Access Bank Plc

Consolidated and separate financial statements for the period ended
30 June 2016

ACCESS BANK PLC
Index to the consolidated financial statements
For the period ended 30 June 2016

Directors, officers and professional advisors

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

Directors

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

* Appointed Chairman July 29, 2015
** Retired effective July 30, 2015
*** Resigned effective November 16, 2015
**** Appointed effective January 28, 2016

Company Secretary
Mr Sunday Ekwochi

Corporate Head Office
Access Bank Plc
Plot 999c, Danmole Street,
Victoria Island, Lagos.
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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.ng.pwc.com

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

Directors' Report
For the period ended 30 June, 2016

The Directors have pleasure in presenting their report on the affairs of Access Bank Plc (the "Bank") together with its subsidiaries (the "Group"), the Group and the Bank Audited Financial Statements with Auditor's Report for the Half Year Ended 30 June 2016.

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 incude the provision of money market product and services, retail banking, granting of loans and advances, equipment leasing, corporate finance and foreign exchange operations.
The Bank has the following international banking subsidiaries: Access Bank (Gambia) Limited, Access Bank (Sierra Leone) Limited, Access Bank (Zambia) Limited, The Access Bank (UK) Limited, Access Bank (Ghana) Limited, Access Bank Rwanda, Access Bank (D.R. Congo). The Bank also has Access Finance BV, an offshore Special Purpose Vehicle for the issuance of the U.S.$350,000,000, 7.25 Per Cent Guaranteed Notes Dues 2017 guaranteed by the Bank. The Bank also operates a Representative office in China, UAE and Lebanon.

In furtherance of the objective of bringing the Bank's activities in compliance with the provisions of the Central Bank of Nigeria's Regulation on Scope of Banking Activities and Other Ancilliary Matters, on the permitted activities for Commercial Banks with International Authorisation, the Bank is currently at the final stage of winding-up of Intercontinental Bureau de Change Limited, a subsidiary inherited from the defunct Intercontinent Bank Plc.

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

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

In thousands of Naira	**Group Jun-16**	**Group Jun-15**	**Bank Jun-16**	**Bank Jun-15**
Gross earnings	174,069,317	168,641,952	153,509,208	151,164,233
Profit before income tax	50,022,929	39,113,344	44,636,210	34,497,806
Income tax expense	(10,536,217)	(7,826,247)	(9,380,476)	(6,072,231)
Profit from continuing operations	39,486,712	31,287,097	35,255,734	28,425,574
Profit for the period	39,486,712	31,287,097	35,255,734	28,425,574
Other comprehensive (loss)/gain	30,680,391	2,786,750	13,514,011	3,241,100
Total comprehensive income for the period	70,167,103	34,073,846	48,769,745	31,666,675
Non-controlling interest	1,797,832	182,054	-	-
Profit attributable to equity holders of the Bank	68,369,271	33,891,791	48,769,745	31,666,675

In thousands of Naira	**Group Jun-16**	**Group Jun-15**	**Bank Jun-16**	**Bank Jun-15**
Earnings per share - Basic (k)	161	135	142	124
Dividend (paid):				
Final for 2015 paid in 2016 and 2014 paid in 2015 respectively	8,678,391	8,052,541	8,678,391	8,009,048

In thousands of Naira	**Group Jun-16**	**Group Dec-15**	**Bank Jun-16**	**Bank Dec-15**
Total equity	428,616,604	367,801,467	401,049,154	360,428,904
Total impaired loans and advances	36,613,540	24,416,535	28,260,557	19,996,906
Total impaired loans and advances to gross risk assets (%)	1.97%	1.70%	1.66%	1.50%

Interim dividend
The Board of Directors proposed an Interim Dividend of 25 kobo (HY 2015: 25 kobo) each payable to shareholders on register of shareholding at the closure date. Withholding tax will be deducted at the time of payment.

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

	Number of Ordinary Shares of 50k each held as at			
	30-Jun-16		31-Dec-15	
	Direct	Indirect	Direct	Indirect
G. Oyebode *	-	-	112,059,795	228,080,653
M. Belo-Olusoga- Chairman**	3,604,838	-	3,604,838	-
H. O. Wigwe - GMD/CEO	206,231,713	2,376,459,113	206,231,713	2,376,459,113
O. D Nwosu - GDMD	30,004,585	-	30,004,585	-
O. S. Otubu	26,226,262	26,985,212	26,226,262	26,985,212
M. Isa-Dutse***	-	-	4,207,751	-
E. Chiejina	9,441,005	-	9,441,005	-
K. Ogunmefun	-	1,209,763	-	991,333
V.O. Etuokwu	13,579,889	-	13,579,889	-
R. C. Ogbonna - ED	28,000,558	-	28,000,558	-
O.N. Olaghere - ED	19,451,332	-	19,451,332	-
E. Igbinakenzua - ED	18,145,477	-	18,145,477	-
T. Osuntoki - ED	28,728,854	-	28,728,854	-
P. Usoro	1,209,634	-	1,209,634	-
A. Awosika	-	-	-	-
E. Ndukwe	700,000	-	700,000	-
A. Mamman Tor Habib	-	-	-	-

* Retired effective July 30, 2015
** Appointed Chairman July 29, 2015
*** Resigned effective November 16, 2015
**** Appointed on January 28, 2016

Directors' interest in contracts

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

Related director	**Interest in entity**	**Name of company**	**Services to the Bank**
Mr. Gbenga Oyebode	Chaiman	Aluko & Oyebode	Legal services
Mr. Gbenga Oyebode	Director/ Shareholder	MTN Nigeria Limited	Mobile telephone services
Dr. Cosmas Maduka	Director	Coscharis Group Companies	Supply of cars, water, beverages and computer equi
Mr. Oritsedere Otubu	Director	Staco Insurance Plc	Underwriting services
Mr. Oritsedere Otubu	Director	Senforce Insurance Brokers Ltd	Insurance brokerage services
Mr. Oritsedere Otubu	Director	Eko Electricity Distribution Coy. Ltd.	Electricity Services
Mr. Paul Usoro	Director	Marina Securities Ltd	Financial Services
Mr. Paul Usoro	Director	Airtel Nigeria Ltd	Mobile telephone
Mr. Paul Usoro	Director	CR Services (Credit Bureau)Plc	Credit registry services
Mr. Paul Usoro	Shareholder	Paul Usoro & Co	Legal Advisory Service
Mrs. Mosun Belo- Olusoga	Director/Shareholder	The KRC Ltd.	Training services
Mr. Herbert Wigwe	Shareholder	Marina Securities Limited	Brokerage services
Mr. Herbert Wigwe	Shareholder	Wapic Insurance Plc	Insurance Services
Mr. Emmanuel Chiejina	Director	Sumeru Nigeria Limited	Tele-marketing
Mr. Emmanuel Chiejina	Director	Staco Assurance Plc	Assurance

Analysis of shareholding:

The shareholding pattern of the Bank as at 30 June 2016 was as stated below:

	30 June 2016			
Range	Number of Shareholders	% of Shareholders	Number of shares held	% of Shareholders
Domestic Shareholders				
1-1,000	410,206	50.05	65,482,182	0.23
1,001-5,000	250,184	30.52	553,401,669	1.91
5,001-10,000	66,158	8.07	453,407,901	1.57
10,001-50,000	71,058	8.67	1,433,659,526	4.96
50,001- 100,000	10,764	1.31	781,489,508	2.70
100,001-500,000	8,177	1.00	1,653,296,930	5.72
500,001-1,000,000	969	0.12	708,080,568	2.45
1,000,001-5,000,000	842	0.10	1,653,469,754	5.72
5,000,001-10,000,000	120	0.01	841,776,376	2.91
10,000,001 and above	186	0.02	17,465,204,996	60.37
	818,664	**99.88**	**25,609,269,410**	**88.53**
Foreign Shareholders				
1-1,000,000	978	0.12	23,335,102	0.08
1,000,001-5,000,000	5	0.00	10,992,865	0.04
5,000,001-10,000,000	0	0.00	-	0.00
10,000,001 and above	13	0.00	3,284,374,254	11.35
	996	**0.12**	**3,318,702,221**	**11.47**
Total	819,660	100.00	28,927,971,631	100.00

The shareholding pattern of the Bank as at 31 December 2015 is as stated below:

	31 December 2015			
Range	Number of Shareholders	% of Shareholders	Number of shares held	% of Shareholders
Domestic Shareholders				
1-1,000	410,644	50.02%	65,559,778	0.23%
1,001-5,000	250,507	30.51%	554,171,517	1.92%
5,001-10,000	66,302	8.08%	454,352,983	1.57%
10,001-50,000	71,310	8.69%	1,438,351,292	4.97%
50,001- 100,000	10,841	1.32%	786,936,166	2.72%
100,001-500,000	8,223	1.00%	1,660,607,008	5.74%
500,001-1,000,000	969	0.12%	706,511,176	2.44%
1,000,001-5,000,000	866	0.11%	1,727,022,587	5.97%
5,000,001-10,000,000	131	0.02%	926,679,604	3.20%
10,000,001 and above	193	0.02%	18,759,861,886	64.85%
	819,986	**99.88%**	**27,080,053,997**	**93.61%**
Foreign Shareholders				
1-1,000,000	965	0.12%	23,176,074	0.08%
1,000,001-5,000,000	4	0.00%	8,152,715	0.03%
5,000,001-10,000,000	1	0.00%	7,224,113.00	0.02%
10,000,001 and above	8	0.00%	1,809,364,732	6.25%
	978	**0.12%**	**1,847,917,634**	**6.39%**
Total	**820,964**	**100%**	**28,927,971,631**	**100%**

Substantial interest in shares

According to the register of members at 30 June 2016, the following shareholders held more than 5% of the issued share capital of the Bank as follows:

	30 June 2016		**31 December 2015**	
	Number of shares held	% of shareholding	Number of shares held	% of shareholding
Stanbic Nominees Nigeria Limited*	3,967,121,205	13.71%	4,283,583,626	14.79%
Blakeney GP	1,984,046,908	6.85%	1,763,244,933	6.08%

*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 N74,840,000 (December 2015: N346,628,505) during the period, as listed below:

Beneficiary	Purpose	Amount
-United Nations Population Fund	Support for 2016 women deliver conference	7,500,000
-United Nations	Sponsorship of the 2015 UN women empowerment principles	1,375,000
-UN Women	Sponsorship of 2015 UN women empowerment principles meeting	6,875,000
-Run for a Cure Africa	Support to run for cure aforica/breast cancer campaign	2,000,000
-Red Cross Society	Support for Red Cross Society programmes	1,000,000
-OPTIMAL CANCER's Care Initiative	Support for world cancer day /optimal cancer care	3,000,000
-Nigeria Business Coalition Against Aids (NiBUCAA)	Support for NiUBAA round table meeting	2,090,000
-Mother & Girl Child Protection Initiative (MAGI)	Support for Mother & Girl Child Protection Initiative	3,000,000
-Human & Environmental Development Agency (HEDA)	Support for HEDA on project safe water initiative	21,750,000
-HACEY's Health Initiative	Support towards world health day	4,000,000
-HACEY's Health Initiative	Support towards world malaria day	3,500,000
-Green Impact Initiative	Support for Green Impact International Initiative	3,000,000
-Glo Initiative for Economic Empowerment (GIEE)	Support for GIEE on world environment day	5,000,000
-Financial Nigeria International	Partnering with Financial Nigeria International	4,250,000
-Dreamland Foundation	Support for the Dreamland Foundation	5,000,000
-Centre for youths studies	Support towards Centre for Youth Studies	1,500,000
		74,840,000

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

Human resources

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

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

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

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

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

The Bank operates both a Group Personal Accident and the Workmen's Compensation Insurance covers for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act 2004 as Amended and other benefit schemes for its employees.

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

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

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

1	Mr Emmanuel Olutoyin Eleoramo	-	Shareholder	Chairman
2	Mr. Henry O Omatsola Aragho	-	Shareholder	Member
3	Mr Idaere Gogo Ogan	-	Shareholder	Member
4	Mr Oritsedere Otubu	-	Director	Member
5	Dr. Ernest Ndukwe	-	Independent Director	Member
6	Dr. (Mrs.) Ajoritsedere Awosika	-	Director	Member

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

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

BY ORDER OF THE BOARD

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

Sunday Ekwochi
Company Secretary
FRC/2013/NBA/00000005528

CORPORATE GOVERNANCE REPORT FOR HALF-YEAR ENDED JUNE 30, 2016

To take tomorrow, you first have to be inspired by where you are starting from today. Or to put it another way, when you embark on a great journey together, you need to trust those who are in the driving seat.

Fortunately, Access Bank has an excellent track record when it comes to corporate governance. We have always been committed to best practice in this, as in all areas. From strict performance monitoring to the careful appointment and supervision of experienced, capable Directors, not to mention the complementary role of overseeing committees, we will always be in the leading rank.

We are also transparent in all that we do, maintaining high ethical standards. And if we should ever fall short, we have a formal whistle-blowing procedure to ensure we stay on the right course.

In all of this we adhere to and strive to exceed the regulatory requirements.

That way you can be sure that a better tomorrow awaits, not just because of our vision, resources and capabilities, but because of the way we believe in getting there.

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

This report documents the Group's corporate governance practices that were in place during the Half Year Ended June 30, 2016.

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

Performance Monitoring and Evaluation

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

The Bank's performance on Corporate Governance is continuously being monitored and reported. We carry out quarterly and semi-annual reviews of our compliance with the CBN Code and the SEC Code respectively, and render reports to the regulators. The Board has also established a system of independent annual evaluation of its performance, that of its committees and individual directors. The evaluation is done by an independent consultant approved by the Board. In this regard, Accenture Limited was engaged to conduct the Board performance evaluation for the Financial Year Ended December 31, 2015. The independent consultant does not have any connection with the Group or any of its directors. The Board believes that the use of an independent consultant not only encourages directors to be more candid in their evaluation of the Board performance, but also enhances the objectivity and transparency of the evaluation process.

The result of the Board performance evaluation was presented by the independent consultant during the Board Meeting held on January 28, 2016. The evaluation was a 360 degree on-line survey covering directors' self-assessment, peer assessment and evaluation of the Board and the Committees. The effectiveness of the Independent Directors vis-à-vis the CBN Guidelines on Independent Directors of

Banks was also evaluated. The result confirmed that the individual directors and the Board continue to operate at a very high level of effectiveness and efficiency.

In compliance with the CBN Code, the Annual Board Performance Evaluation Report for the year 2015 was presented to shareholders at the 27th Annual General Meeting of the Bank held on April 27, 2016.

