 Dec 2019: N312Mn)

The total balance for non current property, plant and equipment for the period is N197.03Bn
Classified as:

Current	-	-	-	-	-	-	-
Non current	**97,655,905**	**33,623,009**	**11,381,480**	**27,120,381**	**10,187,066**	**11,802,222**	**191,770,060**
	97,655,905	**33,623,009**	**11,381,480**	**27,120,381**	**10,187,066**	**11,802,222**	**191,770,063**

28 (b) Leases
Group

This note provides information for leases where the Bank is a lessee.

i Right-of-use assets

	Land N'000	Building N'000	Total N'000
Opening balance as at 1 January 2020	-	17,368,285	17,368,285
Additions during the period	-	5,210,829	5,210,829
Disposals during the period		(986,806)	(986,806)
Reversals due to lease modifications		(236,485)	(236,485)
Translation difference		71,152	71,152
Closing balance as at 30 June 2020	**-**	**21,426,975**	**21,426,975**
Opening balance as at 1 January 2019	72,982	13,327,950	13,400,931
Acquired from business combination	-	1,813,081	1,813,081
Additions during the period	-	2,290,583	2,290,583
Disposals during the period	(72,982)	(63,329)	(136,312)
Closing balance as at 31 December 2019	-	17,368,285	17,368,284
Depreciation			
Opening balance as at 1 January 2020	-	3,182,353	3,182,353
Charge for the period	-	1,871,870	1,871,870
Disposals during the year	-	(187,056)	(187,056)
Reversals due to lease modifications	-	(90,783)	(90,783)
Translation difference		54,743	54,743
Closing balance as at 30 June 2020	**-**	**4,831,127**	**4,831,127**
Net book value as at 30 June 2020	**-**	**16,595,848**	**16,595,847**
Opening balance as at 1 January 2019	-	-	-
Charge for the period	-	3,182,353	3,182,353
Closing balance as at 31 December 2019	-	3,182,353	3,182,353
Net book value as at 31 December 2019	-	14,185,932	14,185,930

ii Amounts recognised in the statement of profit or loss

	N'000
Depreciation charge of right-of-use assets	1,871,870
Interest expense (included in finance cost)	688,073
Expense relating to short-term leases (included in administrative expenses)	27,342
Expense relating to leases of low-value assets (included in administrative expenses)	-

The total cash outflow for leases as at June 2020 was N3.9 billion.

28 (c) Property and equipment
Bank

In thousands of Naira	Leasehold improvement and buildings	Land	Computer hardware	Furniture & fittings	Motor vehicles	Capital work-in - progress	Total
Cost							
Balance at 1 January 2020	107,059,493	31,754,881	27,882,783	62,718,894	20,731,505	13,779,249	263,926,805
Acquisitions	529,856	-	1,932,866	6,074,484	649,451	3,007,388	12,194,044
Disposals	(6,518,523)	(1,785,738)	(234,028)	(2,138,247)	(121,984)	-	(10,798,521)
Reclassification	741,348	3,112,867	2,440,185	936,821	11,209	(7,242,430)	-
Reversals	(210,985)	-	(525)	(15,789)	-	(95,140)	(322,439)
Balance at 30 June 2020	**101,601,189**	**33,082,010**	**32,021,281**	**67,576,163**	**21,270,181**	**9,449,067**	**264,999,888**

Depreciation and impairment losses	Leasehold improvement and buildings	Land	Computer hardware	Furniture & fittings	Motor vehicles	Capital work-in - progress	Total
Balance at 1 January 2020	13,975,776	-	19,838,724	38,999,208	10,507,905	-	83,321,614
Charge for the period (a)	1,083,376	-	1,759,449	4,863,190	1,685,550	-	9,391,564
Disposal	(987,489)	-	(234,027)	(1,879,103)	(115,088)	-	(3,215,707)
Balance at 30 June 2020	**14,071,663**	**-**	**21,364,146**	**41,983,295**	**12,078,367**	**-**	**89,497,470**
Carrying amounts	**87,529,526**	**33,082,010**	**10,657,135**	**25,592,868**	**9,191,814**	**9,449,067**	**175,502,421**
Right of use assets (see 28(d) below)	7,638,099	-	-	-	-	-	7,638,099
Balance at 30 June 2020	**87,529,526**	**33,082,010**	**10,657,135**	**25,592,868**	**9,191,814**	**9,449,067**	**183,140,520**
Balance at 31 December 2019	93,083,717	31,754,881	8,044,058	23,719,687	10,223,601	13,779,249	188,634,460

Depreciation charge on property plant and equipment and right of use assets

Total Depreciation charge (a+b)	**1,942,027**	**-**	**1,759,449**	**4,863,190**	**1,685,550**	**-**	**10,250,214**

(a) Estimates of useful life and residual value, and the method of depreciation, are reviewed at a minimum at each reporting year. Any changes are accounted for prospectively as a change in estimate.

(b) The amount of contractual commitments for the acquisition of property and equipment as at 30 June 2020 is N260.7Mn (31 Dec 2019: N312Mn)

The total balance for non current property, plant and equipment for the period is N183.14Bn

Classified as:							
Current	-	-	-	-	-	-	-
Non current	87,529,526	33,082,010	10,657,135	25,592,868	9,191,814	9,449,067	175,502,419
	87,529,526	33,082,010	10,657,135	25,592,868	9,191,814	9,449,067	175,502,419

28 (d) Leases
Bank

This note provides information for leases where the Bank is a lessee.

i) Right-of-use assets

	Land N'000	Building N'000	Total N'000
Opening balance as at 1 January 2020	-	9,465,520	9,465,520
Additions during the period		896,610	896,610
Disposals during the period		(415,739)	(415,739)
Reversals due to lease modifications		(236,485)	(236,485)
Closing balance as at 30 June 2020	**-**	**9,709,906**	**9,709,906**
Opening balance as at 1 January 2019	72,982	5,636,286	5,709,269
Acquired from business combination	-	2,079,481	2,079,481
Additions during the period	-	1,813,081	1,813,081
Disposals during the period	(72,982)	(63,329)	(136,312)
Closing balance as at 31 December 2019	-	9,465,520	9,465,520
Depreciation			
Opening balance as at 1 January 2020	-	1,436,253	1,436,253
Charge for the period (b)	-	858,651	858,651
Disposals during the year		(132,313)	(132,313)
Reversals due to lease modifications		(90,783)	(90,783)
Closing balance as at 30 June 2020	**-**	**2,071,808**	**2,071,808**
Net book value as at 30 June 2020	**-**	**7,638,099**	**7,638,099**
Opening balance as at 1 January 2019	-	-	-
Charge for the period (b)	-	1,436,253	1,436,253
Closing balance as at 31 December 2019	-	1,436,253	1,436,253
Net book value as at 31 December 2019	-	8,029,267	8,029,267

ii) Amounts recognised in the statement of profit or loss

	N'000
Depreciation charge of right-of-use assets (buildings)	858,651
Interest expense (included in finance cost)	415,172
Expense relating to short-term leases (included in administrative expenses)	27,342
Expense relating to leases of low-value assets (included in administrative expenses)	-

The total cash outflow for leases as at June 2020 was N901 million.

29 Intangible assets
Group

In thousands of Naira	Goodwill	WIP	Purchased Software	Core deposit intangible	Customer relationship	Brand	Total Intangible
Cost							
June 2020							
Balance at 1 January 2020	5,235,837	1,218,345	31,147,503	28,664,776	12,651,500	4,724,566	83,642,527
Arising from business combination (See note 44)	-	-	-	-	-	-	-
Acquisitions	-	456,643	3,224,081	-	-	-	3,680,724
Reclassification	-	-	-	-	-	-	-
Write off	-	-	-	-	-	-	-
Translation difference	-	102,127	140,480	-	-	-	242,607
Balance at 30 June 2020	**5,235,837**	**1,777,115**	**34,512,064**	**28,664,776**	**12,651,500**	**4,724,566**	**87,565,858**
December 2019							
Balance at 1 January 2019	681,007	2,078,351	21,140,699	-	-	-	23,900,057
Arising from business combination (See note 44)	4,554,830	369,655	2,005,470	28,664,776	12,651,500	4,724,566	52,970,797
Acquisitions	-	883,820	6,909,093	-	-	-	7,792,913
Reclassification	-	(2,118,854)	2,118,854	-	-	-	-
Write off	-	(17,512)	(798,398)	-	-	-	(815,910)
Translation difference	-	22,886	(228,215)	-	-	-	(205,329)
Balance at 31 December 2019	5,235,837	1,218,345	31,147,503	28,664,776	12,651,500	4,724,566	83,642,528
Amortization and impairment losses							
Balance at 1 January 2020	-	-	17,709,774	2,149,858	948,863	354,342	21,162,837
Reclassification (a)	-	-	380,724	-	-	-	380,724
Amortization for the period	-	-	2,527,322	1,433,239	632,575	236,228	4,829,364
Translation difference	-	-	68,159	-	-	-	68,159
Balance at 30 June 2020	-	-	20,685,979	3,583,097	1,581,438	590,571	**26,441,084**
Balance at 1 January 2019	-	-	14,147,560	-	-	-	14,147,560
Amortization for the period	-	-	3,849,980	2,149,858	948,863	354,342	7,303,043
Impairment charge	-	-	624,642	-	-	-	624,642
Write off	-	-	(747,711)	-	-	-	(747,711)
Translation difference	-	-	(164,696)	-	-	-	(164,696)
Balance at 31 December 2019	-	-	17,709,774	2,149,858	948,863	354,342	21,162,838
Net Book Value							
Balance at 30 June 2020	**5,235,837**	**1,777,116**	**13,826,085**	**25,081,679**	**11,070,063**	**4,133,996**	**61,124,774**
Balance at 31 December 2019	5,235,837	1,218,345	13,437,729	26,514,918	11,702,638	4,370,224	62,479,691

a. This relates to the accumulated amortization balance of one of the subsidiaries wrongly mapped in prior year to other assets, not corrected

Intangible assets
Bank

In thousands of Naira	Goodwill	WIP	Purchased Software	Core deposit intangible	Customer relationship	Brand	Total
Cost							
June 2020							
Balance at 1 January 2020	11,148,311	1,201,540	27,324,333	28,664,776	12,651,500	4,724,566	85,715,026
Acquisitions	-	188,357	3,068,800	-	-	-	3,257,157
Balance at 30 June 2020	**11,148,311**	**1,389,897**	**30,393,133**	**28,664,776**	**12,651,500**	**4,724,566**	**88,972,183**
December 2019							
Balance at 1 January 2019	-	2,269,477	17,391,856	-	-	-	19,661,334
Arising from business combination (See note 44)	11,148,311	369,655	1,940,710	28,664,776	12,651,500	4,724,566	59,499,518
Acquisitions	-	669,088	6,601,488	-	-	-	7,270,576
Reclassification	-	(2,106,680)	2,106,680	-	-	-	-
Write off	-	-	(716,401)	-	-	-	(716,401)
Balance at 31 December 2019	11,148,311	1,201,540	27,324,333	28,664,776	12,651,500	4,724,566	85,715,027
Amortization and impairment losses							
Balance at 1 January 2020	-	-	14,711,295	2,149,858	948,863	354,342	18,164,359
Amortization for the period	-	-	2,266,345	1,433,239	632,575	236,228	4,568,387
Balance at 30 June 2020	-	-	**16,977,640**	**3,583,097**	**1,581,438**	**590,570**	**22,732,745**
Balance at 1 January 2019	-	-	11,430,134	-	-	-	11,430,134
Amortization for the period	-	-	3,363,413	2,149,858	948,863	354,342	6,816,476
Write off	-	-	(706,893)	-	-	-	(706,893)
Impairment charge	-	-	624,642	-	-	-	624,642
Balance at 31 December 2019	-	-	14,711,295	2,149,858	948,863	354,342	18,164,359
Carrying amounts							
Balance at 30 June 2020	**11,148,311**	**1,389,897**	**13,415,493**	**25,081,679**	**11,070,062**	**4,133,997**	**66,239,438**
Balance at 31 December 2019	11,148,311	1,201,540	12,613,038	26,514,918	11,702,637	4,370,224	67,550,668

costs related to the internal

Amortization method used is straight line.

	Group June 2020	Group December 2019	Bank June 2020	Bank December 2019
Classified as:				
Current	-	-	-	-
Non current	61,124,774	62,479,691	66,239,438	67,550,668

29(b) Intangible assets

(i) **Goodwill is attributable to the acquisition of Diamond Bank Plc and the following subsidiaries:**

In thousands of Naira	Group June 2020	Group December 2019	Bank June 2020	Bank December 2019
Diamond Bank Plc (see (a) below)	4,554,830	50,595,672	11,148,311	57,189,153
Access Bank Rwanda (see (b) below)	681,007	681,007	-	-
	5,235,837	**51,276,679**	**11,148,311**	**57,189,153**

(a) Diamond bank:
The recoverable amount of Goodwill as at 30 June 2020 is greater than its carrying amount and is thus not impaired. The recoverable amount was determined using a value-in-use computation as N21.94bn

Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. Impairment assessment has been performed for the period and no losses on goodwill were recognized as at 30 June 2020 (31 December 2019: Nil)

Goodwill is monitored by the Group on cash generating units (CGU) basis. The CGU's are Corporate & Investment Banking, Commercial Banking, Business Banking and Personal Banking.

Goodwill impairment test was done by comparing the fair value less costs to sell for each group of CGUs to the carrying amount of the goodwill based on discounted cash flow projections. Cash flows were projected for the first 5 years based on operating results, expected future financial performance and past experience. Beyond 5 years, cash flows were assumed to grow at terminal growth rate of up to 2%. A discount rate of 16.3% was applied based on estimate of cost of capital. This was estimated using the Capital Asset Pricing Model. There were no write-downs of goodwill due to impairment during the period. All assumptions are subject to market and economic conditions. However, we do not see possible changes in these assumptions adversely causing the recoverable amounts of the CGU’s declining below their carrying amounts.

There were no write-downs of goodwill due to impairment during the period

(b) Access Bank Rwanda:
The key assumption used in computing the value-in-use for goodwill in during the period are as follows:

	June 2020
Compound annual volume growth (i)	7.10%
Long term growth rate (ii)	7.50%
Discount rate (ii)	23.3%

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

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

Discount Rate
Pre-tax discount rate of 17.90% was applied in determining the recoverable amounts for the only entity with goodwill (Access Bank Rwanda). This discount rate was estimated using the risk-free rate and the country risk premium for Rwanda.

Long-term term growth rate

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

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

Sensitivity analysis of key assumptions used

	10% increase	**10% decrease**
Impact of change in discount rate on value-in-use computation	2,243,960	2,488,694
Impact of change in growth rate on value-in-use computation	837,343	818,279

30 Deferred tax assets and liabilities

(a) Group

The following items gave rise to temporary differences during the year. Deferred tax assets and liabilities are attributable to the following items below:

In thousands of Naira	June 2020			December 2019		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property and equipment, and software	16,661,339	(356,362)	16,304,977	12,636,537	(174,086)	12,462,451
Allowances/(Reversal) for loan losses	8,400,097	-	8,400,097	15,354,817	-	15,354,817
Tax loss carry forward	43,751,158	-	43,751,158	13,902,540	-	13,902,540
Exchange gain/(loss) unrealised	-	(76,599,907)	(76,599,908)	-	(44,198,469)	(44,198,469)
Acquired Deferred tax asset	-	-	-	-	-	-
Actuarial loss on retirement benefit obligation	1,226,212	(4,484)	1,221,728	8,606	(4,155)	4,451
Fair value gain on equity investments	-	-	-	8,845	-	8,845
Deferred tax assets (net)	70,038,806	(76,960,754)	(6,921,948)	41,911,345	(44,376,710)	(2,465,365)

(b) Bank

Deferred tax assets and liabilities are attributable to the following:

In thousands of Naira	June 2020			December 2019		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property and equipment, and software	15,791,453	-	15,791,453	12,038,203	-	12,038,203
Allowances/(Reversal) for loan losses	7,032,741	-	7,032,741	13,281,036	-	13,281,036
Tax loss carry forward	43,751,158	-	43,751,158	13,902,540	-	13,902,540
Exchange gain unrealised	-	(76,584,757)	(76,584,757)	-	(43,728,890)	(43,728,890)
Acquired Deferred tax asset	-	-	-	-	-	-
Fair value gain on equity investments	-	-	-	-	-	-
Deferred tax on retirement benefit obligation	1,216,924	-	1,216,924	-	-	-
Deferred tax assets/(liabilities)	67,792,276	(76,584,757)	(8,792,481)	39,221,780	(43,728,890)	(4,507,110)

Deferred tax asset are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. After reviews of the medium-term profit forecasts, the Group considers that there will be sufficient profits in the future against which these losses will be offset.

There were no unrecognized deferred tax assets or liabilities as at 30 June 2020 (31 December 2019: nil)

Deferred tax on right of use assets and lease liabilities

The Group elected to apply the approach which considers the asset and the liability separately, in which case there was a temporary difference on initial recognition. The impact of initial recognition of rights-of-use assets and lease liabilities on deferred tax liabilities as at 31 December 2019 was N835 million

	Group June 2020	Group December 2019	Bank June 2020	Bank December 2019
Deferred income tax assets				
– Deferred income tax asset to be recovered after more than 12 months	25,926,802	27,821,719	24,041,119	25,319,240
– Deferred income tax asset to be recovered within 12 months	44,112,004	14,089,626	43,751,158	13,902,540
	70,038,806	41,911,345	67,792,277	39,221,780
Deferred income tax liabilities				
– Deferred income tax liability to be recovered after more than 12 months	(356,362)	(174,086)	-	-
– Deferred income tax liability to be recovered within 12 months	(76,604,392)	(44,202,624)	(76,584,758)	(43,728,890)
	(76,960,754)	(44,376,710)	(76,584,758)	(43,728,890)

30 Deferred tax assets and liabilities

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

In thousands of Naira	Group June 2020	Group December 2019	Bank June 2020	Bank December 2019
Balance, beginning of period	(2,465,365)	(5,534,180)	(4,507,110)	(4,505,966)
Acquired from Business Combination	-	4,971,317	-	4,984,388
Tax charge	(4,538,032)	(3,930,538)	(4,285,371)	(5,277,786)
Translation adjustments	81,451	1,735,781	-	-
Items included in OCI	-	292,254	-	292,254
Net deferred tax assets/(liabilities)	(6,921,948)	(2,465,365)	(8,792,481)	(4,507,110)
Out of which				
Deferred tax assets	70,038,805	41,842,656	-	39,221,780
Deferred tax liabilities	(76,960,754)	(44,376,710)	(76,584,757)	(43,728,890)

Temporary difference relating to the Group's Investment in subsidiaries as at 30 June 2020 is N32.52billion (Dec 2019: N22.99billion). 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 2020	Group December 2019	Bank June 2020	Bank December 2019
Actuarial gain/loss on retirement benefit obligation				
Gross loss on retirement benefit obligation	-	913,293	-	913,293
Deferred tax @ 30%	-	(292,254)	-	(292,254)
Net balance loss after tax	-	621,039	-	621,039

Deferred Tax asset

	Group June 2020	Group December 2019	Bank June 2020	Bank December 2019
Classified as:				
Current	44,112,004	14,089,626	43,751,158	13,902,540
Non current	25,926,802	27,821,719	24,041,119	25,319,240

Deferred Tax liability

	Group June 2020	Group December 2019	Bank June 2020	Bank December 2019
Classified as:				
Current	(76,604,392)	(44,202,624)	(76,584,758)	(43,728,890)
Non current	(356,362)	(174,086)	-	-

31a Investment properties

	Group June 2020	Group December 2019	Bank June 2020	Bank December 2019
Balance at 1 January	927,000	-	727,000	-
Acquired from business combination	-	4,053,511	-	3,878,511
Additions for the year	-	2,435	-	2,435
Disposals during the year	-	(3,153,946)	-	(3,153,946)
Valuation gain/(loss)	-	25,000	-	-
Balance, end of year	**927,000**	**927,000**	**727,000**	**727,000**

Investment property of N927 million for the Group, represents the value of landed properties which are carried and measured at fair value. There was no rental income from such properties during the period and no restrictions on the realisability of the property.

Valuation technique used for fair valuation of investment properties
Investment properties are stated at fair value, which has been determined based on valuations performed by various Estate Surveyors and Valuers . The valuers are industry specialists in valuing these types of investment properties. The fair value is supported by market evidence and represents the amount that would be received to sell the properties in an orderly transaction between market participants at the measurement date in the principal market to which the Group has access at the date of valuation, in accordance with standard issued by the International Valuation Standards Committee. Valuations are performed on an annual basis and the fair value gains and losses are reported in valuation gain on investment properties under other operating income (see note 13) . The profits or losses on disposal are also reported in the profit or loss as they occur.

The professional valuers engaged for the preparation of the valuation reports are: Chris Ogbonna and Partners (FRC/2015/NIESV/00000012246) and Jide Taiwo ((NIESV Reg No 396543) FRC/2012/0000000000254

All investment properties have been classified as non current with a carrying amount of N927 million for Group and N727 million for Bank

31b Assets classified as held for sale

The Bank obtains properties by taking possession of collaterals held as security against loans. The value of the collaterals repossessed during the period was N300Mn (2019: N8.82bn). The Group's policy is to pursue timely realisation of the collateral in an orderly manner. The Group does not generally use the non-cash collateral for its own operations.
This amount has been included in Note 7 as unallocated segment in accordance with IFRS 8.

Assets held for sale

In thousands of Naira	Group June 2020	Group December 2019	Bank June 2020	Bank December 2019
Balance at 1 January	24,957,518	12,241,824	24,957,518	12,241,823
Acquired from business combination	-	7,976,260	-	-
Additions	300,000	14,660,695	300,000	14,660,695
Disposals	(1,500,000)	(9,921,260)	(1,500,000)	(1,945,000)
	23,757,518	**24,957,519**	**23,757,518**	**24,957,518**

The total balance for non current financial assets held for sale for the year is N23.76Bn
Classified as:

	Group June 2020	Group December 2019	Bank June 2020	Bank December 2019
Current	-	-	-	-
Non current	23,757,518	24,957,519	23,757,518	24,957,518

32 Deposits from financial institutions

In thousands of Naira	Group June 2020	Group December 2019	Bank June 2020	Bank December 2019
Money market deposits	516,607,904	974,352,271	482,694,674	863,988,212
Trade related obligations to foreign banks	800,939,406	212,004,041	692,747,989	215,296,202
	1,317,547,310	**1,186,356,312**	**1,175,442,663**	**1,079,284,414**

33 Deposits from customers

In thousands of Naira	Group June 2020	Group December 2019	Bank June 2020	Bank December 2019
Term deposits	1,609,774,211	1,637,438,924	1,235,286,997	1,315,946,168
Demand deposits	1,922,165,539	1,681,564,464	1,668,607,557	1,453,307,535
Saving deposits	1,135,715,779	936,833,915	1,091,755,337	899,086,108
	4,667,655,529	**4,255,837,303**	**3,995,649,891**	**3,668,339,811**