Appointment, Retirement and Re-election of Directors

The Board has put in place a formal process for the selection of new directors to ensure the transparency of the nomination process. The process is documented in the Fit and Proper Person Policy and is led by the Board Governance and Nomination Committee. The Committee identifies candidates for appointment as director in consultation with the Chairman, the Group Managing Director and/or any other director, or through the use of search firms or such other methods as the Committee deems helpful to identify candidates. Once candidates have been identified, the Committee shall confirm that the candidates meet the minimum qualifications for director nominees set forth in the policy, and relevant statutes and regulation. The Committee may gather information about the candidates through interviews, questionnaires, enhance due diligence checks, or any other means that the Committee deems helpful in the evaluation process. The Committee meets to discuss and evaluate the qualities and skills of each candidate, taking into account the overall composition and needs of the Board. Based on the results of the evaluation process, the Committee recommends candidates to the Board for appointment as director subject to the approval of shareholders and Central Bank Nigeria's approval.

The company's Articles of Association require one third of all Non-Executive Directors (rounded down) to stand for re-election every year (depending on their tenure on them Board) together with Directors appointed by the Board since the last Annual General Meeting ('AGM'). In keeping with the requirement, Mr Emmanuel Chiejina, Mrs Anthonia O. Ogunmefun and Dr. (Mrs) Ajoritsedere Awosika retired at 27th Annual General Meeting and being eligible for re-election submitted themselves for re-election and were duly elected by the shareholders.

The Board pursuant to the powers vested on it by the Articles of Association also appointed Mr Abba Mamman Tor Habib a Non-Executive Director subject to all regulatory and shareholders' approvals. The appointee brings on board his robust experience in private sector governance. As required by the Articles of Association, his appointment was duly approved by shareholders as the 27th Annual General Meeting.

Shareholders Engagement

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

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

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

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

Access to Information and 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 Group Board Audit Committee and the Group Shareholders Audit Committee Meetings to make presentation on the audit of the Group's Financial Statements. Directors have unrestricted access to Group management and company information in addition to the necessary resources to carry out their responsibilities. This includes access to external professional advice at the Bank's expense as provided by the Board and Committees' charters.

The Board

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

Composition and Role

The Board consists of fifteen members, made up of eight Non-Executive Directors and seven Executive Directors as set out below. Two of the Non-Executive Directors are Independents and meet the criteria set by the CBN's Guideline on Independent Directors of Banks in Nigeria.

S/n	Name	Designation
1	Mrs Mosun Belo-Olusoga	Chairman
2	Mr Oritsedere Samuel Otubu	Non-Executive Director
3	Mr Emmanuel Chiejina	Non-Executive Director
4	Mrs Anthonia Kemi Ogunmefun	Non-Executive Director
5	Mr Paul Usoro, SAN	Non-Executive Director
6	Dr Ernest Ndukwe	Independent Non-Executive Director
7	Dr (Mrs) Ajoritsedere Awosika	Independent Non-Executive Director
8	Mr. Abba M.T Habib	Non-Executive Director
9	Mr Herbert Wigwe	Group Managing Director/Chief Executive Officer
10	Mr Obinna Nwosu	Group Deputy Managing Director
11	Mr Victor Etuokwu	Executive Director
12	Mrs Ojini Olaghere	Executive Director
13	Mr Elias Igbinakenzua	Executive Director

14	Mr Roosevelt Ogbonna	Executive Director
15	Mrs Titi Osuntoki	Executive Director

In line with best practice, the Chairman and Chief Executive Officer's roles in the Bank are assumed by different individuals; this ensures the balance of power and authority. The Board is able to reach impartial decisions as its Non-Executive Directors are a blend of independent and non-independent directors with no shadow or Alternate Directors, which ensures that independent thought is brought to bear on decisions of the Board. The effectiveness of the Board derives from the diverse range of skills and competences of the Executive and Non-Executive Directors who have exceptional degrees of banking, financial and broader entrepreneurial experiences.

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

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

Appointment Process, Induction and Training of Board Members

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

The Governance and Nomination Committee is responsible for both Executive and Non-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. We are comfortable that the Board is sufficiently diversified to optimise its performance.

The Board ensures the regular training and education of Board members on issues pertaining to their oversight functions. Regarding new Directors, there is a 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 receives an induction pack which includes charters of the various Board Committees, significant reports, important legislation and policies, minutes of previous Board Meetings and a Calendar of Board Activities.

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

TRAININGS FOR NON-EXECUTIVE DIRECTORS FOR HALF YEAR (JANUARY-JUNE, 2016)

S/N	Name	Training	Venue	Organizer	Date	Duration	Number in Attendance
1.	Mr. Emmanuel Chiejina	Blue Ocean Strategy	France	INSEAD	May 30-June 2, 2016	4 days	1
2.	Mr. Oritsedere Otubu	International Directors Programme	France	INSEAD	May 30-June 2, 2016	4 days	1
3.	Dr. (Mrs) Ajoritsedere Awosika	Business Innovation	USA	Harvard Business School	June 22-June 25, 2016	4 days	1

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 quarterly report to the Board on its activities. The Board delegates authority to the Group Managing Director to manage the affairs of the Group within the parameters established by the Board from time to time.

Board Meetings

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

All Directors are provided with notices, agenda and meeting papers in advance of each meeting to enable Directors to have adequate time to 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 met 5 times during the period under review. The Board also held its 8th Annual Board Retreats on February 26-27 to discuss strategic issues affecting the Bank. The Board operates an electronic portal, Diligent Boardbook for the circulation of board papers to members. This underscores the Board commitment to embrace environment sustainability by reducing paper usage.

Board Committees

The Board carries out its oversight function through its standing committees, each of which has a charter that clearly defines its purpose, composition, 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 five standing committees, namely: the Risk Management Committee, the Audit Committee, the Governance and Nomination Committee, the Remuneration Committee and the Credit & Finance Committee. The Board accepts that while the various Board committees have the authority to examine a particular issue and report back to the Board with their decisions and/or recommendations, the ultimate responsibilities on all matters lies with the Board. The composition and responsibilities of the committees are set out below:

Name	BAC	BRMC	BCFC	BGNC	BRC
Mosun Belo-Olusoga	-	-	-	-	-
Oritsedere Otubu[1]	M	-	M	M	C
Emmanuel Chiejina[1]	-	M*	M	C	M
Anthonia Kemi Ogunmefun[1]	-	M	M	M	M
Paul Usoro[1]	M	M	M	M	M
Abba M.T. Habib	M	M	M	-	-
Ernest Ndukwe[3]	C	M	M	M	M
Ajoritsedere Awosika[3]	M	-	M	M	M
Herbert Wigwe[2]	-	M	M	M	-
Obinna Nwosu [2]	-	M	M	-	-
Victor Etuokwu[2]	-	-	M	-	-
Ojinika Olaghere[2]	-	M	-	-	-
Elias Igbinakenzua[2]	-	-	M	-	-
Roosevelt Ogbonna[2]	-	-	M	-	-
Titi Osuntoki	-	-	M	-	-

C Chairman of Committee

M Member

\- Not a member

[1] Non- Executive

[2] Executive

[3] Independent

BAC – Board Audit Committee

BRMC – Board Risk Management Committee

BCFC – Board Credit and Finance Committee

BGNC –Board Governance and Nomination

BRM – Board Remuneration Committee

Credit and Finance Committee

The Committee considers and approves loan applications above certain limits (as defined by the Board from time to time) which have been recommended by the Management Credit Committee. It also acts as a catalyst for credit policy change and oversees the administration and effectiveness of the Bank's credit policies. The Committee met 9 times during the review period.

The Committee's key activities during the period included review and approval of credit facilities, review of the Credit Portfolio and the collateral for same, monitoring the implementation of credit risk management policies, plus approval of the amendment to the Credit Policy Guide.

Mr. Oritsedere Otubu is the Chairman of the Committee. He holds Bachelors and Masters Degrees in Finance and Accounting respectively from Houston Baptist University, United States of America. He has over two decades of professional experience in the financial services industry.

Governance and Nomination Committee

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

The key decisions of the Committee in the reporting period included approval of the consideration of Group Human Resource report and Sustainability Report. The Committee met 2 times during the period.

Mr. Emmanuel Chiejina chaired the Committee. He was the Deputy Managing Director of Total E&P. from 2004 to 2007. Mr Chiejina holds a degree in Law from the University of Lagos and was called to the bar in 1976 after attending the Nigeria Law School. Before his appointment as Deputy Managing Director of Total E & P, he was Executive Director, Corporate Development and Services with responsibility for human resources.

Risk Management Committee

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

During the period under review the Committee considered and recommended some policies to the Board for approval and received risk report from all the risk areas except credit. The Committee met 2 times during the reporting period.

The Committee is chaired by Mr. Emmanuel Chiejina.

Audit Committee

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

Bank's Chief Internal Auditor and Chief Compliance Officer have access to the Committee and make quarterly presentations to the Committee.

The key issues considered by the Committee during the period included the review and recommendation of 2015 Full Year Audited Financial Statements, the review of reports of the Group Internal Auditor and Internal Audit Consultants, the review of whistle-blowing reports and approval of the Internal Audit Plan. The Committee met 3 times during the reporting period.

The Committee is chaired by Dr Ernest Ndukwe, an Independent Director. He graduated from the University of Ife in 1975 and is an alumnus of Lagos Business School. He is a fellow of the Nigerian Society of Engineers, the Nigerian Institute of Management and the Nigerian Academy of Engineering. Other members of the Committee have relevant financial management and accounting backgrounds, as required by the CBN Code.

Remuneration Committee

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

The key issues considered by the Committee during the period included consideration of Remuneration Survey reports for the Group Office and the subsidiary entities. The Committee met once during the review period.

The Committee is chaired by Mr. Oritsedere Otubu.

Attendance at Board and Board Committees meetings

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

	NAMES OF DIRECTORS			**Meeting**				
		GM	**BoD**	**BRMC**	**BCFC**	**BGNC**	**BRC**	**BAC**
Number of Meetings Held		**1**	**5**	**2**	**9**	**2**	**1**	**3**
Attendance:								
1	Mosun Belo-Olusoga	1	5	N/A	N/A	N/A	N/A	N/A
2	Oritsedere Samuel Otubu	1	5	N/A	9	N/A	1	3
3	Emmanuel Chiejina	1	5	2	9	2	1	N/A
4	Anthonia Kemi Ogunmefun	1	5	2	9	2	1	N/A
5	Paul Usoro	1	5	2	7	2	1	3
6	Ernest Ndukwe	1	5	2	9	2	1	3
7	Ajoritsedere Awosika	1	5	N/A	7	2	1	3
8	Abba M.T Habib*	1	2	N/A	3	N/A	N/A	N/A
9	Herbert Wigwe	1	5	2	9	2	N/A	N/A
10	Obinna Nwosu	1	3	2	5	N/A	N/A	N/A

11	Victor Etuokwu	1	5	N/A	6	N/A	N/A	N/A
12	Ojini Olaghere	1	4	2	N/A	N/A	N/A	N/A
13	Elias Igbinakenzua	1	4	N/A	7	N/A	N/A	N/A
14	Titi Osuntoki	1	4	N/A	8	N/A	N/A	N/A
15	Roosevelt Ogbonna	-	3	N/A	7	N/A	N/A	N/A

1* Appointed into Committees at the Board Meeting held on April 28, 2016

GM – General Meetings: AGM held on April 27, 2016

BoD – Board of Directors

BRMC – Board Risk Management Committee

BCFC – Board Credit and Finance Committee

BGNC – Board Governance and Nomination Committee

BAC – Board Audit Committee

BRC – Board Remuneration Committee

Executive Committee

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

Management Committees

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

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

Statutory Audit Committee

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

1. Mr Emmanuel Olutoyin Eleoramo (Shareholder) Chairman
2. Mr Idaere Gogo Ogan (Shareholder) Member
3. Mr Henry Omatsola Aragho (Shareholder) Member

4.	Mr Oritsedere Otubu	(Director)	Member
5.	Mrs Mosun Belo-Olusoga	(Director)	Member
6.	Dr Ernest Ndukwe	(Independent Director)	Member

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. The two Directors who are members of the Committee are independent of the management of the Bank, while the last of them is an Independent Director.

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:

1. Mr Emmanuel O. 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 also an Associate of the Chartered Insurance Institute of London and a Fellow of the Chartered Insurance Institute of Nigeria. He has had 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).

2. Mr Idaere Gogo Ogan is a 1987 graduate of Economic from the University of Port Harcourt and holds a Master's Degree in International Finance from Middlesex University, London. He joined the Corporate Bank Department of Guaranty Trust Bank in 1996. He left Guaranty Trust Bank to found D' Group, incorporating Becca Petroleum Limited and Valuestream and Cordero Engineering Ltd. He sits on the Audit Committee of Standard Insurance Company Plc.

3. Mr Henry Omatsola Aragho received his Higher National Diploma (Accounting) from Federal Polytechnic Auchi in 1981. He also has a Master's Degree in Business Administration (MBA) from Ogun State University (1999) and 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 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.

Record of Attendance at Statutory Audit Committee Meeting

Name	January 27 2016
Emmanuel O. Eleoramo	✓
Idaere Gogo Ogan	✓
Henry Omatsola Aragho	✓
Oritsedere Otubu	✓
Ernest Ndukwe	✓
Ajoritsedere Awosika	✓

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 going concern basis in preparing the financial statements.

Succession planning

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

Code of Ethics

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

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

Dealing in Company Securities

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

Remuneration Policy

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

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

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

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

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

The Bank's long term incentive programme rewards Executive Officers for loyal service to the Bank for a period up to 10 years. 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 senior and executive management is very compelling given recent industry developments. The stability, loyalty and commitment of senior and executive management need to be strengthened by a long term retirement benefit.

Whistle-Blowing Procedure

The Bank expects all its employees and Directors to observe the highest level of probity in their dealings with the Bank and its stakeholders. 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: KPMG Toll free lines: 0703-000-0026; 0703-000-0027; 0808-822-8888;

E-Mail

Internal: whistleblower@accessbankplc.com

External: kpmgethicsline@ng.kpmg.com

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

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

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

The Company Secretary

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

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

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

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

The appointment and the removal of the Company Secretary are subject to the Board's approval.

Customer Complaints and Resolution

The Bank complied with the provision of CBN Circular FPR/DIR/C IR/GEN/01/020 dated 16 August 2011 on handling consumer complaints.

Statement of Compliance

The Bank complies with the relevant provisions of the SEC and the CBN Codes of Corporate Governance, except for the provision of CBN Code requiring Banks to have an Executive Director in charge of Risk Management. In the event of any conflict between the provisions of the two codes regarding any matter, the Bank will defer to the provisions of the CBN Code as its primary regulator.

Statement of Directors' Responsibilities in relation to the Consolidated Financial Statements for the period ended 30 June 2016

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

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

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

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

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

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

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Herbert Wigwe
Group Managing Director
28 July 2016

Victor Etuokwu
Executive Director
28 July 2016

Report of the statutory audit committee

To the members of Access Bank Plc:

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act of Nigeria, the members of the Audit Committee of Access Bank Plc hereby report on the annual financial statements for the period ended 30 June, 2016 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, 2016 were satisfactory and reinforce the Group's internal control systems.