36 Interest bearing borrowings

In thousands of Naira	Group June 2020	Group December 2019	Bank June 2020	Bank December 2019
African Development Bank (see note (a))	19,510,672	20,939,343	19,510,672	20,939,343
Netherlands Development Finance Company (see note (b))	104,986,564	92,086,136	91,800,545	92,086,136
French Development Finance Company (see note (c))	2,683,038	15,520,364	-	-
European Investment Bank (see note (d))	11,289,240	36,380,291	9,956,495	11,543,928
Deutsche Investitions- und Entwicklungsgesellschaft (DEG) (see note (e))	4,146,290	4,693,167	4,146,290	4,693,167
International Finance Corporation (see note (f))	32,975,007	-	32,975,007	-
Central Bank of Nigeria under the Commercial Agriculture Credit Scheme (see note (g))	7,049,893	31,439,752	7,049,893	31,439,752
Bank of Industry-Intervention Fund for SMEs (see note (h))	2,288,994	8,038,249	2,288,994	8,038,249
Bank of Industry-Power & Airline Intervention Fund (see note (i))	4,219,575	2,363,684	4,219,575	2,363,684
Special Refinancing & Restructuring Intervention fund (SRRIF) see note (j)	4,106,525	4,879,470	4,106,525	4,879,470
Central Bank of Nigeria - Salary Bailout facilities (see note (k))	60,920,591	4,846,793	60,920,591	4,846,793
Central Bank of Nigeria - Excess Crude Account (see note (l))	111,072,131	62,044,365	111,072,131	62,044,365
Real Sector And Support Facility (RSSF) (m)	17,460,646	113,557,046	17,460,646	113,557,046
Development Bank of Nigeria (DBN) (see note (n))	3,369,854	18,407,176	3,369,854	18,407,176
Real Sector Support Facility (RSSF) Differentiated Cash Reserve Requirement Scheme (DCRR) (see no	55,287,495	3,858,756	55,287,495	3,858,756
Nigeria Mortgage Refinance Company (NMRC) (see note (p))	5,812,791	48,978,051	5,812,791	48,978,051
Micro small and medium enterprise development fund (MSMEDF) (see note (q))	21,236	5,885,062	21,236	5,885,062
Africa Export and Import Bank (AFREXIM) (r)	72,763,596	26,544.25	72,763,596	26,544
Diamond finance B V (Anambra State Government (s))	20,399,807	76,850,820	20,399,807	76,850,820
BOI Power and steel (PAIF) (t)	14,061,261	18,609,362	14,061,261	18,609,362
Bank of Industry (RRF) (see note (t))	74,359	14,866,955	74,359	14,866,955
Creative Industry Financing Initiative Fund (CIFI) (see note (u))	1,172,647	81,290	1,172,647	81,290
Accelerated Agricultural Development Scheme (AADS) (see note (v))	1,500,000	2,250,151	1,500,000	68,275
Non-Oil Export Stimulation Facility (NESF) (see note (w))	4,003,750	-	4,003,750	-
Health Sector Intervention (HSI) Differentiated Cash Reserve Requirement Scheme (DCRR) (see note (	580,354	-	580,354	-
ECOWAS Bank for Investment and Development (EBID) (y))	4,468,128	-	-	-
Ghana International Bank (z))	7,709,956	-	-	-
Other loans and borrowings	18,389,646	-	190,521	-
	592,324,048	**586,602,830**	**544,745,035**	**544,064,226**

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

(a) The amount of N19,510,671,649 (USD 50,447,761) represents the outstanding balance in the on-lending facility granted to the Bank by AFDB (Africa Development Bank) in two tranches. The first tranche of USD35 million has matured and was fully paid out in August 2016. The second tranche was disbursed in August 2014 (USD 90m) for a period of 10years, while the third tranche came in June 2016 for (USD 10m) for a period of 9 years. The principal amount is repayable semi-annually starting from February 2017 for both tranches. Interest is paid semi annually at 3% above 6 months LIBOR. From this creditor, the bank has nil undrawn balance as at 30 June 2020..

(b) The amount of N104,986,564,340 (USD 272,099,256) represents the outstanding balance in the on-lending facility granted to the Bank by the Netherlands Development Finance Company effective from March 2018 (USD 100m) and Feb 2019 (USD 162.5m) for a period of 5 years and 10 years respectively. The principal amount is repayable semi-annually from July 2019 and quarterly from May 2019 respectively while interest is paid semi annually at 5.5% above 6 months LIBOR and quarterly at 7.83% above 3 months LIBOR for the first 5 years and 12% above 3 months LIBOR for the last 5 years. It also includes the facility granted to Ghana in July 2018 for a period of 7 years at 6.88% with interest and principal (starting June 2023) payable semi-annually. Two facilities were also granted to Congo in Dec 2019 for a period of 5 and 3 years respectively with the principal amount repayale semi-annually from Jan 2022 and Jan 2021 respectively while interest is paid semi annually at 4.2% above LIBOR and 4% above LIBOR respectively. From this creditor, the bank has nil undrawn balance as at 30 June 2020.

(c) The amount of N2,683,038,294 (7,119,745) represents the outstanding balance in the on-lending facility granted to Ghana by the French Development Finance Company effective from 30 December 2014 for 7 years to support lending to the private sector at 5.98% with principal and interest repayable semi annualy. There is no outstanding balance in the onlending facility granted to the Bank effective from 15 December 2012 and disbursed in four tranches; February 2013 (USD 6m), October 2013 (USD 15m), October 2013 (USD 9m) and November 2014 (USD 30m) for a year of 6.5 years for the first three tranches and 5 years for the fourth tranche. The principal amount is repayable semi-annually from December 2014 with the fourth tranche repayable from January 2016 while interest is paid semi annually at 3% above 6 months LIBOR. From this creditor, the bank has nil undrawn balance as at 30 June 2020.

(d) The amount of N11,289,240,388 (USD 29,280,598) represents the outstanding balance on five on-lending facilities granted to the Bank by the European Investment Bank (EIB) in May 2013(USD 25m), September 2013 (USD 26.75m), June 2014 (USD 14.7m), September 2015 (USD 27.9m) and March 2016 (USD 27.1m) for a period of 6 years each for the first three and a period of 8 years each for the last two. Interest is paid semi-annually at 2.6%, 2.6% , 2.93%, 2.6% and 2.6% respectively above 6 months LIBOR. It also includes the facility granted to Ghana in Oct 2016 for a period of 7 years. Principal and interest are paid semi-annually at 4.57%. From this creditor, the bank has nil undrawn balance as at 30 June 2020.

(e) The amount of N4,146,289,545 (USD 10,720,852) represents the outstanding balance on the on-lending facility of USD 15mn granted to the Bank by the Deutsche Investitions- und Entwicklungsgesellschaft (DEG) in December 2017 (USD 15m) for a period of 7 and a half years. The principal amount will be repayable semi-annually from May 2019 while interest is paid semi annually at 7.69% above 6months LIBOR. From this creditor, the bank has nil undrawn balance as at 30 June 2020.

(f) The amount of N32,975,006,958 (USD 85,261,815) represents the outstanding balance on the on-lending facility of USD 87.5mn granted to the Bank by International Finance Corporation for a period of 10 years. The principal amount will be repayable quarterly from September 2019 while interest is paid semi annually at 7.69% above 3 months LIBOR for the first 5 years and 12% above 3 months LIBOR for the last 5 years. From this creditor, the bank has nil undrawn balance as at 30 June 2020.

(g) The amount of N7,049,892,950 represents the outstanding balance on the on-lending facility granted to the Bank by Central Bank of Nigeria in collaboration with the Federal Government of Nigeria (FGN) in respect of Commercial Agriculture Credit Scheme (CACS) established by both CBN and the FGN for promoting commercial agricultural enterprises in Nigeria. The facility is for a maximum year of 7 years at a zero percent interest rate to the Bank The Bank did not provide security for this facility. An additional NGN1bn was availed to the bank under the Paddy Aggregation Scheme (PAS) Phase 2 for a period of 12 months at 3% in October 2019. From this creditor, the bank has nil undrawn balance as at 30 June 2020.

(h) The amount of N2,288,994,152 represents an outstanding balance on the intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria for the purpose of refinancing or restructuring existing loans to Small and Medium Scale Enterprises (SMEs) and manufacturing companies. The total facility has a tenor of 10 years. A management fee of 1% deductible at source is paid by the Bank under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. Though the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 30 June 2020.

(i) The amount of N4,716,639,149 represents the outstanding balance on intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria, to be applied to eligible power and airline projects. The total facility has a maximum tenor of 13.5 years. A management fee of 1% deductible at source is paid by the Bank under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. Though the facility is meant for on-lending to borrowers within the power and aviation sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 30 June 2020.

(j) The amount of N4,106,524,771 represents the outstanding balance on intervention credit granted to the bank by the Bank of Industry (BOI) under the Special refinancing and Restructuring intervention fund, with a 10 year tenor which is due on the 31 August 2024. The bank has a 36 months moratorium on the facility after which principal repayment will be charged quarterly. Though the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 30 June 2020.

(k) The amount of N60,920,591,469 represents the outstanding balance on the state salary bailout facilities granted to the bank by the Central Bank of Nigeria for onward disbursements to state governments for payments of salary of workers of the states. The facility has a tenor of 20 years with a 2% interest payable to the CBN. The Bank is under obligation to on-lend to the states at an all-in interest rate of 9% per annum. From this creditor, the bank has nil undrawn balance as at 30 June 2020.

(l) The amount of N111,072,131,167 represents the outstanding balance on the excess crude account loans granted to the bank by the Central Bank of Nigeria for onward disbursements to state governments. The facility has a tenor of 20 years with a 2% interest payable to the CBN. The Bank is under obligation to on-lend to the states at an all-in interest rate of 9% per annum. From this creditor, the bank has nil undrawn balance as at 30 June 2020.

(m) The amount of N17,460,646,152 represents the outstanding balance on the on-lending facility granted to the Bank by Central Bank of Nigeria in respect of the Real Sector Support Facility (RSSF) established by CBN. The facility tenor is for a range of 7 to 10 years inclusive of 24 months moratorium at a 3% interest rate to the Bank. An additional facility of NGN2bn was disbursed under the scheme for a period of 7 years inclusive of 1 year moratorium at a 3% interest rate to the Bank. From this creditor, the bank has nil undrawn balance as at 30 June 2020.

(n) The amount of N3,369,854,471 represents the outstanding balance on two on-lending facilities granted to the Bank by the Development Bank of Nigeria in two series in respect of the Micro, Small and Medium Scale Enterprises (MSMEs) and Small Corporates. The facilities are for a maximum of 3 years at a 9.6% interest rate to the Bank. A third series of about 1.68bn was disbursed for a period of 10 years. From this creditor, the bank has nil undrawn balance as at 30 June 2020.

(o) The amount of N55,287,494,906 represents the outstanding balance on the on-lending facility granted to the Bank by Central Bank of Nigeria in respect of the Real Sector Support Facility (RSSF) Differentiated Cash Reserve Requirement scheme (DCCR) established by CBN supporting Reddington Multi-specialist Hospital, Dana Motors and Lafarge Africa PLC. The facility is for a maximum period of 7 years inclusive of 12 months moratorium for Reddington and Dana and a 24 months moratorium for Lafarge at a 0% interest rate to the Bank. Additional amounts were disbursed between July 2019 and November 2019 in favor of 5 other beneficiaries amounting to 34.58bn for a period of 7 years with 2 years moratorium at 2% interest rate on a quarterly basis for the first 4 counterparties and 10 years with no moratorium at 1% interest rate on a quarterly basis for the last counterparty. There were additional facilities disbursed in March 2020 and May 2020 in favor of 2 other beneficiaries (CHI Farms Limited and SunPlast Industries respectively) amounting to 7bn for a period of 7 years inclusive of 2 years moratorium at 2% interest rate on a quarterly basis. From this creditor, the bank has nil undrawn balance as at 30 June 2020.

(p) The amount of N5,812,791,403 represents the outstanding balance on the on-lending facility granted to the Bank by Nigeria Mortgage Refinance Company. The facility is for a maximum period of 15 years commencing from the date of execution of this agreement at a 14.5% interest rate to the Bank. From this creditor, the bank has nil undrawn balance as at 30 June 2020.

(q) The amount of N21,236,485 represents an outstanding balance on the on-lending facility granted to the Bank under the Central Bank of Nigeria scheme Micro, Small and medium Enterprise Development Fund (MSMEDF). The on-lending facility is for a maximum tenor of 5 years where the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% to 9% per annum depending on the beneficiary. The principal amount of the on-lending facility is repayable on a monthly basis over the tenor of the borrowing which will expire in August 2020. From this creditor, the bank has nil undrawn balance as at 30 June 2020.

(r) The amount of N76,850,820,398 (USD 210,723,390) represents the outstanding balance on the on-lending facility of USD 25mn granted to the Bank by Africa Export and Import Bank (AFREXIM) in May 2018 for a period of 3 years. The principal amount will be repayable semi-annually from November 2018 while interest is paid quaterly at 7% above 3 months LIBOR. In December 2019, AFREXIM disbursed a USD200mn for a period of 3 years to be paid quarterly with a 6 months moratorium with Interest also paid quarterly at 3.64% and LIBOR. From this creditor, the bank has nil undrawn balance as at 30 June 2020.

(s) The amount N20,399,806,919 (USD 52,746,754) represents the outstanding balance on the Group's issued dollar denominated loan particpatory notes of $50 million (N9.95 billion) through a structured entity, Diamond Finance BV, Netherlands, on 27 March 2014, which is due on 27 March 2021. The principal amount is payable at the end of the tenor while interest on the notes is payable semi-annually at 7% per annum. The net proceeds from the issue of the Loan Participatory Notes, was used by the Issuer (Diamond Finance BV) for the sole purpose of providing a loan to Diamond Bank, which was in turn used by the Bank to support its business expansion and development. Diamond Bank (now Access Bank Plc), unconditionally and irrevocably guaranteed the due payment of all sums by the Issuer (Diamond Finance BV) in respect of the Notes. The Group has not had any defaults of principal or interest with respect to its subordinated liabilities during the period ended 30 June 2020. From this creditor, the bank has nil undrawn balance as at 30 June 2020.

(t) The amount of N14,135,619,910 represents the outstanding balance on intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria. 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%. Though the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 30 June 2020

(u) The amount of N1,172,646,582 represents the outstanding balance on the on-lending facility granted to the Bank by the Central Bank of Nigeria under the Creative Industry Financing Initiative established by the CBN. The initiative is on a request by request basis. The tenor of the facilities granted ranges from 3 to 10 years inclusive of a maximum of 24 months moratorium. There are currently 9 beneficiaries under the initiative. The Bank is under obligation to on-lend to customers at an all-in interest rate of 9% with 2% remitted to CBN. The Bank remains the primary obligor to CBN and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 30 June 2020.

(v) The amount of N1,500,000,000 represents the outstanding balance on the on-lending facility granted to the Bank by Central Bank of Nigeria in respect of the Accelerated Agricultural Development Scheme (AADS) on behalf of Bayelsa State Government. The facility is for a period of 3 years inclusive of 12 months moratorium at a 4% interest rate repayable on a monthly basis. From this creditor, the bank has nil undrawn balance as at 30 June 2020.

(w) The amount of N4,003,749,925 represents the outstanding balance on the on-lending facility granted to the Bank by Central Bank of Nigeria in respect of the Non-Oil Export Stimulation Facility (NESF) supporting Leaf Tobacco and Commodities Nigeria Limited in acquiring additional machinery for expansion of their facilities. The facility is for a period of 6 years inclusive of 12 months moratorium at a 1% interest rate repayable on a quarterly basis which will increase to 2% effective March 1, 2021. From this creditor, the bank has nil undrawn balance as at 30 June 2020.

(x) The amount of N580,353,816 represents the outstanding balance on the on-lending facility granted to the Bank by Central Bank of Nigeria through the Health Sector Intervention Facility (HSIF) window of the Real Sector Support Facility (RSSF) Differentiated Cash Reserve Requirement scheme (DCCR) supporting Save a Life Medical Centre Limited (N500m) and Lifeline Children Hospital Limited (N80m). The facility is for a period of 10 years inclusive of 12 months moratorium for Save a Life Medical Centre Limited and a period of 4 years inclusive of a 12 months moratorium for Lifeline Children Hospital Limited at a 1% interest rate repayable on a quarterly basis which will increase to 2% effective March 2021. From this creditor, the bank has nil undrawn balance as at 30 June 2020.

(y) The amount of f N4,468,127,842 (USD 11,856,682) represents the outstanding balance on the on-lending facility granted to the Group's Subsidiary in Ghana by ECOWAS Bank for Investment and Development (EBID) which attracts an interest rate of 2.75% for 60 days with four different facilities disbursed between May and June (8 May 2020, 29 May 2020, 12 June 2020 and 24 June 2020) all with principal and interest payable at maturity. From this creditor, the bank has nil undrawn balance as at 30 June 2020.

(z) The amount of f N7,709,956,375 (USD 20,459,241) represents the outstanding balance on the on-lending facility granted to the Group's Subsidiary in Ghana by Ghana International Bank to support working capital needs. with an interest rate of 4.42% with interest payable semi-annually and principal repayable at maturity. From this creditors, the bank has nil undrawn balance as at 30 June 2020.

As a result of the COVID-19 outbreak, CBN has decided to do the do the following for all CBN intervention facilities;
1. Extend the moratorium by granting a further moratorium of one year on all principal repayments, effective March 1, 2020 for all CBN intervention facilities.
2. Reduce Interest rate on all applicable CBN intervention facilities from 9 to 5% per annum for 1 year effective March 1, 2020.

Movement in interest bearing loans and borrowings:
In thousands of Naira

	Group June 2020	Bank June 2020
Balance as at 1 January 2020	586,602,830	544,064,226
Proceeds from interest bearing borrowings	19,461,541	14,404,410
Repayment of interest bearing borrowings	(28,316,145)	(27,866,164)
Total changes from financing cash flows	577,748,226	530,602,472
The effect of changes in foreign exchange rates	14,941,227	14,941,227

Other changes		
Interest expense	12,476,185	11,847,344
Interest paid	(12,841,590)	(12,646,008)
Balance as at 30 June 2020	**592,324,048**	**544,745,035**

	Group December 2019	**Bank December 2019**
Balance as at 1 January 2019	388,416,734	363,682,441
Proceeds from interest bearing borrowings	245,332,824	223,834,913
Arising from business combination	92,240,671	92,240,672
Repayment of interest bearing borrowings	(142,101,478)	(138,295,724)
Total changes from financing cash flows	583,888,751	541,462,302
The effect of changes in foreign exchange rates	2,080,813	2,085,384
Other changes		
Interest expense	22,908,552	21,865,024
Interest paid	(22,275,286)	(21,348,484)
Balance as at 31 December 2019	**586,602,830**	**544,064,226**

37 Retirement benefit obligation

In thousands of Naira	Group June 2020	Group December 2019	Bank June 2020	Bank December 2019
Recognised liability for defined benefit obligations (see note (a) below)	3,802,888	3,418,060	3,802,888	3,418,060
Liability for defined contribution obligations	185,792	190,977	-	-
	3,988,680	**3,609,037**	**3,802,888**	**3,418,060**

(a) Defined benefit obligations

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

In thousands of Naira	Group June 2020	Group December 2019	Bank June 2020	Bank December 2019
Post employment benefit plan (see note (i) below)	3,802,888	3,418,060	3,802,888	3,418,060
Recognised liability	**3,802,888**	**3,418,060**	**3,802,888**	**3,418,060**

(i) Post employment benefit plan

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

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

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

In thousands of Naira	Group June 2020	Group December 2019	Bank June 2020	Bank December 2019
Deficit on defined benefit obligations at 1 January	3,418,060	2,319,707	3,418,060	2,319,707
Charge for the period:				
-Interest costs	217,016	223,940	217,016	223,940
-Current service cost	167,812	376,120	167,812	376,120
-Benefits paid	-	(415,000)	-	(415,000)
Net actuarial gain/(loss) for the year remeasured in OCI:	-	-	-	-
Remeasurements - Actuarial gains and losses arising from changes in demographic assumptions	-	913,293	-	913,293
Remeasurements - Actuarial gains and losses arising from changes in financial assumption	-	-	-	-
Balance, end of period	**3,802,888**	**3,418,060**	**3,802,888**	**3,418,060**
Expense recognised in income statement:				
Current service cost	167,812	376,120	167,812	376,120
Interest on obligation	217,016	223,940	217,016	223,940
Total expense recognised in profit and loss (see Note 14)	**384,828**	**600,060**	**384,828**	**600,060**

All retired benefit obligations have been classified as non current with a closing amount of N3.42 billion for both Group and Bank

The weighted average duration of the defined benefit obligation is 7.5 years. The information on the maturity profile of the defined benefit plan includes the maturity analysis and the distribution of the timing of payment. The estimated contribution to the plan for the next annual reporting year is: N769.66m.

Risk exposure

Through its defined benefit pension plan, the group is exposed toa number of risks, the most significant of which are detailed below:

i) Changes in bond yields - A decrease in government bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

ii) Inflation risks - Some of the group's pension obligations are linked to salary inflation, and higher inflation will lead to higher liabilities.

iii) Life expectancy - The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities

The sensitivities below relates to Group and Bank.

June 2020

In thousands of Naira	Impact on defined benefit obligation **Decrease in assumption by 1%**	**Liability changes to**	**Total comprehensive income**
Effect of changes in the assumption to the discount rate	Increase in liability by 5.3%	3,601,334	201,553
Effect of changes in assumption to the salary growth	Decrease in liability by 5.4%	4,008,243	(205,356)
Effect of changes in assumption to the mortality rate	Decrease in liability by 0.1%	3,799,085	3,803

	Impact on defined benefit obligation **Increase in assumption by 1%**	**Liability changes to**	**Total comprehensive income**
Effect of changes in the assumption to the discount rate	Decrease in liability by 5.5%	3,593,729	209,159
Effect of changes in assumption to the salary growth	Increase in the liability by 5.2%	4,000,638	(197,750)
Effect of changes in assumption to the mortality rate	Increase in the liability by 0.1%	3,806,690	(3,803)

December 2019

In thousands of Naira	Impact on defined benefit obligation **Decrease in assumption by 1%**	**Liability changes to**	**Total comprehensive income**
Effect of changes in the assumption to the discount rate	Increase in liability by 5.3%	3,610,727	(192,667)
Effect of changes in assumption to the salary growth	Decrease in liability by 5.4%	3,243,830	174,230
Effect of changes in assumption to the mortality rate	Decrease in liability by 0.1%	3,413,659	4,401

	Impact on defined benefit obligation **Increase in assumption by 1%**	**Liability changes to**	**Total comprehensive income**
Effect of changes in the assumption to the discount rate	Decrease in liability by 5.5%	3,239,613	178,447
Effect of changes in assumption to the salary growth	Increase in the liability by 5.2%	3,604,553	(186,493)
Effect of changes in assumption to the mortality rate	Increase in the liability by 0.1%	3,422,855	(4,795)

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

Actuarial assumptions:
Principal actuarial assumptions at the reporting date (expressed as weighted averages):
The most recent valuation was performed by Alexander Forbes as at 31 December 2019.

	June 2020	December 2019
Discount rate	16.10%	16.10%
Future salary increases	5.00%	5.00%
Retirement age for both male and female	60 years	60 years
Retirement rate: 50 – 59 (average rate)	3.40%	3.40%
Withdrawal rate: 18 – 29	4.50%	4.50%
Withdrawal rate: 30 – 44	6.00%	6.00%
Withdrawal rate: 45 – 50	5.00%	5.00%
Withdrawal rate: 51 – 59 (average rate)	3.75%	3.75%

Assumptions regarding future mortality before retirement are based on A49/52 ultimate table published by the Institute of Actuaries of United Kingdom. The rate used to discount post employment benefit obligations has been determined by reference to the yield on Nigerian Government bonds of medium duration. This converts into an effective yield of 16.10% as at 31 December 2019. For members in active service as at the valuation date, the projected unit credit method of valuation as required under the IFRS has been adopted.