We are satisfied that the Bank has complied with the provisions of Central Bank of Nigeria Circular BSD/1/2004 dated 18 February 2004 on "Disclosure of insider related credits in the financial statements of banks". We hereby confirm that an aggregate amount of N2,775,940,748 (December 2015: N2,319,798,428) was outstanding as at 30 June 2016 which was performing as at 30 June 2016 (see note 44)

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

Mr Oluwatoyin Eleoramo
Chairman, Audit Committee
July 2016

Members of the Audit Committee are:

1	Mr Oluwatoyin Eleoramo	Shareholder	Chairman
2	Mr. Henry Omatshola Aragho	Shareholder	Member
3	Mr Idaere Gogo Ogan	Shareholder	Member
4	Mr Oritsedere Otubu	Director	Member
5	Dr. Ernest Ndukwe	Director	Member
6	Mrs. Mosun Belo-Olusoga	Director	Member
7			

In attendance:
Sunday Ekwochi – Secretary

Our Enterprise Risk Management Remains Custom-made

Helping our stakeholders achieve their ambitions lies at the heart of our processes as we apply 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. In connecting customers to opportunities that exist in Access Bank, and promise of speed security and service.

Compliance Risk Management

The Bank's compliance risk management philosophy is in line with the ERM Framework which sets the risk appetite and tolerance of the bank. Management and staff should realize that an effective compliance system depends on a continuous awareness of compliance issues.

During the period we commenced the restructuring of some of our processes, methodology and approach in the Compliance Function. A review was undertaken by Ernst & Young the year before to enhance the functions overall effectiveness, streamline and coordinate the function across the Group Office and its Subsidiaries and position it to effectively support the Bank's medium and long term strategic objectives.

The full transformation, expected to be completed in 2017, is a three year plan which has been phased out in three (3) phases. 2015 saw the re-designation of the compliance function and its key functionaries, a new group structure which introduced the Compliance Advisory & Support function to proactively identify areas of weakness using a 360° review mechanism from output of the group's monitoring & reporting activities, provide product advisory information on ethics , anti-bribery and conduct compliance assessment e.t.c and the Regulatory Intelligence & Enquires Unit designed to increase regulatory intelligence watch and strengthen the bank's regulatory compliance.

The strategy of the Conduct and Compliance group is to align the bank's processes with best practice; promote 'Positive Culture'; and closely provide regular advisory services to business units in order to achieve the business objectives of the bank without exposing the bank or any of its stakeholders to any regulatory or reputational risks.

Measurement, monitoring and management of compliance risk

In Access Bank, compliance risk is:

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

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

• ***managed by*** establishing and communicating appropriate policies and procedures, training employees on them, and monitoring activity to assure their observance.

The bank recognizes its accountability to all its stakeholders under the legal and regulatory requirements applicable to its business. The Conduct & 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 in the effective convergence risk management through the '**Three Lines of Defence'** model.

Effective compliance risk management of Access Bank Plc and its subsidiaries is coordinated in the following manner:

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

ii. 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.

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

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

v. For independent assurance, Conduct & Compliance Function together with other Risk Management functions and Group Internal Audit work cordially to ensure that the necessary synergies are achieved in the management of the bank's compliance risk.

Compliance Risk Management Framework

Access Bank Plc Compliance effectiveness framework is centered on the principle that compliance programs must be both effective and fully integrated into the bank, and designed to meet a compliance program's primary objectives – help prevent and detect non- compliance, as well as assist in enhancing business performance.

Our Compliance Risk Appetite

Access Bank Plc aims to be compliant with all applicable laws and regulations, internal company rules and policies governing its operations and established good business practices. Access Bank Plc ensures that this requirement is embedded in the *culture* of its business operations. Enhanced global AML and sanctions policies, incorporating the bank's risk appetite, were approved by the Board in January 2014. The policies adopt and seek to enforce the highest or most effective standards globally, including a globally consistent approach to knowing our customers.

With respect to Compliance risk, the bank's appetite for Compliance Risk is defined as follows;

Zero tolerance for payment of fines and other penalties associated with regulatory infractions and non-compliance with laws, standards and rules. The primary compliance objective is to be among top three (3) most compliant banks in all jurisdictions we have our business operations. The Bank shall continuously aim to minimize the following compliance risk indicators:

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

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

Our AML Program

Access Bank Plc has a Board approved and established an AML/CFT program. This is contained in the bank's compliance manual which is reviewed and updated at least on an annual basis. Our compliance manual contains the policies approved by the board. Some of these are the Politically Exposed Persons (PEP) Policy; Compliance Risk Management Policy, Compliance Charter etc.

Board members and all levels of staff are trained at least once every financial year on AML/CFT/KYC as stated in the bank's policy. New employees also undergo KYC/AML/CFT training as an induction course. The Bank organizes and ensures that staff attend webinars, conferences, workshop, trainings etc as part of its bankwide AML/CFT/KYC awareness program. Tests are conducted during such trainings to ensure employees understand the content and scope of the trainings.

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

The Bank has designated a non-executive director who is responsible for the Access Bank Plc Anti Money Laundering / Combating Financing of Terrorism (AML/CFT) program.

We have a Compliance Management Committee which meets on a monthly basis to discuss and resolve AML/CFT related issues that affect the Bank. The issues raised at such meetings are escalated to top management through the Enterprise Risk Management Committee (ERMC) and the Board via the Board Risk Management Committee (BRMC).

Anti-Bribery & Corruption Implementation

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

The Bank and all its Subsidiaries have a Board approved policy which sets out the general rules and principles we adhere to and also communicate to all employees, directors, business associates as well as relevant partners, suppliers, vendors and other stakeholders the need to maintain high ethical and professional conduct in the course of doing the Bank's business.

During the period, the Bank commenced and completed the Anti-bribery risk assessment of selected high risk areas within the Group office. The bank becomes one of the first banks in the country to successfully achieve this. The second phase of the ABC risk assessment is expected to commence in the first quarter of 2016 and will be replicated in all subsidiaries before the end of year 2016.

Conduct Risk Implementation

Conduct Risk: Detriment caused to our customers, clients, counterparties, or the Bank and its employees through inappropriate judgment in execution of business activities.

We have reviewed and improved how conduct risk is assessed and reported throughout our business. The Bank is committed to putting customers' at the heart of the decisions, treating customers' fairly and resolving customer complaints within the shortest possible time.
The Conduct Risk Framework is being embedded throughout the bank with focus on delivering positive customer and client outcomes. The roll-out of the conduct risk management framework has seen the adoption of Conduct Risk parameters as part of the formal KPIs for all staff of the Bank.

Strategic Alliance & Partnership

As part of our contribution towards the enhancement of the financial industry's existing framework and initiatives to combat financial crimes and terrorist financing, the Conduct and Compliance Group organized its second annual compliance week aimed at fostering greater collaboration and sharing of ideas among industry stakeholders, compliance practitioners, regulators and law enforcement agencies with the theme *"Combating the Financing of Terrorist Organisations and Their Money Laundering Channels: Challenges for Financial Institutions"*.

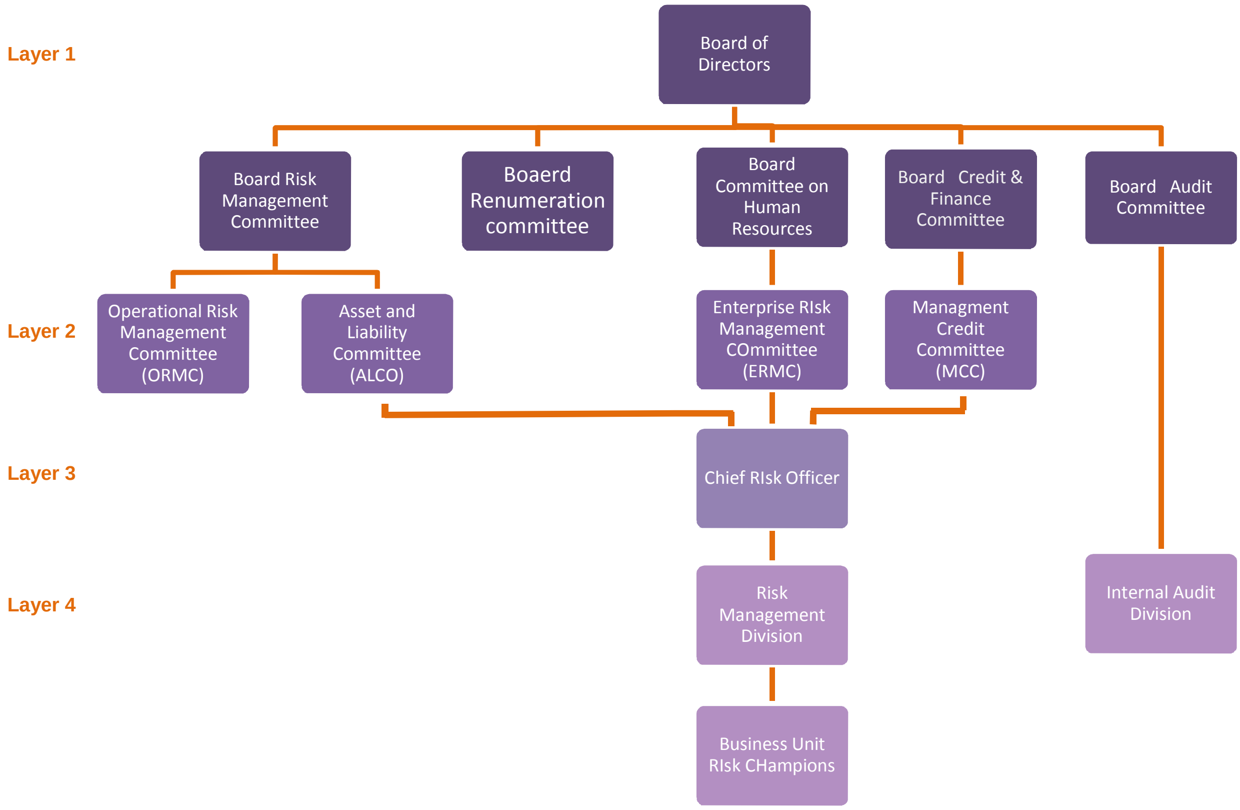
The Bank partnered with stakeholders such as the Federal Bureau of Investigations (FBI), the US Consulate, the UK High Commission, Mastercard and VisaCard International, the German Consulate, the CBN and other stakeholders within the Financial Industry to share thoughts and ideas on how best to combat the financing of terrorist organizations not only in Nigeria but also globally. This got the bank a commendation from the Independent Corrupt Practices (ICPC) on the successful organization of the compliance week and for our dedication towards the fight against money laundering (Nigeria).

During the period, the Bank was also commended for its partnership with the National Drug Law Enforcement Agency towards the successful launch of the National Drug Control Master Plan.

We also received a letter of appreciation from the Nigeria Inter-Ministerial Committee on Anti-Money Laundering & Combating the Financing of Terrorism for the collaboration in the fight against money laundering and terrorism financing in Nigeria.

Risk Management Governance Structure

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



Roles of the Board of Directors

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

Specific roles in these areas are further defined below:

General

a) Develop a formal enterprise-risk management framework;

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

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

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

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

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

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

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

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

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

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

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

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

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

Credit Risk

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

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

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

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

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

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

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

Market risk

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

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

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

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

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

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

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

Compliance risk

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

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

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

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

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

Operational risk

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

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

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

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

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

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

Reputational risk

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

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

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

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

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

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

Strategic Risk

a) Oversee the strategic risk management process.

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

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

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

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

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

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

The Board and management committees

The Board of director is the highest approval authority for credit risk policies and credit facilities in Access Bank. It carries out its oversight function through its standing committees each of which has a charter that clearly defines its purpose, composition, structure, frequency of meetings, duties, tenure, and reporting lines to the Board.

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

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

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

Specific roles of the Board and management committees

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

Capacity building in risk management

During the period, the bank engaged in various activities to ensure that employees in all functional areas are adequately empowered to manage risk across the organization. Six middle management staff within the Risk Management Division attended a leadership training at the Wharton School, University of Pennsylvania, United States of America.

An international consultant in Environmental and social responsibility/Sustainability was recruited by the Bank in the year under review. Also, an automated Environmental and Sustainability review process was also deepened, thus driving the embedding of E & S consideration in risk decision making.

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

The group deploys leading practice of risk infrastructure, processes and metrics to ensure consistency between the Bank's risk appetite, its business decision processes, and growth outcomes for all stakeholders. The Group has aligned its governance and functions to that of leading global financial institutions. The coverage of the Risk Portal was further strengthened to incorporate automated risk reporting for all risk areas including market, operational and credit risk.

Operational Risk Management

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

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

This framework includes:

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

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

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

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

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

In order to create and promote a culture that 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 committee and the executive management. Responsibilities at this level include ensuring effective management of operational risk and adherence to the approved operational risk policies.

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

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

The Group's operational risk framework

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

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

Management and control responsibilities

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

Measuring and managing operational risk

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

Risk event data collection and reporting

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

Risk and control self-assessments (RCSA)

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

Key risk indicators (KRIs)

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

Reporting

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

Allocating Capital to Business Units

An allocation methodology is applied for allocating capital to business units. For each business units, 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 to identify actions to positively impact on their respective allocated operational risk capital.

Insurance mitigation

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

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

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

Information Security and Continuity of Business

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

The Bank mitigates business continuity risks by reviewing and testing recovery procedures. In 2014, the Bank obtained ISO certification in Business Continuity. Regular bank wide awareness campaigns are also used to drive information security and business continuity culture in the bank.

Fraud and Forgeries Report

During the year under review, the bank recorded a total of three Hundred and Twenty-three (323) fraud cases, Out of which 280 fraud cases (86%) relate to ATM/Electronic fraud. These led to a total fraud loss of N87.98m
Also, there were 7 cases of successful robbery incidents which led to a loss of N96.6m. However, this amount is recoverable from insurance.

Access Bank has put measures in place to ensure that incidence of fraud is reduced to the barest minimum. These include:

- More focus on cybercrime intelligence and prevention
- Pro-active monitoring by Anti- Fraud Unit
- Zero Tolerance for staff fraud. Dismissal and Prosecution of any staff involved in fraud.
- Training and awareness on fraud risk issues
- Customer awareness through emails/ SMS/ATMs.
- Background checks on staff
- Collaboration with other industry operators to frustrate fraud attempts

Strategic Risk Management

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

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

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

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

The strategic risk management functions support the Board and senior management in managing strategic risk and other related processes in the Bank.

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

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

Based on the foregoing, the bank estimates a capital charge figure in relationship to its actual gross earnings to cover its strategic risk exposure, in line with its tolerance level.

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

Strategic plans are approved and monitored by the board. Regular environmental scan, business strategy sessions and workshops are set up to discuss business decisions, close monitoring to ensure that strategic plans are properly aligned with the business model, regular performance review by EXCO, business plans are approved by the board. The bank also maintains a well-defined succession plan, proper monitoring and well defined structures to align its activities to international best practices.