38 Capital and reserves

A Share capital

In thousands of Naira	Bank June 2020	Bank December 2019
(a) Authorised:		
Ordinary shares:		
38,000,000,000 Ordinary shares of 50k each	19,000,000	19,000,000
Preference shares:		
2,000,000,000 Preference shares of 50k each	1,000,000	1,000,000
	20,000,000	20,000,000

In thousands of Naira	Bank June 2020	Bank December 2019
(b) Issued and fully paid-up :		
35,545,225,662 Ordinary shares of 50k each	17,772,613	17,772,613

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

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

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

In thousands of Naira	Bank June 2020	Bank December 2019
Balance, beginning of the period	17,772,613	14,463,986
Additions through scheme of merger	-	3,308,627
Balance, end of the period	17,772,613	17,772,613

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

In thousands of units	Group June 2020	Group December 2019
Balance, beginning of the period	35,545,226	28,927,972
Additions through scheme of merger	-	6,617,254
Balance, end of the period	35,545,226	35,545,226

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

In thousands of Naira	Group June 2020	Group December 2019
Balance, beginning of the period	234,038,850	197,974,816
Additions through scheme of merger	-	36,064,034
Balance, end of the period	234,038,850	234,038,850

C Retained earnings

	Group June 2020	*Restated Group December 2019	Bank June 2020	*Restated Bank December 2019
Retained earnings	254,183,338	221,665,747	210,896,952	188,925,555

D Other components of equity

	Group June 2020	Group December 2019	Bank June 2020	Bank December 2019
Other regulatory reserves (see i(a) below)	105,061,422	93,322,654	89,448,080	83,061,699
Share Scheme reserve	1,370,624	1,881,768	1,370,623	1,881,767
Treasury Shares	(5,293,666)	(4,795,913)	-	-
Capital Reserve	3,489,080	3,489,083	3,489,081	3,489,081
Fair value reserve	7,606,259	964,243	7,075,406	835,472
Foreign currency translation reserve	25,118,478	11,780,013	-	-
Regulatory risk reserve	19,976,440	18,091,940	9,483,000	9,483,000
	157,328,636	**124,733,788**	**110,866,189**	**98,751,019**

(i) Other reserves

Other regulatory reserves

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

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

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

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

i(a)

	Statutory reserves		SMEEIS Reserves		Total	
	June 2020	December 2019	June 2020	December 2019	June 2020	December 2019
Group						
In thousand of Naira						
Opening	82,063,378	82,063,378	826,568	826,568	82,889,946	82,889,946
Transfers during the period	11,738,768	10,432,708	-	-	11,738,768	10,432,708
Closing	93,802,146	92,496,086	826,568	826,568	94,628,714	93,322,654
Bank						
In thousand of Naira						
Opening	71,199,773	71,199,773	826,568	826,568	72,026,341	72,026,341
Transfers during the period	6,386,381	11,035,359	-	-	6,386,381	11,035,359
Closing	77,586,153	82,235,132	826,568	826,568	78,412,721	83,061,700

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

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

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

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

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

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

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

D Non-controlling interest

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

In thousands of Naira	Group June 2020	Group December 2019
Access Bank, Gambia	749,585	720,721
Access Bank, Sierra Leone	39,202	52,365
Access Bank Zambia	1,311,673	2,139,647
Access Bank, Rwanda	814,128	1,110,453
Access Bank, Congo	3,703	3,248
Access Bank, Ghana	4,120,088	4,502,399
	7,038,379	**8,528,833**

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

In thousands of Naira	Group June 2020	Group June 2019
Access Bank, Gambia	11,563	10,514
Access Bank, Sierra Leone	2,943	3,427
Access Bank Zambia	93,992	100,443
Access Bank, Rwanda	33,696	20,313
Access Bank, Congo	210	129
Access Bank, Ghana	533,443	595,651
	675,847	**730,478**

	Group June 2020	Group December 2019
Proportional Interest of NCI in subsidiaries	%	%
Access Bank, Gambia	12%	12%
Access Bank, Sierra Leone	1%	3%
Access Bank Zambia	30%	30%
Access Bank, Rwanda	9%	25%
Access Bank Congo	0%	0%
Access Bank, Ghana	7%	7%

Transactions with non-controlling interests

During the year, the Access Bank Plc acquired additional shares in Access Bank UK and Access Bank Ghana. This resulted in changes in its ownership interests in the subsidiaries, but the transactions did not result in a loss of control. The Group adjusted the carrying amounts of the controlling and non-controlling interests to reflect the changes in the relative interests in the subsidiaries. The impact was recognised directly in equity.

E Dividends

In thousands of Naira	Bank June 2020	Bank December 2019
Interim dividend paid (June 2019: 25k)	-	8,886,306
Final dividend paid (Dec 2019: 40k, Dec 2018: 25k)	14,218,090	8,886,306
	14,218,090	**17,772,612**
Interim dividend proposed (June 2020: 25k)	8,886,306	-
Final dividend proposed (Dec 2019: 40k)	-	14,218,090
Number of shares	35,545,226	35,545,226

The Directors proposed an interim dividend of 25k for the period ended 30 June 2020

39 Contingencies

Claims and litigation

The Group is a party to numerous legal actions arising out of its normal business operations. The Directors believe that, based on currently available information and advice of counsel, none of the outcomes that result from such proceedings will have a material adverse effect on the financial position of the Group, either individually or in the aggregate. N1.4Bn provision has been made as at 30 June 2020.

Contingent liability and commitments

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

Nature of instruments

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

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

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

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

a. These comprise:

In thousands of Naira	Group June 2020	Group December 2018	Bank June 2020	Bank December 2018
Contingent liabilities:				
Transaction related bonds and guarantees	573,511,189	477,932,817	425,781,644	451,514,549
Commitments:				
Clean line facilities for letters of credit, unconfirmed letters of credit and other commitments	285,579,481	419,584,999	270,837,855	324,529,363
	859,090,670	**897,517,816**	**696,619,499**	**776,043,912**

The Bank granted clean line facilities for letters of credit during the year to guarantee the performance of customers to third parties. Contractual capital commitments undertaken by the Bank during the year amounted to N311.92Mn(31 Dec 2018: N879.80Mn)

The Bank had undrawn commitment of about N82.32bn at year end

40 Cash and cash equivalents

(a) *Cash and cash equivalents include the following for the purposes of the statement of cash flows:*

In thousands of Naira	Group June 2020	Group December 2019	Bank June 2020	Bank December 2019
Cash on hand and balances with banks	437,725,193	431,130,867	343,670,944	321,270,808
Unrestricted balances with central banks	34,109,381	117,883,813	12,912,034	97,734,073
Money market placements	79,551,900	48,838,460	14,023,983	32,822,515
Investment under management	22,235,488	23,799,663	22,235,488	23,799,663
Treasury bills with original maturity of less than 90days	38,688,979	604,378,216	38,688,979	604,378,216
	612,310,941	1,226,031,019	431,531,428	1,080,005,275

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

(b) *Reconciliation of movements of liabilities to cash flows arising from financing activities*

	Debt securities issued		Interest bearing borrowings	
	Group June 2020	Bank June 2020	Group June 2020	Bank June 2020
Net debt	157,987,877	157,987,877	586,602,830	544,064,226
Proceeds from interest bearing borrowings	-	-	19,461,541	14,404,410
Repayment of interest bearing borrowings	-	-	(28,316,145)	(27,866,164)
Debt securities issued	-	-	-	-
Repayment of debt securities issued	-	-	-	-
Total changes from financing cash flows	157,987,877	157,987,877	577,748,226	530,602,471
The effect of changes in foreign exchange rates	6,983,175	6,983,175	14,941,227	14,941,227
Other changes				
Interest expense	9,458,568	9,458,568	12,476,185	11,847,344
Interest paid	(9,671,422)	(9,671,422)	(12,841,590)	(12,646,008)
Balance	164,758,198	164,758,198	592,324,048	544,745,034

	Debt securities issued		Interest bearing borrowings	
	Group December 2019	Bank December 2019	Group December 2019	Bank December 2019
Net debt	251,251,383	251,251,383	388,416,734	363,682,441
Proceeds from interest bearing borrowings	-	-	245,332,824	223,834,913
Arising from business combination	74,270,686	74,270,687	92,240,672	92,240,672
Repayment of interest bearing borrowings	-	-	(142,101,478)	(138,295,724)
Debt securities issued	45,000,000	45,000,000	-	-
Repayment of debt securities issued	(216,208,000)	(216,208,000)	-	-
Total changes from financing cash flows	154,314,070	154,314,070	583,888,753	541,462,303
The effect of changes in foreign exchange rates	3,124,782	3,124,782	2,080,812	2,085,384
Other changes				
Interest expense	22,913,352	22,913,352	22,908,552	21,865,024
Interest paid	(22,364,327)	(22,364,327)	(22,275,286)	(21,348,484)
Balance	157,987,875	157,987,877	586,602,830	544,064,227

(C) *Non-cash investing activities and financing activities:*
The following activities as listed below are the items that have been identified as non cash investing and financing activities arising from the merger

Acquisition of Right of use assets-(see note 28 (b)
Partial settlement of a business combination through the issuance of shares (see note 44(a)i

41 Contraventions of the Banks and Other Financial Institutions Act of Nigeria and CBN circulars

S/N	Regulatory Body	Infraction
(I)	Central Bank of Nigeria	Sum of N220 million in respect of sourcing for FX from the Nigerian FX market for the importation of Textile
		Sum of N57 million in respect of failure to comply with the CBNs AML/CFT review for the period of April 2018-March 2019
(II)	Central Bank of Nigeria	
(III)	Central Bank of Nigeria	Sum of N42.8million in respect of failure to comply with the CBNs AML/CFT regulations and KYC policies in a transaction
(IV)	The Nigerian stock exchange	Sum of N2.2 million in respect of failure to obtain Exchange's (NSE) approval prior to announcement of Notice of Meeting of Board of Directors of the Bank

42 Events after reporting date
Subsequent to the end of the financial year, the Board of Directors proposed an lnterim dividend of 25k each payable to shareholders on register of shareholding at the closure date. The Group completed the acquisition of Transantional Bank, Kenya

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

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

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

(a) Loans and advances to related parties

The bank granted various credit facilities to its subsidiary companies and key management personnel. Key Management Personnel is defined as members of the Board of Directors of the bank, including their close members of family and any entity over which they exercise control. Close member of family are those who may be expected to influence or be influenced by that individual in dealings with the bank.
The rates and terms agreed are comparable to other facilities being held in the bank's portfolio. Details of these are described below:

Period ended 30 June 2020	**Directors and other key management personnel (and close family members)**	**Subsidiaries**	**Total**
In thousands of Naira			
Balance, beginning of period	1,466,257	178,148,506	**179,614,763**
Net movement during the period	(350,425)	(673,314)	**(1,023,740)**
Balance, end of period	1,115,832	177,475,191	**178,591,023**
Interest income earned	19,923	1,754,555	**1,774,478**
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 2020 is N1.115Bn and they are repayable in various cycles ranging from monthly to annually over the tenor. The transactions were carried out at arms length and have an average tenor of 2 years. The loans are collateralised by a combination of lien on shares of quoted companies, fixed and floating debentures, corporate guarantee, negative pledge, domiciliation of proceeds of company's receivables, legal mortgages and cash.

The loan to subsidiaries relates to a foreign interbank placements of USD456M granted during the year. It is a non-collateralised placement advanced at an average interest rate of 1.4% and an average tenor of 11 months. This loan has been eliminated on consolidation and does not form part of the reported Group loans and advances balance.

No impairment losses have been recorded against balances outstanding during the year with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at year end.

(b) Deposits from related parties

Period ended 30 June 2020	**Directors (and close family members and related entities)**	**Subsidiaries**	**Total**
In thousands of Naira			
Balance, beginning of period	3,775,504	112,433,617	**116,209,122**
Net movement during the period	41,673,631	35,693,761	**77,367,391**
Balance, end of period	45,449,135	148,127,378	**193,576,512**
Interest expenses on deposits	41,687	1,703,953	**1,745,641**

The deposits are majorly term deposit with an average interest rate and tenor of approximately 9% and 11 months for directors and 6% and 4 months for subsidiaries.

(c) Borrowings from related parties

In thousands of Naira	**Subsidiaries**	**Total**
Borrowings at 1 January 2020	18,629,957	**18,629,957**
Net movement during the period	735,283	**735,283**
Borrowings at 30 June 2020	19,365,241	**19,365,241**
Interest expenses on borrowings	348,387	**348,387**

(d) Other balances and transactions with related parties

In thousands of Naira	**Directors (and close family members and related entities)**	**Subsidiaries**	**Total**
Cash and cash equivalent	-	5,112,206	**5,112,206**
Derivative financial instruments	-	-	**-**
Deposit for Investments	-	-	**-**
Deposit from financial institutions	-	225,249	**225,249**
Receivables	-	426,513	**426,513**
Payables	-	776,299	**776,299**
Other Liabilities	-	412,378	**412,378**
Fee and commission expense	-	-	**-**
Debt securities	-	-	**-**
Interest bearing borrowings	-	-	**-**
Off balance sheet exposures	-	-	**-**

(e) Key management personnel compensation for the period comprises:

Directors' remuneration

In thousands of Naira	June 2020	June 2019
Non-executive Directors		
Fees	47,708	51,875
Other emoluments:		
Allowances	449,794	379,893
	497,502	431,768

	June 2020	December 2019
Executive directors		
Short term employee's benefit	132,110	266,420
Defined contribution plan	20,405	27,840
Share based payment	35,964	68,628
Retirement benefits paid	-	415,000
	188,479	**777,888**

(f) Directors remuneration:

Remuneration paid to directors of the Bank (excluding pension contributions and other benefits) was as follows:

In thousands of Naira	June 2020	June 2019
Fees as Directors	47,708	51,875
Other emoluments	449,794	286,955
Wages and salaries	132,110	134,310
Allowances	113,813	92,938

The Directors remuneration show above includes

	June 2020	December 2019
Chairman	71,630	52,208
Highest paid director	71,630	85,160

The emoluments of all other directors fell within the following ranges:

	June 2020	December 2019
N13,000,001-N20,000,000	6	6
N20,000,001-N37,000,000	9	9
	15	15

44 Business Combination

Access Bank Plc completed the merger with former Diamond Bank Plc with effect from 19 March 2019. The merger involved Access Bank acquiring the entire issued share capital of Diamond Bank in exchange for a combination of cash consideration and shares in Access Bank via a Scheme of Merger.

In fulfilment of the consideration for the acquisition, Diamond Bank's shareholders received a consideration comprising (i) a cash consideration of N1.00 (one Naira) per Diamond Bank Share representing a total cash amount of N23,160,388,968 (twenty-three billion, one hundred and sixty million, three hundred and eighty-eight thousand, nine hundred and sixty-eight Naira) (ii) the allotment of 6,617,253,991 (six billion, six hundred and seventeen million two hundred and fifty-three thousand, nine hundred and ninety-one) new Access Bank ordinary shares, representing the 2 new Access Bank ordinary shares for every 7 Diamond Bank shares. The acquisition was accounted for as a business combination which resulted in acquired intangible assets of N50.60bn (Bank, N57.19bn).

The purchase price allocation for the acquired intangibles have now been concluded. These comprise Core deposits intangible of N28.7bn, Customer relationship of N12.7bn, Brand of N4.7bn and Goodwill of N4.6bn. The intangible assets have been categorized into those with definite and indefinite useful life as follows

Intangible	**Useful life**
Core deposits intangible	Definite
Customer relationship	Definite
Brand	Definite
Goodwill	Indefinite

Core deposits and customer relationship intangible assets are amortized over 10 years. Intangible assets with indefinite useful life are tested for impairment annually or whenever there is an impairment trigger.

The residual Goodwill of N4.6bn has been allocated to the Bank's business segements as shown below:

In thousands of Naira	**Group** **June 2020**	**Bank** **June 2020**
Corporate and Investment Bankin	1,568,579	3,790,426
Commercial Banking	865,857	1,672,247
Business Banking	1,459,238	2,118,179
Personal Banking	661,156	3,567,460
	4,554,830	**11,148,311**

Measurement of fair values
The valuation techniques used for measuring the fair value of material assets acquired were as follows.

Assets acquired	**Valuation technique**
Property, plant and equipment	Market comparison technique and cost technique: The valuation model considers quoted market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Intangible assets	reference to the amount of royalty the acquirer would pay in an arm's length transaction i.e. it estimates the value for an asset based on the cost savings realised through ownership compared to paying licencing fees. The multi-period excess earnings method; The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets. The replacement cost value: The replacement cost value is calculated as the estimated cost of acquiring new customers multiplied by the number of unique customers acquired from the Transaction. The Funding Benefit Method: The Funding Benefit Method is calculated based on the after-tax present values of the net cost of funding, defined as the difference between the interest expense on acquired deposit and the cost of alternative funding over the useful life of the deposit; and net service fees earned on the deposits (net income earned as a
Investment securities	Reference to quoted observable market prices of the instruments or similar instruments

In thousands of Naira	**Group** **December 2019**	**Bank** **December 2019**
Considerations:		
Cash payment	23,160,389	23,160,389
Access Bank's shares issued to Diamond Bank's shareholders (see (i) below)	39,372,661	39,372,661
Total Consideration	**62,533,050**	**62,533,050**
Net assets acquired from business combination (see note 44 (b) below)		
	(2,962,304)	3,631,177
Fair value adjustment	(55,015,915)	(55,015,915)
Goodwill	**4,554,831**	**11,148,311**

(i) 6,617,253,991 (six billion, six hundred and seventeen million two hundred and fifty-three thousand, nine hundred and ninety-one) new Access Bank ordinary shares, representing the 2 new Access Bank ordinary shares were alloted for every 7 Diamond Bank shares.

The fair value of the shares alloted was derived at Access Bank's market price of N5.95 as at the effective date of the merger i.e 19th March 2019. The total acquisition-related costs are within merger costs within other operating expenses. Issue costs amount to 201.95Mn, and the remaining amount of N6.39Bn relates to all other non-issuance related transaction costs.

The fair value of the net assets acquired include:

(b)

	Group **March 2019**	**Fair value adjustment** **March 2019**	**Total Fair value** **March 2019**	**Bank** **March 2019**	**Fair value adjustment** **March 2019**	**Total Fair value** **March 2019**
Assets						
Cash and balances with banks	311,585,028	-	311,585,028	311,581,376	-	311,581,376
Non pledged trading assets	20,811,592	-	20,811,592	20,811,592	-	20,811,592
Derivative financial assets	336,110	-	336,110	336,110	-	336,110
Pledged assets	107,279,524	-	107,279,524	107,204,232	-	107,204,232
Loans to banks	82,959,460	-	82,959,460	107,224,889	-	107,224,889
Loans and advances to customers	510,828,965	-	510,828,965	510,813,249	-	510,813,249
Investment securities	159,486,262	(3,568,189)	155,918,073	159,380,198	(3,568,189)	155,812,009
Investment properties	4,053,511	-	4,053,511	3,878,511	-	3,878,511
Other assets	36,519,653	-	36,519,653	36,417,649	-	36,417,649
Investment in subsidiaries	-	-	-	2,000,000	-	2,000,000
Investment in associates	98,915	-	98,915	98,915	-	98,915
Property and equipment	51,163,230	12,543,263	63,706,493	51,093,358	12,543,265	63,636,623
Intangible assets	2,375,124	46,040,842	48,415,967	2,310,365	46,040,842	48,351,207
Deferred tax assets	4,984,388	-	4,984,388	4,984,389	-	4,984,389
	1,292,481,763	**55,015,915**	**1,347,497,679**	**1,318,134,832**	**55,015,916**	**1,373,150,751**
Asset classified as held for sale and discontinued operations	48,965,253	-	48,965,253	7,976,260	-	7,976,260
Total assets	**1,341,447,016**	**55,015,915**	**1,396,462,932**	**1,326,111,092**	**55,015,916**	**1,381,127,011**
Liabilities						
Deposits from financial institutions	51,430,800	-	51,430,800	51,430,800	-	51,430,800
Deposits from customers	1,101,188,191	-	1,101,188,191	1,105,069,175	-	1,105,069,175
Derivative Liabilities	18,294	-	18,294	18,294	-	18,294
Current tax liabilities	472,844	-	472,844	327,525	-	327,525
Other liabilities	54,182,450	-	54,182,450	61,401,034	-	61,401,034
Deferred tax liabilities	13,071	-	13,071	-	-	-
Debt securities issued	74,270,686	-	74,270,686	74,270,686	-	74,270,686
Interest-bearing borrowings	92,240,671	-	92,240,671	92,240,671	-	92,240,671
	1,373,817,007	**-**	**1,373,817,007**	**1,384,758,185**	**-**	**1,384,758,185**
Liabilities classified as held for sale and discontinued operations	19,683,622		19,683,622	-	-	-
Total liabilities	**1,393,500,629**	**-**	**1,393,500,629**	**1,384,758,185**	**-**	**1,384,758,185**
Net assets	**(52,053,613)**	**55,015,915**	**2,962,303**	**(58,647,093)**	**55,015,916**	**(3,631,174)**

45 Director-related exposures

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

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

b. Full compliance with the relevant CBN policies on insider-related lending.
c. All affected Directors are precluded from taking part in the approval process of credit request wherein they have interest.

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

e. The Directors are required to execute documents for the transfer of their shares to the Bank's nominated broker to ensure effective control as required by the CBN policy to enhance the bank's Corporate Governance structure.

f. Section 89 of the Bank's Article of Association also reiterated that "a related Director shall vacate office or cease to be a Director, if the Director directly or indirectly enjoys a facility from the Bank that remains non-performing for a year of more than 12months."

The Bank's principal exposure to all its directors as at 30 June 2020 is N353.04Mn. However, the relevant obligors under this category also have credit balances and deposits maintained in their bank accounts which mitigate the risks to the bank.

Below is a schedule showing the details of the Bank's director-related lending:

S/N	Name of borrower	Relationship to reporting institution	Name of related Directors	Facility type	Outstanding Principal	Status	Nature of security
1	Paul Usoro & Company	Non-executive director	Mr Paul Usoro	Overdraft	307,484,560	Performing	Cash collateral
				Credit Card	25,194,450	Performing	Cash collateral
2	Okey Nwuke	Non-executive director	Mr Okey Nwuke	Term Loan	20,000,000	Performing	Cash collateral
				Credit Card	357,728	Performing	Cash collateral
	Balance, end of period				**353,036,738**		

46 (a) Restatement of prior year financial information

(i) Changes to statement of changes in equity

In thousands of Naira

	Reported Group December 2019	Restatements	Restated Group December 2019	Reported Bank December 2019	Restatements	Restated Bank December 2019
Retained earnings	225,118,812	-	225,118,812	192,378,618	-	192,378,618
Restatement of goodwill amortization for 2019	-	(3,453,060)	(3,453,060)	-	(3,453,060)	(3,453,060)
Restated balance as at 31 Dec 2019	**225,118,812**	**(3,453,060)**	**221,665,752**	**192,378,618**	**(3,453,060)**	**188,925,558**

(ii) Changes to statement of financial position

	Reported Group December 2019	Restatements	Restated Group December 2019	Reported Bank December 2019	Restatements	Restated Bank December 2019
Intangibles	14,656,075	-	14,656,075	13,814,576	-	13,814,576
Restatement of goodwil amortization charge for Dec 2019	-	42,587,779	42,587,779	-	42,587,779	42,587,778
Restatement of goodwill	51,276,679	(46,040,842)	5,235,837	57,189,153	(46,040,842)	11,148,310
Restated balance	**65,932,754**	**(3,453,063)**	**62,479,691**	**71,003,729**	**(3,453,063)**	**67,550,665**