Reputational Risk Management

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

Access Bank takes the management of reputational risks seriously because of their 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:

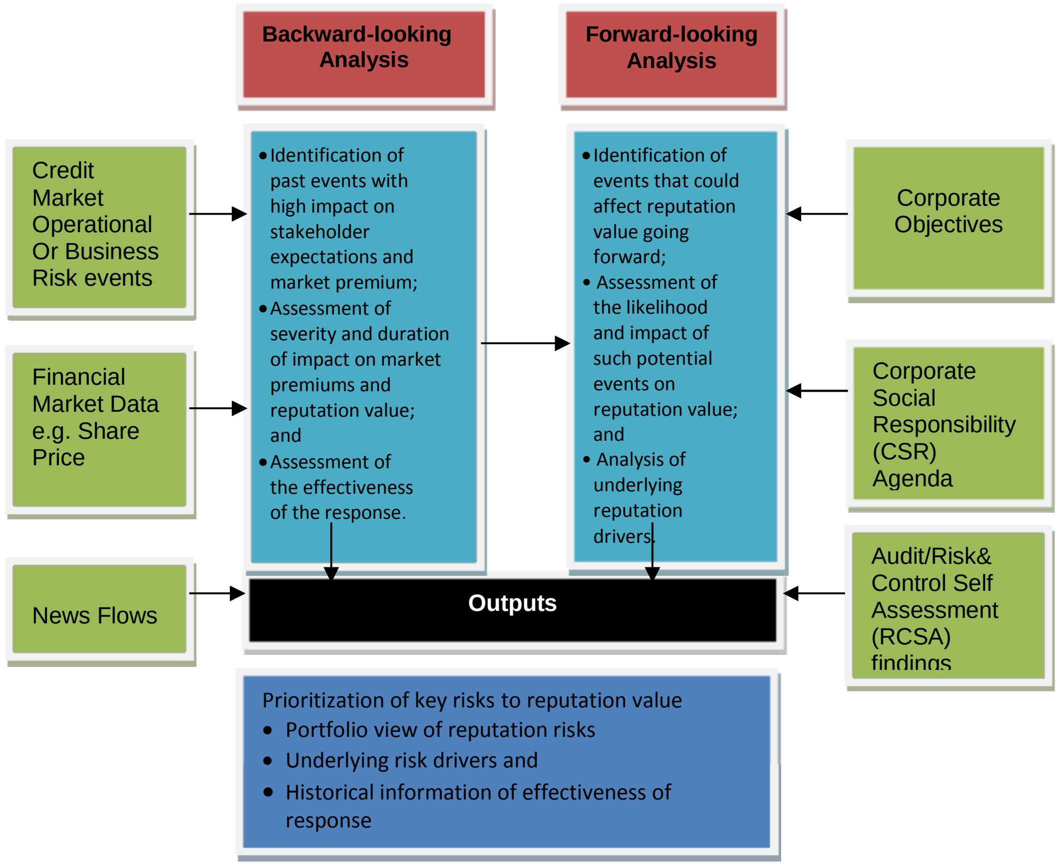
- Loss of current or future customers;
- Loss of public confidence;
- Loss of employees leading to an increase in hiring costs, or staff downtime;
- Reduction in current or future business partners;
- Increased costs of capitalization via credit or equity markets;
- Regulatory sanctions;
- Increased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

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

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

During the year under review, the leadership of Strategic and Reputational Risk Management Unit was strengthened with the recruitment of a senior management staff to fully drive the implementation of the policies and strategies of the Bank with regards to its strategic and reputational risks.

Key Drivers of Reputational Risk



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

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

Compilation of Trigger Events

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

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

Events data analysis

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

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

Approach to managing reputation events

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

Post reputation event reviews

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

Capital Risk Management
Capital risk is the risk that the Bank's total capital base is not properly managed in a prudent manner.

Capital management objectives:

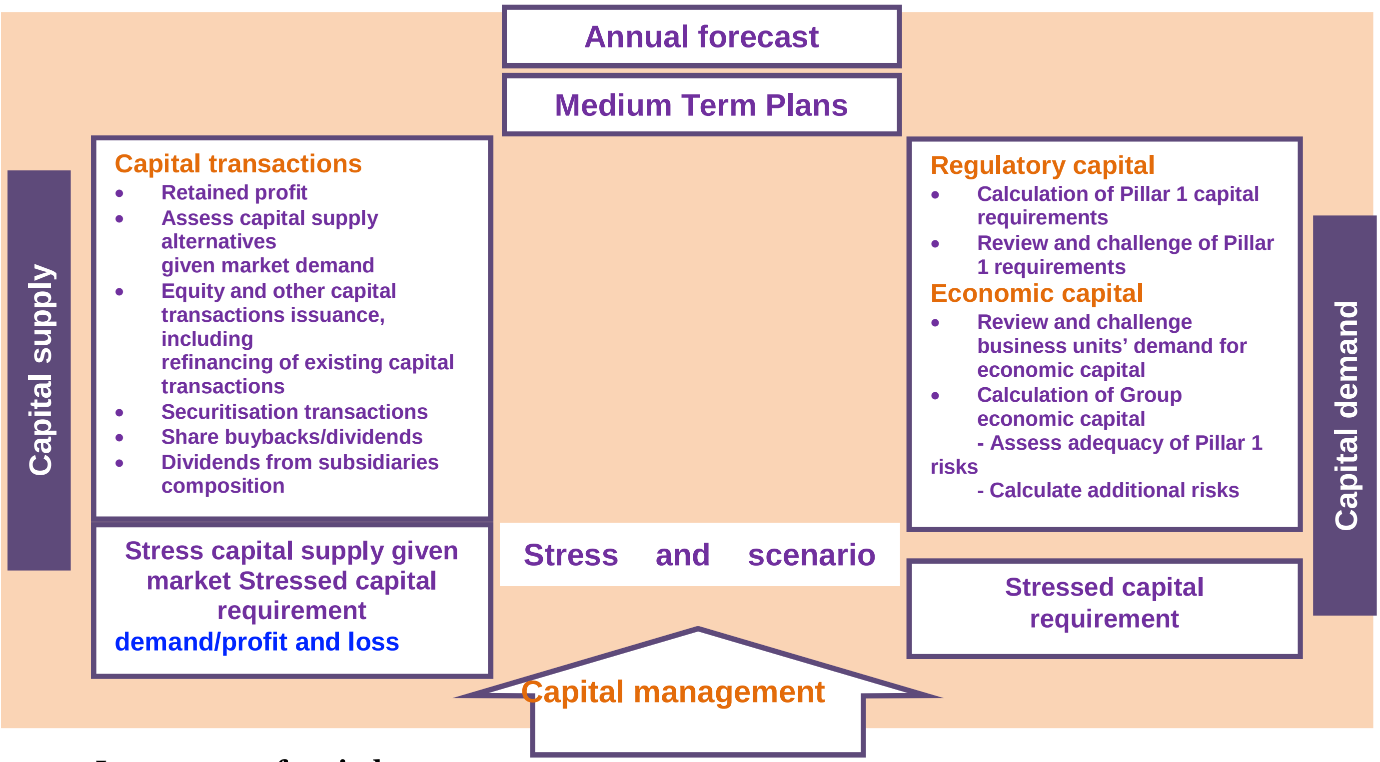
The Group has a number of capital management objectives:

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

Capital management strategy:

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

Capital management process



Importance of capital management

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

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

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

Report on the financial statements

We have audited the accompanying financial statements of Access Bank ("the bank") and its subsidiaries (together, "the group"). These financial statements comprise the statement of financial position as at 30 June 2016 and the statements of comprehensive income, changes in equity and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

pwc

Opinion

In our opinion the accompanying consolidated and separate financial statements give a true and fair view of the state of the financial affairs of the bank and group at 30 June 2016 and of the financial performance and cash flows of the group for the period then ended in accordance with IAS 34 "Interim Financial Reporting" and the requirements of the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act.

Report on other legal requirements

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

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

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

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

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

v) to the best of our information, there are no penalties for contraventions of relevant circulars issued by the Central Bank of Nigeria.

Anthony Oputa

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

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

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
3G/ICAN
0017496

19 August 2016

Consolidated statement of comprehensive income

In thousands of Naira	*Notes*	Group June 2016	Group June 2015	Bank June 2016	Bank June 2015
Interest income	8	112,292,554	98,861,986	97,594,915	88,317,800
Interest expense	8	(43,841,887)	(50,699,097)	(38,152,388)	(46,759,484)
Net interest income		68,450,667	48,162,889	59,442,527	41,558,316
Net impairment charge	9	(10,212,305)	(8,886,639)	(8,557,077)	(9,105,371)
Net interest income after impairment charges		58,238,362	39,276,250	50,885,450	32,452,945
Fee and commission income	10	35,632,172	17,151,635	31,930,080	13,251,894
Fee and commission expense		(57,448)	(302,016)	-	-
Net fee and commission income		35,574,724	16,849,619	31,930,080	13,251,894
Net gains on investment securities	11a,b	33,089,164	39,199,767	33,072,183	39,176,866
Net foreign exchange income/(loss)	12	(11,108,100)	7,929,774	(12,949,785)	5,848,840
Other operating income	13	4,163,527	5,498,790	3,861,815	4,568,833
Personnel expenses	14	(22,068,132)	(19,689,221)	(18,521,260)	(16,488,535)
Prepaid rent expenses		(990,251)	(867,805)	(818,856)	(745,468)
Depreciation	28	(4,184,521)	(4,072,324)	(3,663,050)	(3,706,772)
Amortization	29	(930,809)	(665,496)	(817,351)	(609,207)
Other operating expenses	15	(41,761,035)	(44,346,010)	(38,343,016)	(39,251,590)
Profit before tax		50,022,929	39,113,344	44,636,210	34,497,806
Income tax	16	(10,536,217)	(7,826,247)	(9,380,476)	(6,072,231)
Profit for the period		**39,486,712**	**31,287,097**	**35,255,734**	**28,425,575**
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)/gains during the period		17,266,423	(420,193)	-	-
- Realised gains during the period		-	-	-	-
Net changes in fair value of AFS financial instruments					
-Fair value changes during the period		13,413,968	3,206,943	13,514,011	3,241,100
Other comprehensive gain, net of related tax effects:		30,680,391	2,786,750	13,514,011	3,241,100
Total comprehensive income for the period		**70,167,103**	**34,073,847**	**48,769,745**	**31,666,675**
Profit attributable to:					
Owners of the bank		39,235,574	31,027,064	35,255,734	28,425,575
Non-controlling interest		251,138	260,033	-	-
Profit for the period		**39,486,712**	**31,287,097**	**35,255,734**	**28,425,575**
Total comprehensive income attributable to:					
Owners of the bank		68,369,271	33,891,793	48,769,745	31,666,675
Non-controlling interest		1,797,832	182,054	-	-
Total comprehensive income for the period		**70,167,103**	**34,073,847**	**48,769,745**	**31,666,675**
Total comprehensive income for the period attributable to parent:		70,167,103	34,073,847	48,769,745	31,666,675
		70,167,103	**34,073,847**	**48,769,745**	**31,666,675**
Earnings per share attributable to ordinary shareholders					
Basic (kobo)	17	161	136	142	124
Diluted (kobo)		159	135	142	124

Consolidated statement of financial position
As at 30 June 2016

In thousands of Naira	Notes	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Assets					
Cash and balances with banks	18	612,253,609	478,409,336	412,162,161	405,998,636
Investment under management	19	11,403,713	10,403,608	11,403,713	10,403,608
Non pledged trading assets	20	23,778,607	52,298,422	23,778,607	52,298,422
Derivative financial assets	21	155,550,018	77,905,020	155,306,292	77,852,349
Loans and advances to banks	22	69,059,407	42,733,910	100,992,370	60,414,721
Loans and advances to customers	23	1,746,863,344	1,365,830,831	1,569,741,806	1,243,215,309
Pledged assets	24	269,177,523	203,715,397	264,035,594	200,464,624
Investment securities	25	206,196,592	186,223,126	157,705,218	155,994,798
Other assets	26	91,048,323	83,014,503	82,245,216	78,623,381
Investment in subsidiaries	27b	-	-	46,624,570	45,439,246
Property and equipment	28	80,101,766	73,329,927	68,944,999	65,900,384
Intangible assets	29	7,026,886	6,440,616	4,960,944	4,977,908
Deferred tax assets	30	4,986,776	10,845,612	3,781,057	10,180,832
		3,277,446,564	2,591,150,308	2,901,682,547	2,411,764,218
Asset classified as held for sale	31	140,727	179,843	140,727	179,843
Total assets		**3,277,587,291**	**2,591,330,151**	**2,901,823,274**	**2,411,944,061**
Liabilities					
Deposits from financial institutions	32	208,982,658	72,914,421	117,460,746	63,343,785
Deposits from customers	33	1,970,423,706	1,683,244,320	1,726,027,453	1,528,213,883
Derivative financial liabilities	21	48,090,028	3,077,927	46,500,234	2,416,378
Current tax liabilities	16	6,317,489	7,780,824	5,328,917	6,442,311
Other liabilities	34	91,961,420	69,355,947	82,158,521	64,094,358
Deferred tax liabilities	30	476,062	266,644	-	-
Debt securities issued	35	212,484,633	149,853,640	111,510,594	78,516,655
Interest-bearing borrowings	36	304,070,191	231,467,161	405,630,228	302,919,987
Retirement benefit Obligation	37	6,164,500	5,567,800	6,157,427	5,567,800
Total liabilities		**2,848,970,687**	**2,223,528,684**	**2,500,774,120**	**2,051,515,157**
Equity					
Share capital and share premium	38	212,438,802	212,438,802	212,438,802	212,438,802
Retained earnings		70,691,647	51,730,369	70,748,085	49,459,102
Other components of equity		139,788,357	99,732,330	117,862,267	98,531,000
Total equity attributable to owners of the Bank		**422,918,806**	**363,901,501**	**401,049,154**	**360,428,904**
Non controlling interest	38	5,697,798	3,899,966	-	-
Total equity		**428,616,604**	**367,801,467**	**401,049,154**	**360,428,904**
Total liabilities and equity		**3,277,587,291**	**2,591,330,151**	**2,901,823,274**	**2,411,944,061**

Signed on behalf of the Board of Directors on 28 July 2016 by:

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

Executive Director
Victor Etuokwu
FRC/2014/CIBN/00000006249

Chief Financial Officer
Oluseyi Kumapayi
FRC/2013/ICAN/00000000911

Consolidated statement of changes in equity

In thousands of Naira **Group**	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Share Scheme reserve	Treasury Shares	Capital Reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total	Non Controlling interest	Total Equity
	Attributable to owners of the Bank												
Balance at 1 January 2016	**14,463,986**	**197,974,816**	**39,625,042**	**50,097,911**	**554,898**	**(1,732,711)**	**3,489,080**	**13,268,889**	**(5,570,719)**	**51,730,369**	**363,901,561**	**3,899,966**	**367,801,527**
Total comprehensive income for the period:													
Profit for the period										39,235,574	39,235,574	251,138	39,486,712
											-		
Other comprehensive income, net of tax											-		
Unrealised foreign currency translation difference	-	-	-	-	-	-	-	-	15,719,687	-	15,719,687	1,546,736	17,266,423
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	-	13,414,010	-	-	13,414,010	(42)	13,413,968
Total other comprehensive (loss)/income	**-**	**-**	**-**	**-**		**-**	**-**	**13,414,010**	**15,719,687**	**-**	29,133,697	1,546,694	**30,680,391**
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**13,414,010**	**15,719,687**	**39,235,574**	68,369,271	1,797,832	**70,167,103**
Transactions with equity holders, recorded directly in equity:													
Transfers during the period	-	-	3,104,584	8,491,321	-	-	-	-	-	(11,595,905)	-	-	-
Additional shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Scheme shares	-	-	-	-	501,329	-	-	-	-	-	501,329	-	501,329
Vested Shares	-	-	-	-	-	(1,174,964)	-	-	-	-	(1,174,964)	-	(1,174,964)
Dividend paid to equity holders	-	-	-	-	-	-	-	-	-	(8,678,391)	(8,678,391)	-	(8,678,391)
Total contributions by and distributions to equity holders	**-**	**-**	**3,104,584**	**8,491,321**	**501,329**	**(1,174,964)**	**-**	**-**	**-**	**(20,274,296)**	**(9,352,026)**	**-**	**(9,352,026)**
Balance at 30 June 2016	**14,463,986**	**197,974,816**	**42,729,626**	**58,589,232**	**1,056,227**	**(2,907,675)**	**3,489,080**	**26,682,899**	**10,148,968**	**70,691,647**	**422,918,806**	**5,697,798**	**428,616,604**

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 2015	**11,441,460**	**161,036,211**	**21,205,031**	**37,078,604**	**295,419**	**(976,127)**	**3,489,080**	**9,881,402**	**(3,710,648)**	**34,139,453**	**273,879,885**	**3,530,843**	**277,410,728**
Total comprehensive income for the period:													
Profit for the period										31,027,065	31,027,065	260,033	31,287,098
Other comprehensive income, net of tax													
Unrealised foreign currency translation difference	-	-	-	-	-	-	-	-	(342,214)	-	(342,214)	(77,979)	(420,193)
Fair value changes on AFS financial instruments from associates	-	-	-	-	-	-	-	3,206,943	-	-	3,206,943	-	3,206,943
Total other comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,206,943**	**(342,214)**	**-**	2,864,729	(77,979)	**2,786,750**
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,206,943**	**(342,214)**	**31,027,065**	33,891,794	182,054	**34,073,848**
Transactions with equity holders, recorded directly in equity:													
Transfers during the period	-	-	(5,086,736)	6,334,078	-	-	-	-	-	(1,247,342)	-	-	-
Scheme shares	-	-	-	-	186,728	(1,007,903)	-	-	-	-	(821,175)	-	(821,175)
Dividend paid to equity holders	-	-	-	-	-	-	-	-	-	(7,979,691)	(7,979,691)	(39,690)	(8,019,381)
Total contributions by and distributions to equity holders	**-**	**-**	**(5,086,736)**	**6,334,078**	**186,728**	**(1,007,903)**	**-**	**-**	**-**	**(9,227,033)**	**(8,800,866)**	**(39,690)**	**(8,840,556)**
Balance at 30 June 2015	**11,441,460**	**161,036,211**	**16,118,295**	**43,412,682**	**482,147**	**(1,984,030)**	**3,489,080**	**13,088,345**	**(4,052,862)**	**55,939,485**	**298,970,813**	**3,673,208**	**302,644,020**

Statement of changes in equity
In thousands of Naira

Bank	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Share Scheme reserve	Capital Reserve	Fair value reserve	Retained earnings	Total Equity
Balance at 1 January, 2016	**14,463,986**	**197,974,816**	**37,826,382**	**43,397,152**	**527,331**	**3,489,081**	**13,291,054**	**49,459,102**	**360,428,904**
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	-	-	35,255,734	**35,255,734**
Other comprehensive income, net of tax									
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	13,514,011	-	**13,514,011**
Total other comprehensive (loss)	**-**	**-**	**-**	**-**	**-**	**-**	**13,514,011**	**-**	**13,514,011**
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**13,514,011**	**35,255,734**	**48,769,745**
Transactions with equity holders, recorded directly in equity:									
Transfers for the period	-	-	-	5,288,360	-	-	-	(5,288,360)	-
Dividend paid to equity holders	-	-	-	-	-	-	-	(8,678,391)	**(8,678,391)**
Scheme shares	-	-	-	-	528,896	-	-	-	**528,896**
Total contributions by and distributions to equity holders	**-**	**-**	**-**	**5,288,360**	**528,896**	**-**	**-**	**(13,966,751)**	**(8,149,495)**
Balance at 30 June 2016	**14,463,986**	**197,974,816**	**37,826,382**	**48,685,512**	**1,056,227**	**3,489,081**	**26,805,065**	**70,748,085**	**401,049,154**

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, 2015	**11,441,460**	**161,036,211**	**17,001,981**	**34,558,437**	**295,419**	**3,489,081**	**9,833,418**	**36,499,779**	**274,155,786**
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	-	-	28,425,575	**28,425,575**
Other comprehensive income, net of tax									
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	3,241,100	-	**3,241,100**
Total other comprehensive (loss)	**-**	**-**	**-**	**-**	**-**	**-**	**3,241,100**	**-**	**3,241,100**
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**3,241,100**	**28,425,575**	**31,666,675**
Transactions with equity holders, recorded directly in equity:									
Transfers for the period	-	-	(4,095,666)	4,263,836	-	-	-	(168,170)	-
Dividend paid to equity holders	-	-	-	-	-	-	-	(8,009,022)	**(8,009,022)**
Scheme shares	-	-	-	-	152,702	-	-	-	**152,702**
Total contributions by and distributions to equity holders	**-**	**-**	**(4,095,666)**	**4,263,836**	**152,702**	**-**	**-**	**(8,177,192)**	**(7,856,320)**
Balance at 30 June 2015	**11,441,460**	**161,036,211**	**12,906,315**	**38,822,273**	**448,121**	**3,489,081**	**13,074,518**	**56,748,162**	**297,966,141**

Consolidated statement of cash flows

In thousands of Naira	Group June 2016	Group June 2015	Bank June 2016	Bank June 2015
Cash flows from operating activities				
Profit before income tax and discontinued operations	50,022,929	39,113,345	44,636,210	34,497,806
Adjustments for:				
Depreciation of property and equipment	4,184,521	4,072,324	3,663,050	3,706,776
Amortization of intangible assets	930,809	665,496	817,351	609,207
Gain on disposal of property and equipment	(25,751)	(70,262)	(17,614)	(67,970)
Loss/(Gain) on disposal of investment securities	15,042,222	(518,650)	15,050,287	(510,896)
Impairment on financial assets	10,212,305	8,886,639	8,557,077	9,105,371
Additional gratuity provision	596,700	382,246	589,627	382,246
Equity share-based payment expense	528,896	186,728	528,897	152,703
Property and equipment written off	65,042	52,429	64,925	52,429
Net interest income	(70,914,236)	(48,162,889)	(59,338,295)	(41,558,316)
Unrealised foreign exchange loss on revaluation	15,219,791	8,233,981	15,360,145	8,324,469
Dividend income	(2,313,389)	(3,602,567)	(2,313,389)	(4,058,999)
	23,549,839	9,238,819	27,598,271	10,634,826
Changes in operating assets				
Change in non-pledged trading assets	28,519,815	(20,184,403)	28,519,815	(20,184,403)
Change in derivative financial instruments	(32,363,762)	(37,130,570)	(33,370,087)	(37,107,669)
Change in pledged assets	(65,462,126)	(114,787,097)	(63,570,970)	(113,715,305)
Change in restricted deposits	(78,574,627)	(35,902,767)	(77,630,094)	(21,137,214)
Change in loans and advances to banks and customers	(324,821,721)	(160,744,107)	(302,386,289)	(67,412,854)
Change in other assets	(10,034,087)	(22,233,641)	(5,135,426)	(26,918,277)
Change in deposits from banks	137,216,216	33,579,003	55,264,940	33,994,609
Change in deposits from customers	285,234,361	182,286,801	196,848,801	161,013,144
Change in other liabilities	22,605,473	35,297,043	18,064,161	36,316,395
Payment to gratuity benefit holders		-		-
Interest paid on deposits to banks and customers	(34,018,234)	(40,455,482)	(29,165,563)	(36,073,482)
Interest received on loans and advances	84,956,596	74,783,209	76,621,505	67,162,701
	36,807,743	(96,253,192)	(108,340,936)	(13,427,530)
Income tax paid	(5,931,298)	(2,304,446)	(4,094,095)	(860,415)
Net cash generated/(used) in operating activities	30,876,445	(98,557,638)	(112,435,031)	(14,287,945)
Cash flows from investing activities				
Acquisition of investment securities	(194,241,825)	(265,177,250)	(180,169,803)	(256,118,418)
Interest received on investment securities	20,891,382	19,225,541	35,576,603	16,696,029
Dividend received	805,081	3,602,567	805,081	4,058,999
Acquisition of property and equipment	(9,667,920)	(8,063,574)	(6,794,568)	(6,322,498)
Proceeds from the sale of property and equipment	697,126	1,011,090	39,594	940,828
Acquisition of intangible assets	(948,493)	(809,269)	(800,387)	(662,968)
Proceeds from matured investment securities	53,841,709	136,953,547	46,420,238	119,085,181
Proceeds from sale of associates	606,656	-	606,656	-
Additional investment in subsidiary of subsidiaries	-	-	(1,185,324)	-
Proceeds from sale of investment securities	119,377,573	211,887,780	113,081,739	200,309,303
Proceed on disposal of Asset Held for Sale	39,116	-	39,116	-
Net cash (used)/ generated from investing activities	**(8,599,595)**	**98,630,432**	**7,618,945**	**77,986,455**
Cash flows from financing activities				
Interest paid on borrowings and debt securities issued	(8,280,522)	(10,193,119)	(8,205,380)	(10,535,240)
Proceeds from interest bearing borrowings	63,887,158	7,682,047	62,966,264	6,435,000
Repayment of interest bearing borrowings	(12,151,794)	(7,444,124)	(12,151,794)	(7,444,124)
Purchase of own shares	(1,202,471)	(1,007,903)	-	-
Dividends paid to owners	(8,678,391)	(8,019,381)	(8,678,391)	(8,009,022)
Net cash provided by/(used in) financing activities	**33,573,980**	**(18,982,479)**	**33,930,699**	**(19,553,385)**
Net increase/(decrease) in cash and cash equivalents	55,850,830	(18,909,686)	(70,885,387)	44,145,125
Cash and cash equivalents at end of year	289,888,733	133,279,374	92,514,158	144,194,730
Cash and cash equivalents at beginning of year	234,044,111	152,748,398	163,405,749	100,897,058
Effect of exchange rate fluctuations on cash held	(6,208)	(559,339)	(6,205)	(847,452)
Net increase/ (decrease) in cash and cash equivalents	55,850,830	(18,909,685)	(70,885,386)	44,145,124

1.0 General information

Access Bank Plc ("the Bank") is a company domiciled in Nigeria. The address of the Bank's registered office is Plot 999c, Danmole Street, off Adeola Odeku/Idejo Street, Victoria Island, Lagos (formerly Plot 1665, Oyin Jolayemi, Victoria Island, Lagos). The consolidated financial statements of the Bank for the period ended 30 June 2016 comprise the Bank and its subsidiaries (together referred to as "the Group" and separately referred to as "Group entities"). The Group is primarily involved in investment, corporate, commercial and retail banking and is listed on the Nigerian Stock Exchange.

These financial statements were authorised for issue by the Board of Directors on 28 July 2016. The directors have the power to amend and reissue the financial statements.

2.0 Statement of compliance with International Financial Reporting Standards

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

3.0 Basis of preparation

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

3.1 Summary of significant accounting policies

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

(a) Functional and presentation currency

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

(b) Basis of measurement

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

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

(c) Use of estimates and judgments

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

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

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

3.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the group

Below are the IFRSs and International Financial Reporting Interpretations Committee (IFRIC) interpretations that are effective for the first time for the financial year beginning on or after 1 January 2015 that are relevant to the group.

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

(i) Amendments to IFRS 8, 'Operating segments' effective for annual periods after 01 July 2014

The standard is amended to require disclosure of the judgments made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported. Entities would have to disclose the factors they have considered in identifying reportable segments, including the basis of their organization in the financial statement.

(ii)Amendments to IFRS 13, 'Fair value measurement', effective for annual periods after 01 July 2014

The amendment clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9. Entities are required to apply this amendment prospectively from the beginning of the first annual period in which IFRS 13 is applied.

(iii)Amendments to IFRS 2, 'Share-based payment' effective for annual periods after 01 July 2014

The amendment clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'. Previously, IFRS did not separately define these concepts. The amendment is effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

There is no material impact of these amendments to the group

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

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

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

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

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

IFRS 16 Leases (effective 1 January 2019)

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

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

The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. The Standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers to improve comparability within industries, across industries, and across capital markets. The revenue standard contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The group is in the process of assessing the impact.

Other IFRS that are relevant to the group include:

IFRS	Effective Date	Subject of amendment
Amendments to IFRS 10, and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	Annual periods beginning on or after 1 January 2016	These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.
Amendments to IAS 27, 'Equity method in separate financial statements'	Annual periods beginning on or after 1 January 2016	Allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
Amendments IAS 16,'Property, plant and equipment'	Annual periods beginning on or after 1 January 2016	This amendment has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.
Amendments IFRS 10, 'Consolidated financial statements	Annual periods beginning on or after 1 January 2016	These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not) A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Management has not assessed the impact of the amendments on the group. Other standards not listed are not considered relevant or would have no impact to the group.

3.3 Basis of consolidation

(a) Subsidiaries

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

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

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

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

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

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

(b) Business combinations

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

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

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

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

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

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

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

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

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

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

(c) Loss of control

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

(d) Disposal of subsidiaries

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

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

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

(f) Transactions eliminated on consolidation

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

3.4 Segment reporting

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

3.5 Foreign currency translation

(a) Functional and presentation currency

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

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

(b) Transactions and balances

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

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

(c) Group companies

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

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

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

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

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

3.6 Operating income

(a) Interest income and expense

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

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

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

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

(b) Fees and commission

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

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

Fee and commission presented in the income statement includes:

- Credit related fees and commission: These fees are not integral to the loans and are therefore not included in the EIR calculation. These are recognised as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the
- Current account maintenance fees (formerly Commission on Turnover): This fee is charged as N1 on every N1,000 in respect of all customer induced debit transactions. This fee is recognised one-off by the bank.
- Other fees and commission income, includes card related commissions, commission on letters of credit, account servicing fees, investment management and other fiduciary activity fees, sales commission, placement fees and syndication fees. These fees and commissions are recognised as the related services are performed

(c) Net gains on investment securities

Net gains on investment securities comprise of the following:

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

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

(d) Foreign exchange income

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

(e) Other operating income

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

- Dividend on available for sale equity securities: This is recognised when the right to receive payment is established. Dividends are reflected as a component of other operating income.