(iii) Changes to statement of comprehensive income

	Reported Group June 2019	Restatements June 2019	Restated Group June 2019	Reported Bank June 2019	Restatements June 2019	Restated Bank June 2019
Interest income on financial assets not at FVTPL	226,124,685	-	226,124,685	195,438,670	-	195,438,670
Interest income on financial assets at FVTPL	46,771,826	-	46,771,826	46,178,410	-	46,178,410
Interest expense	(117,750,474)		(117,750,474)	(110,252,757)		(110,252,757)
Net interest income	155,146,037	-	155,146,037	131,364,323	-	131,364,323
Net impairment charge	(4,879,671)	-	(4,879,671)	(3,165,199)	-	(3,165,199)
Net interest income after impairment charges	150,266,366	-	150,266,366	128,199,123	-	128,199,123
Fee and commission income	41,858,183			33,209,733		33,209,734
Fee and commission expense	(4,328,866)	-	(4,328,866)	(4,023,942)	-	(4,023,942)
Net fee and commission income	37,529,317	-	(4,328,866)	29,185,792	-	29,185,793
Net gains/(loss) on investment securities	4,145,890	-	4,145,890	3,334,589	-	3,334,589
Net foreign exchange (loss)/income	(18,936,885)	-	(18,936,885)	(23,287,112)	-	(23,287,112)
Other operating income	24,412,098	-	24,412,098	23,515,879	-	23,515,879
Profit on disposal of subsidiaries	-		-	3,884,948	-	3,884,948
Personnel expenses	(31,245,673)	-	(31,245,673)	(23,144,355)	-	(23,144,355)
Rent expenses	(822,145)	-	(822,145)	(67,792)	-	(67,792)
Depreciation	(9,311,786)	-	(9,311,786)	(7,954,462)	-	(7,954,462)
Amortization	(2,163,853)	-	(2,163,853)	(1,945,194)	-	(1,945,194)
Restatement of goodwill amortization [1]	-	(1,151,020)	(1,151,020)	-	(1,151,020)	(1,151,020)
Other operating expenses	(79,757,333)	-	(79,757,333)	(73,699,132)	-	(73,699,132)
Profit before tax	**74,115,995**	**(1,151,020)**	**72,964,976**	**58,022,284**	**(1,151,020)**	**56,871,262**
Income tax	(11,091,302)	-	(11,091,302)	(7,617,977)	-	(7,617,974)
Profit for the period	**63,024,692**	**(1,151,020)**	**61,873,673**	**50,404,306**	**(1,151,020)**	**49,253,287**
Other comprehensive income (OCI) net of income tax :						
Remeasurements of post-employment benefit obligations	-	-	-	-	-	-
Items that may be subsequently reclassified to the income statement:						
Foreign currency translation differences for foreign subsidiaries						
- Realised gains during the period	-	-	-	-	-	-
- Unrealised gains /(losses) during the period	(163,609)	-	(163,609)	-	-	-
Net changes in fair value of AFS financial instruments						
-Fair value changes during the period	2,594,540	-	2,594,540	2,655,075	-	2,655,075
Fair value changes on AFS financial instruments from associates	10,043	-	10,043	10,043	-	10,043
Other comprehensive gain, net of related tax effects	2,440,975	(1,151,020)	1,289,955	2,665,119	(1,151,020)	1,514,099
Total comprehensive income for the period	**65,465,667**	**(1,151,020)**	**64,314,647**	**53,069,425**	**(1,151,020)**	**51,918,405**
Profit attributable to:						
Owners of the bank	62,294,213	(1,151,020)	61,143,193	50,404,306	(1,151,020)	49,253,286
Non-controlling interest	730,479	-	730,479	-	-	-
Profit for the period	**63,024,692**	**(1,151,020)**	**61,873,672**	**50,404,306**	**(1,151,020)**	**49,253,286**
Total comprehensive income attributable to:						
Owners of the bank	65,572,838	(1,151,020)	64,421,817	53,069,425	(1,151,020)	51,918,405
Non-controlling interest	(107,170)	-	(107,170)	-	-	-
Total comprehensive income for the period	**65,465,667**	**(1,151,020)**	**64,314,647**	**53,069,425**	**(1,151,020)**	**51,918,405**
Earnings per share attributable to ordinary shareholders						
Basic (kobo)	214	(24)	190	170	(19)	151
Diluted (kobo)	210	(24)	187	170	(19)	151

1 Amortization of Goodwill in intangibles

The purchase price allocation for the acquired intangibles have now been concluded. These comprise Core deposits intangible of N28.7bn, Customer relationship of N12.7bn, Brand of N4.7bn and Goodwill of N4.6bn.

(a) Effect of reduction of N3.45bn amortization charge in retained earnings on statement of changes in equity
(b) Effect of N3.45bn amortization charge recognised in intangibles as a result of amortization of goodwill from merger of former Diamond Bank on statement of financial position
(c) Effect of N1.51bn additional amortization charge recognised as a result of amortization of goodwill from merger of former Diamond Bank on statement of comprehensive income

47 Non-audit services

During the period, the Bank's auditor, PricewaterhouseCoopers, was awarded the contract below;

	Service	Description	Sum N'000
1	Review of Recovery Plan and Resolution Pack	PwC was required to perform review of recovery plan and resolution pack in order to comply with the Central Bank of Nigeria (CBN) and the Nigerian Deposit Insurance Company (NDIC) guidelines on recovery and resolution plannig.	3,250
2	IFRS 9 Model Review	PwC was required to review Access Bank's IFRS 9 models parameters and assumptions such as Probability of default (PD), Loss Given Default (LGD), Credit Conversion Factor (CCF), Forward-looking information (FLI) to assess the incorporation of emerging economic indicators such as Covid-19, exchange rate dynamics and potential devaluation.	10,000
3	Access Bank 2020 AGM scrutineers	PwC was required to perform agreed-upon procedures in respect of acting as poll scrutineers during the Bank's 31st Annual General meeting	1,000
4	Data Migration Review	PwC was required to perform a review of the data migration exercise. The objective of the project will be to determine that the data was migrated in line with the business rules defined by the Bank	75,000
5	Comfort Letter Procedures	Access Bank Plc requires PwC to issue a report on the audit of summary financial statements	2,000
6	Audit of Summary Financial Statement for 2017, 2018 and 2019	PwC was required to perform audit of financial statements or financial information including statutory audits that are required by national legislation or other regulations in accordance with external standards to issue audit opinion.	3,000

In the Bank's opinion, the provision of this service to the bank did not impair the independence and objectivity of the external auditor.

48 Discontinued operations

Assets and liabilities of a disposal group held for sale and discontinued operations

(a) Assets and liabilities of disposal group held for sale comprise the assets and liabilities of Diamond Bank UK as at 19 March 2019.

Diamond Bank UK was disposed effective 3 April 2019. The disposal group comprised the following assets and liabilities

	Group 19 March 2019	Intercompany eliminations 19 March 2019	Total 19 March 2019	Bank 19 March 2019
Assets				
Cash and balances with central banks	1,644,802	-	1,644,802	-
Derivative financial instruments	34,498	-	34,498	-
Loans and advances to banks	35,494,396	(7,257,193)	28,237,203	-
Loans and advances to customers	5,081,990	-	5,081,990	-
Investment in subsidiaries	-	-	-	7,976,260
FVOCI investments	11,533,351	-	11,533,351	-
Property and equipment	-	-	-	-
Intangible assets	-	-	-	-
Goodwill	-	-	-	-
Other assets	2,433,409	-	2,433,409	-
	56,222,446	(7,257,193)	48,965,253	7,976,260
Liabilities				
Deposits from banks	25,693,923	(24,274,898)	1,419,025	-
Deposits from customers	3,408	-	3,408	-
Derivative liability	-	-	-	-
Current tax liabilities	-	-	-	-
Other liabilities	1,744,295	-	1,744,295	-
Borrowings	16,516,894	-	16,516,894	-
Total liabilities held for sale	43,958,520	(24,274,898)	19,683,622	

	Group 19 March 2019	Intercompany eliminations 19 March 2019	Total 19 March 2019
Gross earnings	1,400,795	(195,945)	1,204,850
Interest income	1,188,856	(164,167)	1,024,689
Interest expense	(710,365)	446,910	(263,455)
Net interest income	478,491	282,743	761,234
Net impairment charge	-	-	-
Net interest income after impairment charges	478,491	282,743	761,234
Fee and commission income	167,355	(31,778)	135,577
Fee and commission expense	(42,841)	8,864	(33,977)
Net fee and commission income	124,514	(22,914)	101,600
Provision for losses	(1,359,896)	-	(1,359,896)
Net trading income	(74,314)	-	(74,314)
Other operating income	118,898	-	118,898
Net operating income	(1,315,312)	-	(1,315,312)
Personnel expenses	(556,176)	-	(556,176)
Depreciation and Amortization	(23,453)	-	(23,453.00)
Operating lease expenses	(88,287)	-	(88,287)
Other operating expenses	(236,321)	-	(236,321)
Total operating expenses	(904,237)	-	(904,237)
Profit before tax	(1,616,544)	259,829	(1,356,715)
Income tax	-	-	-
Profit for the year	(1,616,544)	259,829	(1,356,715)
Other comprehensive income			
Foreign currency translation differences	175,251	-	175,251
Fair value gains on FVOCI investments	77,840	-	77,840
Total other comprehensive income for the year	253,091	-	253,091
Total comprehensive income for the year	(1,363,453)	259,829	(1,103,624)

(b) Disposal of subsidiary

	Group 31 December 2019	Bank 31 December 2019
Proceeds Received	12,622,649	12,622,649
Cost of sale	(358,723)	(358,723)
Net proceeds	**12,263,926**	**12,263,926**
Net assets	12,263,926	7,976,260
Impairment charged	-	-
Net realizable value	12,263,926	7,976,260
Gain/(Loss) on Disposal	-	4,287,666

OTHER DISCLOSURES

1.0 ASSESSMENT OF COVID-19 IMPACT ON GOING CONCERN

The outbreak of the COVID-19 pandemic had a more than expected negative impact on the global economy in the first half of 2020 as global attention shifts to saving lives at a huge economic cost. Not surprising, Nigeria's GDP growth in Q1-2020 slowed to 1.87%.

The Nigeria economy faced serious macroeconomic disequilibrium and distortions in H1 2020 as the pandemic led to a spike in inflation, decrease in oil prices & production levels, lower level of investment, weak government revenue to finance critical projects & bailouts, weak alignment of fiscal and monetary policy thrusts, foreign currency (FX) supply bottlenecks and delay in implementing new FX regime, declining external reserves making LCY support tough, rising public debt without improvement in infrastructure and huge Naira devaluation. The spike in inflation resulted in rising food prices following supply disruptions, increased logistic cost, impact of rising exchange rate of the local currency and continuous border closure.
The rising inflation made Nigerians poorer as purchasing power dips, decreased disposable income, elevate cost of doing business and generally keep real interest rates in the negative territory.

As a Bank operating within this environment, it was also directly impacted by the pandemic. Some of the factors that directly impacted the Bank's operations includes:

1. The pandemic led to a decline in savings and demand for credit while also putting pressure on asset quality
2. Foreign currency liquidity challenges following oil prices collapse affected diaspora remittances
3. The huge Naira devaluation of the official currency rate of 14% to N360 and I&E window by 4% to N380, brought about an increase in the Bank's demand for dollar asset that has little or no risk -weighting in capital adequacy ratio computation
4. Increased inflation rate brought about by currency devaluation, VAT increase and continuous border closure made cost management in 2020 very crucial
5. The lockdown imposed by the government forced most employees of the Bank to work from home which brought about huge investment in improving the Bank's cybersecurity and purchase of home-work devices like laptops
6. The Pandemic also resulted in the Bank spending more on personal protective kits.
7. Increased fraud rate

In combating the challenges above, the Group was able to deploy its Business Continuity Plan and put in place some measures to ensure that its going concern status is not threatened. See below a summary of some of the measures, amongst others, put in place by the Group to ensure its operations are not halted by the pandemic:

1. Intensify our cybersecurity activities to prevent operational losses due to electronic frauds
2. Business support and constant engagement with customers operating within those sectors badly hit by the pandemic.
3. Push Brand awareness, electronic and mobile payments and convenience banking.
4. Adequate Liquidity management
5. Activation of Incident Command Center
6. Provision of virtual private network (VPN) access to critical staff
7. Daily monitoring and assessment of our loan portfolio
8. Continuous communications and customer engagements throughout this period.
9. Constant monitoring of sectors severely affected by the pandemic and proactively ascertaining the liquidity of secured collateral to exposure in the sector
10. To manage increased operating cost brought about by the pandemic, there was a general pay cut across all employee grade within the Bank
11. Constant monitoring of staff working from Home to ensure that the Bank's productivity level does not relapse.

In addition to the above, a forecast of macroeconomic indicators under different scenarios using key macro indicators that drive the Nigerian economy such as Government spending, revenue from Oil & Non-oil exports, Exchange rate, GDP, Interest Rate, Inflation, Capital and money market was done. Also, an assessment of the likely impact of the pandemic, government interventions and management responses were carried out. Given that there are still some uncertainties surrounding the possible effects of the pandemic, how long it will last, and macro outlook, the quantitative impact is constantly being monitored and reviewed.

At this point however, the impact on our business and results has not been significant and based on our experience to date we expect this to remain the case. We will continue to follow various government policies and advice, and we will do our utmost to continue our operations in the best and safest way possible without jeopardising the health of our people. The Group is confident that, based on the risk management processes in place, the going concern status of the institution is not threatened and the Group will continue to operate into the foreseeable future

OTHER NATIONAL DISCLOSURES

Value Added Statement

In thousands of Naira

	Group June 2020	%	Group June 2019	%
Gross earnings	396,757,240		324,261,499	
Interest expense				
Foreign	(31,049,313)		(24,177,899)	
Local	(67,531,039)		(71,155,801)	
	298,176,888		228,927,799	
Net impairment (loss) on financial assets	(16,875,627)		-	
Net impairment loss on other financial assets	409,936		(4,328,866)	
Bought-in-materials and services				
Foreign	(3,123,911)		(1,096,040)	
Local	(128,734,256)		(83,812,302)	
Value added	**149,853,031**		**139,690,592**	
Distribution of Value Added				
To Employees:				
Employees costs	36,251,381	24%	31,245,673	24%
To government				
Government as taxes	13,271,429	9%	12,647,064	10%
To providers of finance				
Interest on borrowings	21,934,753	15%	22,962,517	11%
Dividend to shareholders	14,218,090	9%	8,886,306	7%
Retained in business:				
For replacement of property and equipment and intangible assets	17,360,673	12%	11,475,640	9%
For replacement of equipment on lease	-	0%	-	0%
Retained profit (including Statutory and regulatory risk reserves	46,816,704	31%	52,473,390	40%
	149,853,032	**100%**	**139,690,592**	**100%**

OTHER NATIONAL DISCLOSURES

Value Added Statement

In thousands of Naira	Bank June 2020	%	Bank June 2019	%
Gross earnings	338,581,878		282,160,818	
Interest expense				
Foreign	(31,411,993)		(25,359,327)	
Local	(55,515,175)		(62,945,685)	
	251,654,712		193,855,808	
Net impairment (loss) on financial assets	(14,768,610)		-	
Net impairment loss on other financial assets	-		-	
Bought-in-materials and services				
Foreign	(3,538,360)		(8,692,563)	
Local	(120,321,536)		(69,095,374)	
Value added	**113,026,205**		**116,067,870**	
Distribution of Value Added				
To Employees:				
Employees costs	27,831,950	25%	23,144,355	20%
To government				
Government as taxes	6,493,870	6%	9,173,739	8%
To providers of finance				
Interest on borrowings	21,305,912	19%	25,115,872	19%
Dividend to shareholders	14,218,090	13%	8,886,306	8%
Retained in business:				
For replacement of property and equipment	14,818,602	13%	9,899,655	9%
For replacement of equipment on lease	-	0%	-	0%
Retained profit (including Statutory and regulatory risk reserves	28,357,778	25%	39,847,942	35%
	113,026,203	**100%**	**116,067,870**	**100%**

OTHER NATIONAL DISCLOSURES

Other financial Information
Five-year Financial Summary

	June 2020	*Restated December 2019	December 2018	*Restated December 2017	*Restated December 2016
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	663,916,043	723,064,003	740,926,362	547,134,325	413,421,081
Investment under management	29,227,849	28,291,959	23,839,394	20,257,131	14,871,247
Non pledged trading assets	283,422,055	129,819,239	38,817,147	46,854,061	44,629,579
Pledged assets	251,391,394	605,555,891	554,052,956	447,114,404	314,947,502
Derivative financial instruments	259,584,207	143,520,553	128,440,342	93,419,293	156,042,984
Loans and advances to banks	390,436,738	152,825,081	142,489,543	68,114,076	45,203,002
Loans and advances to customers	2,999,817,788	2,911,579,708	1,993,606,233	1,995,987,627	1,809,459,172
Investment securities	1,210,866,708	1,084,604,185	501,072,480	278,167,758	229,113,772
Investment properties	927,000	927,000	-	-	-
Other assets	1,376,490,218	1,055,510,452	704,326,780	489,563,282	363,723,078
Property and equipment	208,365,905	211,214,238	103,668,719	97,114,642	84,109,052
Intangible assets	61,124,774	62,479,691	9,752,498	8,295,855	6,939,555
Deferred tax assets	7,178,972	8,807,563	922,660	740,402	1,264,813
Assets classified as held for sale	23,757,518	24,957,519	12,241,824	9,479,967	140,727
Total assets	7,766,507,170	7,143,157,082	4,954,156,938	4,102,242,823	3,483,865,564
Liabilities					
Deposits from financial institutions	1,317,547,310	1,186,356,312	994,572,845	450,196,970	167,356,583
Deposits from customers	4,667,655,529	4,255,837,303	2,564,908,384	2,244,879,075	2,089,197,286
Derivative financial instruments	20,645,382	6,885,680	5,206,001	5,332,177	30,444,501
Current tax liabilities	2,698,571	3,531,410	4,057,862	7,489,586	5,938,662
Other liabilities	312,426,714	324,333,874	246,438,951	258,166,549	115,920,249
Deferred tax liabilities	14,100,920	11,272,928	6,456,840	8,764,262	3,699,050
Debt securities issued	164,758,197	157,987,877	251,251,383	302,106,706	316,544,502
Interest-bearing borrowings	592,324,048	586,602,830	388,416,734	311,617,187	299,543,707
Retirement benefit obligations	3,988,680	3,609,037	2,336,183	2,495,274	3,075,453
Total liabilities	7,096,145,351	6,536,417,251	4,463,645,183	3,591,047,788	3,031,719,993
Equity					
Share capital and share premium	251,811,463	251,811,463	212,438,802	212,438,802	212,438,802
Retained earnings	254,183,338	221,665,747	155,592,892	113,449,307	91,265,019
Other components of equity	157,328,639	124,733,788	114,609,701	178,399,413	142,194,725
Non controlling interest	7,038,379	8,528,833	7,870,360	6,907,515	6,247,028
Total equity	670,361,819	606,739,831	490,511,755	511,195,037	452,145,575
Total liabilities and Equity	7,766,507,170	7,143,157,082	4,954,156,938	4,102,242,826	3,483,865,569
Gross earnings	396,757,240	666,753,600	528,744,579	459,075,779	381,320,781
Profit before income tax	74,306,223	115,378,579	103,187,703	78,169,119	87,990,444
Profit from continuing operations	61,034,795	97,509,659	94,981,086	60,087,491	69,090,335
Profit for the year	61,034,795	97,509,659	94,981,086	60,087,491	69,090,335
Non controlling interest	675,847	1,007,734	962,845	13,090	322,322
Profit attributable to equity holders	60,358,948	96,501,925	94,018,240	60,074,401	68,768,013
Dividend paid	14,218,090	17,772,613	18,803,180	18,803,180	15,910,384
Earning per share - Basic	173k	289k	330k	218k	249k
- Adjusted	169k	284k	325k	214k	245k
Number of ordinary shares of 50k	35,545,225,623	35,545,225,623	28,927,971,631	28,927,971,631	28,927,971,631

OTHER NATIONAL DISCLOSURES

Other financial Information
Five-year Financial Summary

Bank	June 2020	*Restated December 2019	December 2018	*Restated December 2017	*Restated December 2016
	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	482,487,540	575,906,273	338,289,912	252,521,543	219,813,090
Investment under management	29,227,849	28,291,959	23,839,394	20,257,131	14,871,247
Non pledged trading assets	206,297,956	76,971,761	36,581,058	43,016,990	44,629,579
Pledged assets	251,391,394	605,555,892	554,052,956	440,503,327	314,947,502
Derivative financial instruments	259,030,652	143,480,073	128,133,789	92,390,219	155,772,662
Loans and advances to banks	228,130,576	164,413,001	100,993,116	101,429,001	104,006,574
Loans and advances to customers	2,622,576,420	2,481,623,671	1,681,761,862	1,771,282,739	1,594,562,345
Investment securities	948,402,586	813,706,953	258,580,286	121,537,302	161,200,642
Other assets	1,332,219,001	1,004,310,288	625,813,176	469,812,502	348,778,639
Investment properties	727,000	727,000	-	-	-
Investment in subsidiary	137,411,926	131,458,709	111,203,496	87,794,631	59,239,252
Property and equipment	183,140,520	188,634,460	88,392,543	83,676,723	71,824,472
Intangible assets	66,239,438	67,550,668	8,231,197	5,981,905	5,173,784
Deferred tax assets	-	-	-	-	-
Assets classified as held for sale	23,757,518	24,957,518	12,241,824	9,479,967	140,727
Total assets	6,771,040,376	6,307,588,226	3,968,114,608	3,499,683,981	3,094,960,515
Liabilities					
Deposits from banks	1,175,442,663	1,079,284,414	616,644,611	276,140,835	95,122,188
Deposits from customers	3,995,649,891	3,668,339,811	2,058,738,930	1,910,773,713	1,813,042,872
Derivative financial instruments	19,703,286	6,827,293	5,185,870	5,306,450	30,275,181
Debt securities issued	164,758,197	157,987,877	251,251,383	302,106,706	243,952,418
Current tax liabilities	2,140,401	1,409,436	2,939,801	4,547,920	5,004,160
Other liabilities	282,430,929	302,261,962	222,046,143	242,948,060	109,887,952
Retirement benefit obligations	3,802,888	3,418,060	2,319,707	2,481,916	3,064,597
Interest-bearing borrowings	544,745,035	544,064,226	363,682,441	282,291,141	372,179,785
Deferred tax liabilities	8,792,481	4,507,110	4,505,966	7,848,515	3,101,753
Total liabilities	6,197,465,771	5,768,100,189	3,527,314,852	3,034,445,256	2,675,630,906
Equity					
Share capital and share premium	251,811,463	251,811,463	212,438,802	212,438,802	212,438,802
Retained earnings	210,896,952	188,925,555	148,238,575	115,966,230	90,980,177
Other components of equity	110,866,190	98,751,019	80,122,380	136,833,692	115,910,630
Total equity	573,574,605	539,488,037	440,799,756	465,238,725	419,329,609
Total liabilities and Equity	6,771,040,376	6,307,588,226	3,968,114,609	3,499,683,982	3,094,960,514
Gross earnings	338,581,878	576,347,839	435,743,037	398,161,576	331,000,972
Profit before income tax	49,069,737	82,666,776	75,248,146	65,140,136	78,230,565
Profit for the year	42,575,866	73,569,054	73,596,295	51,335,460	61,677,124
Dividend paid	14,218,090	18,803,180	18,803,180	15,910,384	13,729,777
Earning per share - Basic	119k	254k	177k	221k	174k
- Adjusted	119k	254k	184k	221k	174k
Number of ordinary shares of 50k	28,927,971,631	28,927,971,631	28,927,971,631	28,927,971,631	22,882,918,908