3.7 Lease payments

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

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

3.8 Income tax

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

(a) Current tax

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

(b) Deferred tax

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

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

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

3.9 Financial assets and liabilities

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

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

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

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

(a) Financial assets

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

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

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

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

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

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

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

[ii] Loans and receivables

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

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

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

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

[iii] Held-to-maturity

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

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

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

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

[iv] Available-for-sale

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

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

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

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

Availabe for sale instruments include investment securities.

[v] Investments under management

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

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

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

(b) Financial liabilities

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

[i] Financial liabilities at amortised cost

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

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

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

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

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

[ii] Financial liabilities at fair value

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

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

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

(c) De-recognition

[i] Financial assets

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

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

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

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

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

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

[ii] Financial liabilities

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

(d) Offsetting

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

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

(e) Sale and repurchase agreements

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

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

(f) Measurement

[i] Amortised cost measurement

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

[ii] Fair value measurement

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

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

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

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases, the fair value of a financial instrument on initial recognition may be different to its transaction price. If such fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in the income statement on initial recognition of the instrument. In other cases the difference is not recognised in the income statement immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

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

(g) Identification and measurement of impairment

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

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

[i] Loans and receivables

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

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

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

[ii] Available for sale securities

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

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

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

(h) Cash and balances with banks

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

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

(i) Repossessed collateral

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

(j) Derivative financial instruments

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

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

(k) Reclassification of financial assets

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

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

(l) Pledged assets

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

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

3.10 Investment properties

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

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

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

3.11 Property and equipment

(a) Recognition and measurement

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

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

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

(b) Subsequent costs

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

(c) Depreciation

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

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

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

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

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

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

(d) De-recognition

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

3.12 Intangible assets

(a) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill has an indefinite useful life and it is tested annually for impairment.
Goodwill is allocated to cash-generating units or groups of cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified in accordance with IFRS 8.

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

(b) Software

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

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

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

3.13 Leases

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

A group company is the lessee

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

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

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

3.14 Impairment of non-financial assets

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

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

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

3.15 Discontinued operations

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

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

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

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

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

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

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

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

3.17 Provisions

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

(a) Restructuring

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

3.18 Financial guarantees

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

3.19 Employee benefits

(a) Defined contribution plans

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

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

(b) Termination benefits

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

(c) Long-term Incentive Plan

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

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

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

(d) Short-term employee benefits

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

(e) Share-based payment remuneration scheme

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

3.20 Share capital and reserves

(a) Share issue costs

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

(b) Dividend on the Bank's ordinary shares

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

(c) Treasury shares

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

(d) Earnings per share

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

(e) Statutory credit reserve

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

Classification	Percentage	Basis
Substandard	10%	Interest and/or principal overdue by 90
Doubtful	50%	Interest and/or principal overdue by
Lost	100%	Interest and/or principal overdue by

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

The results of the application of Prudential Guidelines and the impairment determined for these assets under IAS 39 are compared. The IAS 39 determined impairment charge is always included in the income statement

Where the Prudential Guidelines provision is greater, the difference is appropriated from retained earnings and included in a non - distributable 'Statutory credit reserve'. Where the IAS 39 impairment is greater, no appropriation is made and the amount of IAS 39 impairment is recognised in income statement

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

4.0 Use of estimates and judgements

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

Key sources of estimation uncertainty

(i) *Allowances for credit losses*

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

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

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

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

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

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

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

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 significant impaired loans, there would have been an additional impairment of N3.06bn in the financial statements relating to this. In addition, if the LGDs were increased by 2%, there would have been an additional impairment charge of N409m and if the PDs and LGDs decreased by 2%, there would have been a write back of impairment of N934mn.

	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
	Loans and advances to individuals		Loans and advances to corporates	
Impact on Profit before tax				
20% reduction in expected cashflow and tigger on customer rated 5	4,301,632	3,288,201	3,914,869	2,421,278
Increase in LGD and PD by 2%	22,470,933	18,590,841	21,929,332	17,761,796
Decrease in LGDs and PD by 2%	(12,105,557)	(17,571,970)	(20,585,195)	(16,775,437)
Increase in LGDs and PD by 10%	24,760,241	20,746,946	24,176,162	19,852,878
Decrease in LGDs and PD by 10%	(18,913,803)	(15,662,340)	(18,435,920)	(14,930,831)

Statement of prudential adjustments

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

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

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

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

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

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

Statement of prudential adjustments		**June**	**December**
In thousands of Naira		**2016**	**2015**
Bank	Note		
Loans & advances:			
Specific impairment allowances on loans to customers			
- Loans to Individuals	23(b)	287,373	250,624
- Loans to Corporate	23(b)	12,754,854	8,922,599
Specific impairment allowances on loans to banks	22		
Collective impairment allowances on loans to customers			
- Loans to Individuals	23(b)	934,555	861,632
- Loans to Corporates	23(b)	20,579,445	16,871,228
Collective impairment allowances on loans to banks	22	5,718	9,086
Total impairment allowances on loans per IFRS		**34,561,945**	**26,915,169**
Total regulatory impairment based on prudential gudielines		**72,388,327**	**64,741,551**
Balance, beginning of the year		37,826,382	17,001,981
Additional transfers to regulatory risk reserve		-	20,824,401
Balance, end of the period		**37,826,382**	**37,826,382**

During the course of the year, the central bank of Nigeria (CBN) via cicrular BSD/DIR/GEN/LAB/08/052 dated 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.

4.1 *Valuation of financial instruments*

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

4.1.1 Recurring fair value measurements

In thousands of Naira
Group
June 2016

	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Investment under management	4,898,122	6,239,068	-	11,137,190
Non pledged trading assets				
Treasury bills	16,958,525	337,557	-	17,296,082
Bonds	6,407,725	10,821	-	6,418,546
Equity	63,979	-	-	63,979
Derivative financial instrument	-	155,550,018	-	155,550,018
Pledged assets				
Treasury bills	148,816,100	151,747	-	148,967,847
Bonds	19,967,230	-	-	19,967,230
Investment securities				
Available for sale				
Treasury bills	52,946,566	-	-	52,946,566
Bonds	9,002,186	12,428,405	-	21,430,591
Equity	-	13,186,481	47,608,216	60,794,697
Assets held for sale	-	-	140,727	140,727
	259,060,433	187,904,097	47,748,943	494,713,473
Liabilities				
Derivative financial instrument		48,090,028	-	48,090,028
	-	48,090,028	-	48,090,028

Group
December 2015

	Level 1	Level 2	Level 3	Total
Assets				
Investment under management	3,093,403	7,309,287	-	10,402,690
Non pledged trading assets				
Treasury bills	31,738,748	18,470,695	-	50,209,443
Bonds	2,025,000	-	-	2,025,000
Equity	63,979	-	-	63,979
Derivative financial instrument	-	77,905,020	-	77,905,020
Pledged assets				
Treasury bills	96,614,984	7,069,060	-	103,684,044
Bonds	18,669,957	-	-	18,669,957
Investment securities				
Available for sale				
Treasury bills	28,996,006	-	-	28,996,006
Bonds	56,842,367	4,361,847	-	61,204,214
Equity	-	9,068,864	35,523,466	44,592,330
Assets held for sale	-	-	179,843	179,843
	238,044,444	124,184,773	35,703,309	397,932,526
Liabilities				
Derivative financial instrument	-	3,077,927	-	3,077,927
	-	3,077,927	-	3,077,927

Bank
June 2016
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Investment under management	4,898,122	6,239,068	-	11,137,190
Non pledged trading assets				
Treasury bills	16,958,525	337,557	-	17,296,082
Bonds	6,407,725	10,821	-	6,418,546
Equity	63,979	-	-	63,979
Pledged assets				
Treasury bills	143,674,171	151,747		143,825,918
Bonds	19,967,230	-	-	19,967,230
Derivative financial instrument	-	155,306,292	-	155,306,292
Investment securities				
Available for sale				
Treasury bills	15,375,143		-	15,375,143
Bonds	7,929,562	12,428,405	-	20,357,967
Equity	-	13,186,481	47,392,160	60,578,641
Asset held for sale	-	-	140,727	140,727
	215,274,458	187,660,371	47,532,887	450,467,715
Liabilities				
Derivative financial instrument	-	46,500,234	-	46,500,234
	-	46,500,234	-	46,500,234

Bank
December 2015
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Investment under management	3,093,403	7,309,287	-	10,402,690
Non pledged trading assets				
Treasury bills	31,738,748	18,470,695	-	50,209,443
Bonds	2,025,000	-	-	2,025,000
Equity	63,979	-	-	63,979
Pledged assets				
Treasury bills	96,614,984	7,069,060	-	103,684,044
Bonds	18,669,957	-	-	18,669,957
Derivative financial instrument	-	77,852,349	-	77,852,349
Investment securities				
Available for sale				
Treasury bills	10,436,981	-	-	10,436,981
Bonds	56,842,367	3,853,736	-	60,696,103
Equity	-	9,058,784	35,516,671	44,575,455
Asset held for sale		-	179,843	179,843
	219,485,419	123,613,911	35,696,514	378,795,844
Liabilities				
Derivative financial instrument		2,416,378		2,416,378
	-	2,416,378	-	2,416,378

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

4.1.2 Financial instruments not measured at fair value

Group
June 2016
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	612,253,609	-	612,253,609
Investment under management	266,523	-	-	266,523
Loans and advances to banks	-	69,059,407	-	69,059,407
Loans and advances to customers	-	-	1,470,773,872	1,470,773,872
Pledged assets				
Treasury bills	-	-	-	-
Bonds	111,804,896	-	-	111,804,896
Investment securities				
Held to Maturity				
Treasury bills	8,095,495	-	-	8,095,495
Bonds	56,662,011	6,503,016	-	63,165,027
Other assets	-	55,744,877	-	55,744,877
	176,828,925	743,560,909	1,470,773,872	2,391,163,706
Liabilities				
Deposits from financial institutions	-	208,982,658	-	208,982,658
Deposits from customers	-	1,970,423,706	-	1,970,423,706
Other liabilities	-	90,135,838	-	90,135,838
Debt securities issued	188,908,801	-	-	188,908,801
Interest-bearing borrowings		304,070,191	-	304,070,191
	188,908,801	2,573,612,393	-	2,762,521,194

Group
December 2015
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	478,409,336	-	478,409,336
Investment under management	918	-	-	918
Loans and advances to banks	-	43,117,434	-	43,117,434
Loans and advances to customers	-	-	1,364,822,146	1,364,822,146
Pledged assets				
Treasury bills	-	-	-	-
Bonds	58,349,639	-	-	58,349,639
Investment securities				
Held to Maturity				
Treasury bills	7,665,767		-	7,665,767
Bonds	58,349,638	5,559,182	-	63,908,820
Other assets		72,160,739	-	72,160,739
	124,365,962	599,246,691	1,364,822,146	2,088,434,799

	Level 1	Level 2	Level 3	Total
Liabilities				
Deposits from financial institutions	-	72,910,858	-	72,910,858
Deposits from customers	-	1,682,766,276	-	1,682,766,276
Other liabilities	-	65,277,321	-	65,277,321
Debt securities issued	137,841,311	-	-	137,841,311
Interest-bearing borrowings	-	236,648,640	-	236,648,640
	137,841,311	2,057,603,095	-	2,195,444,406

Bank
June 2016
In thousands of Naira

		Level 1	Level 2	Level 3	Total
Assets					
Cash and balances with banks		-	412,162,161	-	412,162,161
Investment under management		266,523	-	-	266,523
Loans and advances to banks	-	-	100,992,370	-	100,992,370
Loans and advances to customers	-	-	-	1,321,986,323	1,321,986,323
Pledged assets					
Treasury bills		-	-	-	-
Bonds		111,804,896	-	-	111,804,896
Investment securities			-	-	-
Held to maturity		-	-		
Treasury bills		-	-	-	-
Bonds		47,930,054	6,503,016	-	54,433,070
Other Assets		-	51,153,785	-	51,153,785
		160,001,473	570,811,332	1,321,986,323	2,052,799,128

	Level 1	Level 2	Level 3	Total
Liabilities				
Deposits from financial institutions	-	117,460,746	-	117,460,746
Deposits from customers	-	1,726,027,453	-	1,726,027,453
Other liabilities	-	80,921,022	-	80,921,022
Debt securities issued	89,469,949	-	-	89,469,949
Interest-bearing borrowings	99,438,852	302,546,982	-	401,985,834
	188,908,801	2,226,956,203	-	2,415,865,004

Bank
December 2015
In thousands of Naira

		Level 1	Level 2	Level 3	Total
Assets					
Cash and balances with banks		-	405,998,636	-	405,998,636
Investment under management		918	-	-	918
Loans and advances to banks	-	-	60,276,940	-	60,276,940
Loans and advances to customers	-	-	-	1,242,206,624	1,242,206,624
Pledged assets					
Treasury bills		-	-	-	-
Bonds		58,573,185	-	-	58,573,185
Investment securities					
Held to maturity					
Treasury bills		-	-	-	-
Bonds		35,949,492	2,750,701	-	38,700,193
Other Assets		-	69,509,746	-	69,509,746
		94,523,595	538,536,023	1,242,206,624	1,875,266,242

	Level 1	Level 2	Level 3	Total
Liabilities				
Deposits from financial institutions	-	63,342,003	-	63,342,003
Deposits from customers	-	1,527,735,839	-	1,527,735,839
Other liabilities	-	62,871,485	-	62,871,485
Debt securities issued	69,591,973	-	-	69,591,973
Interest-bearing borrowings	68,249,338	236,066,022	-	304,315,360
	137,841,311	1,890,015,349	-	2,027,856,660

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

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

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

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

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

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

(ii) Determination of fair value of financial instruments.

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

Description	Fair value at 30 June 2016	Valuation Technique	Observable Inputs	Fair value if inputs increased by 5%	Fair value if inputs decreased by 5%	Relationship of unobservable inputs to fair value
Investment in MTN	11,809,616	Fair value through quoted share price as at last trade date.	Share price from last trade date Number of units owned by Access bank	12,400,097	11,219,135	The higher the share price as at the last trade date, the higher the fair value
Investment in Etranzact	1,376,864	Fair value through quoted share price as at last trade date.	Share price from last trade date Number of units owned by Access bank	1,445,707	1,308,021	The higher the share price as at the last trade date, the higher the fair value

Valuation techniques used to derive Level 3 fair values

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

Description	Fair value at 30 June 2016	Valuation Technique	Observable Inputs	Fair value if inputs increased by 5%	Fair value if inputs decreased by 5%	Fair value if unobservable inputs increased by 5%	Fair value if unobservable inputs decreased by 5%	Relationship of unobservable inputs to fair value
Investment in African Finance Corpooration	42,039,466	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	43,008,312	39,025,825	43,133,779	43,298,710	The higher the illiquidity ratio and the Earnings per share haircut adjustment the higher the fair value
Investment in Unified Payment System	2,604,324	Adjusted fair value comparison approach	Median of Enterprise value to EBITDA ratio (EV/EBITDA) of similar comparable companies	2,534,789	2,369,858	2,268,770	2,635,876	The higher the illiquidity ratio and the Earnings per share haircut adjustment the higher the fair value
Investment in CSCS	1,229,560	Adjusted fair value comparison approach	Median of Enterprise value to EBITDA ratio (EV/EBITDA) of similar comparable companies	1,388,158	1,506,039	1,315,890	1,578,718	The higher the illiquidity ratio and the Earnings per share haircut adjustment the higher the fair value
Investment in Stanbic IBTC Pension managers	957,180	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	700,204	636,101	595,062	744,098	The higher the illiquidity ratio and the Earnings per share haircut adjustment the higher the fair value
Investment in NIBSS	1,141,579	Adjusted fair value comparison approach	Weighted Price to earnings (P/E) ratio of similar comparable companies	1,198,658	1,084,500	1,014,533	12,688,626	The higher the illiquidity ratio and the Earnings per share haircut adjustment the higher the fair value
Investment in Afrexim	10,625	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	11,156	10,094	10,457	10,793	The higher the illiquidity ratio and the Earnings per share haircut adjustment the higher the fair value
Investment in FMDQ	111,484	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	117,058	105,910	99,077	123,891	The higher the illiquidity ratio and the Earnings per share haircut adjustment the higher the fair value
Investment in CRC	278,237	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	287,865	266,720	253,760	300,825	The higher the illiquidity ratio and the Earnings per share haircut adjustment the higher the fair value

Reconciliation of Level 3 Items

The following tables presents the changes in Level 3 instruments for the period 30 June 2016

Equity Securities - Available for Sale	**Group June 2016**	**Group December 2015**	**Bank June 2016**	**Bank December 2015**
Opening balance	37,159,966	35,523,466	35,516,671	34,035,133
Total unrealised gains or (losses)				
in OCI	12,111,012	1,528,754	11,901,751	1,373,792
Reclassification	(26,262)	107,746	(26,262)	107,746
Balance, period end	49,244,716	37,159,966	47,392,160	35,516,671

Assets Held for Sale	**Group June 2016**	**Group December 2015**	**Bank June 2016**	**Bank December 2015**
Opening balance	179,843	23,438,484	179,843	23,438,484
Total unrealised gains or (losses)				
Cost of Asset Additions/ (Disposal)	(39,116)	(23,258,641)	(39,116)	(23,258,641)
Balance, period end	140,727	179,843	140,727	179,843

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

Disclosure Requirements for Level 3 Financial Instruments

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

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

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

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

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

Step 1: Identify quoted companies with similar line of business ,structure and size
Step 2: Obtain the EV/EBITDA or the P/B or P/E ratios of these quoted companies identified from Bloomberg,Reuters or Nigeria Stock Exchange
Step 3: Derive the average or median of EV/EBITDA or the P/B or P/E ratios of these identified quoted companies
Step 4: Apply the lower of average (mean) or median of the identified quoted companies ratios on the EV/EBITDA or Book Value or Earnings of the investment company to get the value of the investment company
Step 5: Discount the derived value of the investment company by Illiuidity discount of 24% and EPS Haircut Adjustment of 45% to obtian the Adjusted Equity Value
Step 6: Multipy the Adjusted Equity value by the present exchange rate for foreign currency investment
Step 7: Compare theAdjusted Equity value with the carrying value of the investment company to arrive at a net gain or loss

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

b. Earnings Before Interest ,Tax Depreciation and Tax (EBITDA):
EBITDA is earnings before interest, taxes, depreciation and amortization. EBITDA is one of the indicator's of a company's financial performance and is used as a proxy for the earning potential of a business.

EBITDA = Operating Profit + Depreciation Expense + Amortization Expense

c. Price to Book (P/B Ratio):
The price-to-book ratio (P/B Ratio) is used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest company book value per share or by dividing the company's market capitalization by the company's total book value from its balance sheet.

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

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

Valuation Assumptions :

i. Illiuidity discount of 24% are used to discount the value of the investment being that they are not tradable
ii. EPS Hair cut "emerging market" discount of 45% to take care of inflation and exchange rate impact being that the comparable companies are in foreign countries

Valuation Technique Asset Held for Sale:

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

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

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

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

(iii) ***Assessment of impairment of goodwill on acquired subsidiaries***
Goodwill on acquired subsidiaries was tested for impairment using discounted cash flow valuation method. Projected cash flows were discounted to present value using a discount rate of 19.10% and a cash flow growth rate of 7.96% over a period of four years. The Group determined the appropriate discount rate at the end of the reporting period. See note 29b for further details.

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

4.3 Financial assets and liabilities

Fair value measurement

Accounting classification measurement basis and fair values

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

Group *In thousands of Naira* **30 June 2016**	**Trading**	**Derivatives held for trading**	**Held-to-maturity**	**Loans and receivables at amortized cost**	**Available-for-sale**	**Financial Liabilities measured at amortized cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	-	-	-	612,253,609	-	-	612,253,609	612,253,609
Investment under management	-	-	-	-	11,403,713	-	11,403,713	11,137,190
Non pledged trading assets	-	-	-	-	-	-	-	-
Treasury bills	17,296,082	-	-	-	-	-	17,296,082	17,296,082
Bonds	6,418,546	-	-	-	-	-	6,418,546	6,418,546
Equity	63,979	-	-	-	-	-	63,979	63,979
Derivative financial instruments	-	155,550,018	-	-	-	-	155,550,018	155,550,018
Loans and advances to banks	-	-	-	69,059,407	-	-	69,059,407	69,059,407
Loans and advances to customers	-	-	-	1,746,863,344	-	-	1,746,863,344	1,470,773,872
Pledged assets								
Treasury bills	-	-	-	-	148,967,847	-	148,967,847	148,967,847
Bonds	-	-	104,456,604		15,753,072	-	120,209,676	111,804,896
Investment securities								
- Available for sale								
Treasury bills	-	-	-	-	52,946,566	-	52,946,566	52,946,566
Bonds	-	-	-	-	21,430,591	-	21,430,591	21,430,591
Equity	-	-	-	-	60,558,913	-	60,558,913	60,558,913
- Held to Maturity								
Treasury bills	-	-	8,095,495	-	-	-	8,095,495	8,095,495
Bonds		-	63,165,027	-	-	-	63,165,027	63,165,027
Other assets	-	-	-	55,744,877	-	-	55,744,877	55,744,877
	23,778,607	**155,550,018**	**175,717,126**	**2,483,921,237**	**311,060,702**	**-**	**3,150,027,690**	**2,865,266,915**
Deposits from financial institutions	-	-	-	-	-	208,982,658	208,982,658	208,982,658
Deposits from customers	-	-	-	-	-	1,970,423,706	1,970,423,706	1,970,423,706
Other liabilities	-	-	-	-	-	91,961,420	91,961,420	90,135,838
Derivative financial instruments	-	48,090,028		-	-	-	48,090,028	48,090,028
Debt securities issued	-	-	-	-	-	212,484,633	212,484,633	188,908,801
Interest bearing borrowings	-	-	-	-	-	304,070,191	304,070,191	304,070,191
	-	**48,090,028**	**-**	**-**	**-**	**2,787,922,608**	**2,836,012,636**	**2,810,611,222**

Group *In thousands of Naira* **31 December 2015**	**Trading**	**Derivatives held for trading**	**Held-to-maturity**	**Loans and receivables at amortized cost**	**Available-for-sale**	**Financial Liabilities measured at amortized cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	-	-	-	478,409,336	-	-	478,409,336	478,409,336
Investment under management	-	-	918	-	10,402,690	-	10,403,608	10,406,579
Non pledged trading assets								
Treasury bills	50,209,443	-	-	-	-	-	50,209,443	50,209,443
Bonds	2,025,000	-	-	-	-	-	2,025,000	2,025,000
Equity	63,979	-	-	-	-	-	63,979	63,979
Derivative financial instruments	-	77,905,020	-	-	-	-	77,905,020	77,905,020
Loans and advances to banks	-	-	-	42,733,910	-	-	42,733,910	43,117,434
Loans and advances to customers	-	-	-	1,365,830,831	-	-	1,365,830,831	1,364,822,146
Pledged assets								
Treasury bills		-	3,250,773	-	103,684,044	-	106,934,817	106,934,817
Bonds	-	-	78,110,623		18,669,957	-	96,780,580	77,019,596
Investment securities								
- Available for sale								
Treasury bills	-	-	-	-	28,996,006	-	28,996,006	28,996,006
Bonds	-	-	-	-	61,204,214	-	61,204,214	61,204,214
Equity	-	-	-	-	44,592,330	-	44,592,330	44,592,330
- Held to Maturity								
Treasury bills	-	-	7,687,281	-	-	-	7,687,281	7,665,767
Bonds		-	43,743,295	-	-	-	43,743,295	44,320,781
Other assets	-	-	-	72,160,739	-	-	72,160,739	72,160,739
	52,298,422	**77,905,020**	**132,792,890**	**1,959,134,816**	**267,549,241**	**-**	**2,489,680,389**	**2,469,853,187**
Deposits from financial institutions	-	-	-	-	-	72,914,421	72,914,421	72,910,858
Deposits from customers	-	-	-	-	-	1,683,244,320	1,683,244,320	1,682,766,276
Other liabilities	-	-	-	-	-	65,277,321	65,277,321	65,277,321
Derivative financial instruments	-	3,077,927		-	-	-	3,077,927	3,077,927
Debt securities issued	-	-	-	-	-	149,853,640	149,853,640	137,841,311
Interest bearing borrowings	-	-	-	-	-	231,467,161	231,467,161	236,648,640
	-	**3,077,927**	**-**	**-**	**-**	**2,202,756,863**	**2,205,834,790**	**2,198,522,333**

Bank *In thousands of Naira* **30 June 2016**	**Trading**	**Derivatives held for trading**	**Held-to-maturity**	**Loans and receivables at amortised cost**	**Available-for-sale**	**Financial Liabilities measured at amortized cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	-	-	-	412,162,161	-	-	412,162,161	412,162,161
Investment under management	-	-	-	-	11,403,713	-	11,403,713	11,403,713
Non pledged trading assets								
Treasury bills	17,296,082	-	-	-	-	-	17,296,082	17,296,082
Bonds	6,418,546	-	-	-	-	-	6,418,546	6,418,546
Equity	63,979						63,979	63,979
Derivative financial instruments	-	155,306,292	-	-	-	-	155,306,292	155,306,292
Loans and advances to banks	-	-	-	100,992,370	-	-	100,992,370	100,992,370
Loans and advances to customers	-	-	-	1,569,741,806	-	-	1,569,741,806	1,321,986,323
Pledged assets								
Treasury bills	-	-	-	-	143,825,918	-	143,825,918	143,825,918
Bonds	-	-	104,456,604	-	15,753,072	-	120,209,676	111,804,896
Investment securities								
Available for sale								
Treasury bills	-	-	-	-	15,375,143	-	15,375,143	15,375,143
Bonds	-	-	-	-	16,876,068	-	16,876,068	16,876,068
Equity	-	-	-	-	63,724,338	-	63,724,338	63,724,338
Held to maturity	-	-	-	-	-	-		
Treasury bills	-	-	-	-	-	-	-	-
Bonds	-	-	61,629,250	-	-	-	61,629,250	109,087,965
Other assets	-	-	-	51,153,785	-	-	51,153,785	51,153,785
	23,778,607	**155,306,292**	**166,085,854**	**2,134,050,122**	**266,958,252**	**-**	**2,746,179,127**	**2,537,477,579**
Deposits from financial institutions	-	-	-	-	-	117,460,746	117,460,746	117,460,746
Deposits from customers	-	-	-	-	-	1,726,027,453	1,726,027,453	1,726,027,453
Derivative financial instruments	-	46,500,234	-	-	-	-	46,500,234	46,500,234
Other liabilities	-	-	-	-	-	80,921,022	80,921,022	80,921,022
Debt securities issued						111,510,594	111,510,594	89,469,949
Interest bearing borrowings	-	-	-	-	-	405,630,228	405,630,228	401,985,834
	-	**46,500,234**	**-**	**-**	**-**	**2,441,550,043**	**2,488,050,277**	**2,462,365,238**

Bank *In thousands of Naira* **31 December 2015**	**Trading**	**Derivatives held for trading**	**Held-to-maturity**	**Loans and receivables at amortised cost**	**Available-for-sale**	**Financial Liabilities measured at amortized cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	-	-	-	405,998,636	-	-	405,998,636	405,998,636
Investment under management	-	-	918	-	10,402,690	-	10,403,608	10,406,579
Non pledged trading assets								
Treasury bills	50,209,443	-	-	-	-	-	50,209,443	50,209,443
Bonds	2,025,000	-	-	-	-	-	2,025,000	2,025,000
Equity	63,979						63,979	63,979
Derivative financial instruments	-	77,852,349	-	-	-	-	77,852,349	77,852,349
Loans and advances to banks	-	-	-	60,414,721	-	-	60,414,721	60,276,940
Loans and advances to customers	-	-	-	1,243,215,309	-	-	1,243,215,309	1,242,206,624
Pledged assets								
Treasury bills	-	-	-	-	103,684,044	-	103,684,044	103,684,044
Bonds	-	-	78,110,623	-	18,669,957	-	96,780,580	77,243,142
Investment securities								
Available for sale								
Treasury bills	-	-	-	-	10,436,981	-	10,436,981	10,436,981
Bonds	-	-	-	-	60,696,103	-	60,696,103	60,696,103
Equity	-	-	-	-	44,575,185	-		44,755,565
Held to maturity								
Treasury bills	-	-	-	-	-	-	-	-
Bonds	-	825,225,321	40,286,529	-	-	-	865,511,850	38,700,193
Other assets	-	-	-	69,509,746	-	-	69,509,746	69,509,746
	52,298,422	**903,077,670**	**118,398,070**	**1,779,138,412**	**248,464,960**	**-**	**3,056,802,349**	**2,254,065,324**
Deposits from financial institutions	-	-	-	-	-	63,343,785	63,343,785	63,342,003
Deposits from customers	-	-	-	-	-	1,528,213,883	1,528,213,883	1,527,735,839
Derivative financial instruments	-	2,416,378	-	-	-	-	2,416,378	2,416,378
Other liabilities	-	-	-	-	-	62,871,485	62,871,485	62,871,485
Debt securities issued	-	-	-	-	-	78,516,655	78,516,655	69,591,973
Interest bearing borrowings	-	-	-	-	-	302,919,987	302,919,987	304,315,360
	-	**2,416,378**	**-**	**-**	**-**	**2,035,865,795**	**2,038,282,173**	**2,030,273,038**

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

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

(i) Cash

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

(ii) Loans and advances to banks and customers

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

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

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

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

(iv) Other assets

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

(v) Deposits from banks and customers

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

(vi) Other liabilities

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

(vii) Interest bearing borrowings

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

FINANCIAL RISK MANAGEMENT

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

As we navigate through new frontiers in a growth market in the ever-changing risk universe, proactive Enterprise Risk Management Framework becomes even more critical. In a bid to push the frontiers of our overall risk profile whilst remaining responsive to the ever-changing risk universe, Access Bank, in the period under review, completed the upgrade of its core Banking application software 'Flexcube" and also deployed the Access Document Management (ADM) System to aid the filing and retrieval of Customer's Credit documents.

Business Process Management Solution (BPMS) was also deployed for effective and systematic approach to making Access bank workflow more effective, more efficient and more capable of adapting to an ever-changing environment. Areas of focus include representation of the process flow, the factors within it, alerts and notifications, escalations, standard operating procedures, service level agreements, and task hand-over mechanisms.

Access Bank views and treats risks as an intrinsic part of business and maintains a disciplined approach to its management of risk. Its Group Risk functions remain dynamic and responsive to the needs of stakeholders as it improves its focus on the inter-relationships between risk types. It uses periodic reviews of risk exposure limits and risk control to position itself against adverse scenarios. This is an invaluable tool with which the bank predicted and successfully managed the headwinds – local and global. Market volatility and economic uncertainty, like was witnessed in 2008, are typically contained because the Group regularly subjects its exposures to a range of stress tests across a wide variety of products, currencies, portfolios and customer segments.

The Bank's risk management architecture, as designed, continued to balance corporate oversight with well-defined risk management functions which fall into one of three categories where risk must be managed: lines of business, governance and control, and corporate audit. The Board of Directors and management of the Bank are committed to constantly establishing, implementing and sustaining tested practices in risk management to match those of leading international banks. We are convinced that the long-term sustainability of our Group depends critically on the proper governance and effective management of our business. As such, risk management occupies a significant position of relevance and importance in the Bank.

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

The role of the Group Chief Risk Officer in Access Bank remains pivotal as he has the primary responsibility for the overall risk management and effective ERM Framework of both the Bank and its subsidiaries. He provides robust challenge to the management teams based on quantitative and qualitative metrics. Though amendments to the Bank's ERM Framework require Board approval, the risk management division is responsible for the enforcement of the Bank's risk policy by constantly monitoring risk, with the aim of identifying and quantifying significant risk exposures and acting upon such exposures as necessary.

Risk Management in Access Bank Plc. has become a culture and everyone, from the most junior officer to the Executive Management has cultivated the risk culture. The bank officers approach every banking transaction with care, taking into consideration the bank's acceptable risk appetite.

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

Risk Management Framework

All activities and processes of Access Bank, involve the identification, measurement, evaluation, acceptance and management of risk or combinations of risks. The Board, advised by the various Board and Management Risk Committees, requires and encourages a strong risk governance culture which shapes the Group's attitude to risk. We believe that risk management encompasses the insights delivered by information which facilitate appropriate actions. Access Bank benefits from having enhanced its Group risk management framework, which gives full Group-wide coverage of a variety of risks. Our annual risk cycle is designed to give management relevant, up-to-date information from which trends can be observed and assessed. The governance structure supporting our risk cycle is designed to deliver the right information, at the right time, to the right people.

Here in Access Bank, we have a holistic view of all major risks facing the bank. We remain vigilant with regard to both known and emerging risks and ensure that we are strong enough to withstand any exogenous shocks. Our Board-level risk committees play a critical role in providing oversight of risk management and ensuring that our risk appetite, risk culture and risk profile are consistent with and support our strategy to deliver long-term, sustainable success in achieving our strategic vision of being the world's most respected African Bank.

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

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

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

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Balancing Risk and Return

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

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

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

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

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

Enterprise-wide Scenario and Stress Testing

We use robust and appropriate scenario stress testing to assess the potential impact on the Group's capital adequacy and strategic plans. Our stress testing and scenario analysis programme is central to the monitoring of strategic and potential risks. It highlights the vulnerabilities of our business and capital plans to the adverse effects of extreme but plausible events. As a part of our core risk management practices, the Bank conducts enterprise-wide stress tests on a periodic basis to better understand earnings, capital and liquidity sensitivities to certain economic scenarios, including economic conditions that are more severe than anticipated. The outcome of the testing and analysis is also used to assess the potential impact of the relevant scenarios on the demand for regulatory capital compared with its supply. These enterprise-wide stress tests provide an understanding of the potential impacts on our risk profile, capital and liquidity. It generates and considers pertinent and plausible scenarios that have the potential to adversely affect our business.

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

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

Risk Analytics and Reporting

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

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

The group remains the key driver in ensuring that Access Bank fully implements Basel II/III to the most advance levels in alignment with the Central Bank of Nigeria (CBN) prudential guidelines. The team is also responsible for the Internal Capital Adequacy Assessment Process (ICAAP), stress testing, Liquidity Risk measurement and other risk measurement activities. The group aligns its reporting with the Bank's predefined government structure such as BRMC, BCC and ERMC.

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

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

Data Management and Integration.

This unit is responsible for the development and maintenance of the enterprise Risk data architecture with a roadmap geared to promoting data integrity, data quality and ensuring integration with risk analytics and reporting.

The group has a data governance structure which enforces risk data governance and discipline across the Bank as well as data quality measurement metrics to reduce the Bank's risk exposure due to data quality issues.

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

Integrated Risk Analytics

The group guides the analytical input into the implementation of various risk software and their on-going implementation in Credit risk, Market risk, Operational risk and other risk areas. The unit also drives the development as well as implementation of the internal and regulatory risk measurement methodology and models for the core risk elements; examples of the model are Rating models, Scoring models, Probability of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD) ,etc.
The unit designs stress test models and implements the same on the Bank's portfolios and risk profile as well as comprehensive risk analyses to provide insight into all current Strategic Business Unit (SBU) risk profiles. The group also drives the full implementation of Basel II/III and manages the Internal Adequacy Assessment Process (ICAAP).

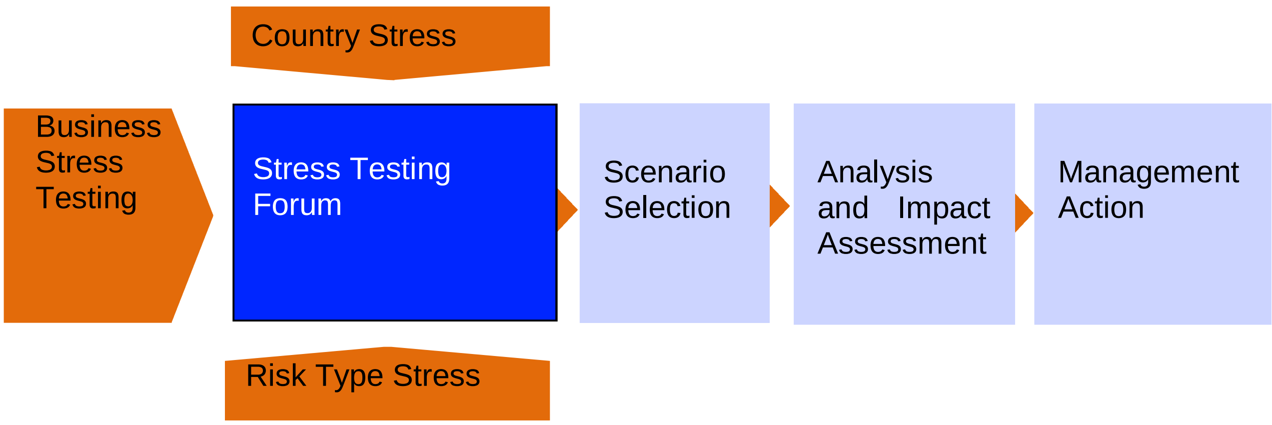
During the period, the group deepened the Risk Embedded Performance Management Frame work as part of the process of maintaining and aligning behaviours with the Bank's moderate risk appetite. Business performance will subsequently be monitored with a focus on financial performance and risk exposures being aligned with the Bank's risk appetite. The 2016 Budget was built with risk appetite as an integral part of the financial target determination. Varieties of triggers were employed and an automated process was created to efficiently track compliance and apply a risk charge to the various SBUs where there are deviations.

Integrated Risk Reporting.

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

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

Stress testing framework



Our stress testing framework is designed to:

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

Risk Management Philosophy, Culture, Appetite and Objectives

Access Bank's Risk Culture Statement:

At Access Bank, we embrace a moderate risk appetite, whilst delivering strategic objectives. We anticipate the risks in our activities. We 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. Risk management is at the core of the operating structure of the group. We seek to limit adverse variations in earnings and capital by managing risk exposures within our moderate risk appetite. Our risk management approach includes minimizing undue concentrations of exposure, limiting potential losses from stress events and the prudent management of liquidity.

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 Group's core value of excellence, the Group's risk management is continuously evolving and improving, given that there can be no assurance that all market developments, in particular those of extreme nature, can be fully anticipated at all times. Hence, executive management has remained closely involved with important risk management initiatives, which have focused particularly on preserving appropriate levels of liquidity and capital, as well as managing the risk portfolios.

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

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

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

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

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

a) Management and staff:

- Consider all forms of risk in decision-making;
- Create and evaluate business-unit and Bank-wide risk profile to consider what is best for their individual business units/department and what is best for the Bank as a whole;
- Adopt a portfolio view of risk in addition to understanding individual risk elements;
- Retain ownership and accountability for risk and risk management at the business unit or other point of influence level;
- Accept that enterprise risk management is mandatory, not optional;

- Strive to achieve best practices in enterprise risk management;
- Document and report all significant risks and enterprise-risk management deficiencies;
- Adopt a holistic and integrated approach to risk management and bring all risks together under one or a limited number of oversight functions;
- Empower risk officers to perform their duties professionally and independently without undue interference;
- Ensure a clearly defined risk management governance structure;
- Ensure clear segregation of duties between market facing business units and risk management/control functions;
- Strive to maintain a conservative balance between risk and profit considerations; and
- Continue to demonstrate appropriate standards of behaviour in development of strategy and pursuit of objectives.

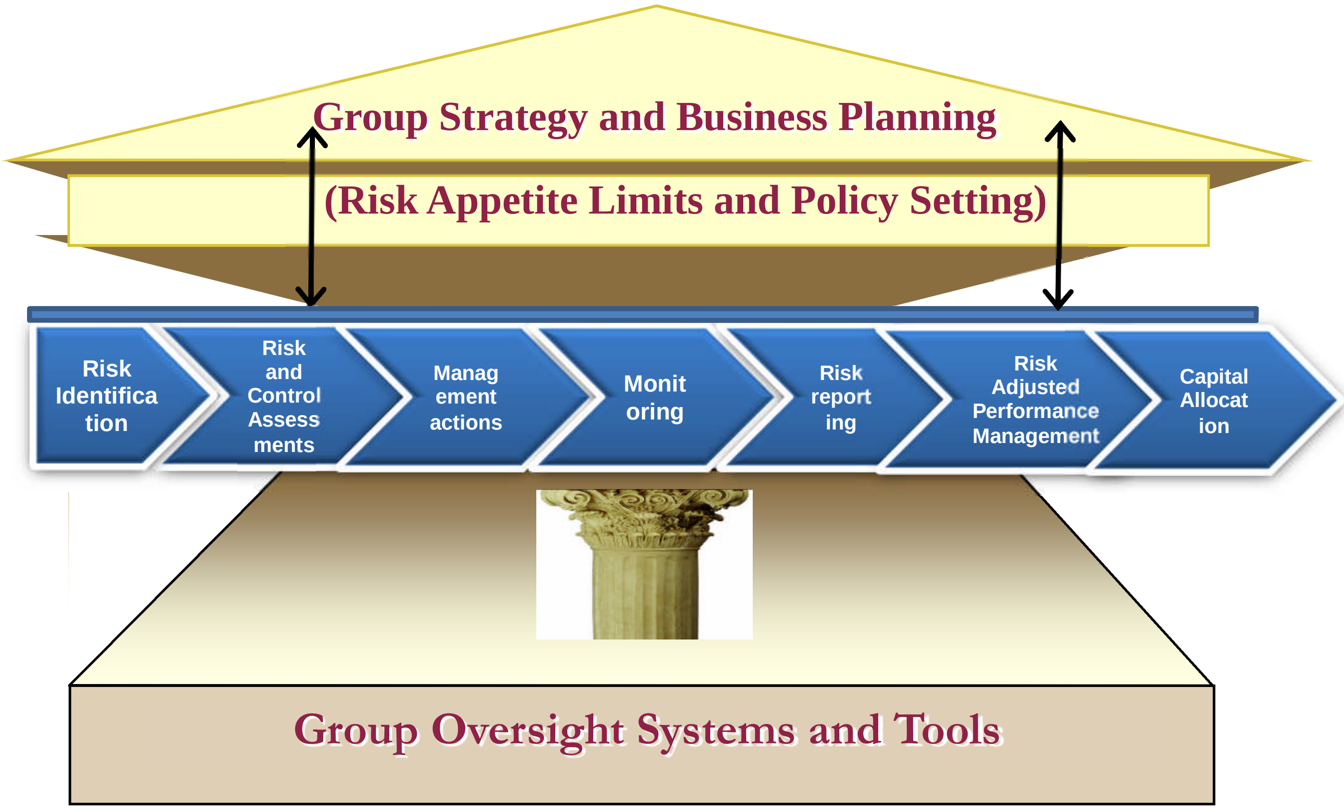
b) Risk officers' partners with other stakeholders within and outside the Bank and are guided in the exercise of their powers by a deep sense of responsibility, professionalism and respect for other parties.

c) The bank also partners with its customers to improve their attitudes 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.

Risk management process



Group risk oversight approach

Our risk governance framework, of which our 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.

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

The function is complemented by the financial control and strategy group in the management of strategic and reputational risks.

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

Strategy and Business Planning

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

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

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

Risk Appetite

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

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

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

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

Risk management objectives

The broad risk management objectives of the Bank are:

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

Scope of risks

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

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

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

Responsibilities and functions

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

Risk Management Division

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

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

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

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

e e) Embed risk culture in the Bank to ensure that everyone in the bank takes into consideration Access Bank risk appetite in whatever they do.

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

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

h) Empower Business unit risk champion to identify, monitor and report on the effectiveness of risk mitigation plans in reducing risk incidence as related to day to day activities in the unit.

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

j) Champion the implementation of Basel II and III.

k) Promote risk awareness and provide education on risk.

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

Financial Control and Strategy

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

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

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

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

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

f) Prepare periodic management reports on subsidiaries and associates

g) Perform competitive analysis in comparison with industry peers

h) Conduct strategic/operational review of branches

Risk Management Governance Framework

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

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

2. The executive management committees; and

3. Risk management responsibilities per risk area.

Credit Risk Management

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

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

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

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

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

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

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

Principal Credit Policies
The following are the principal credit policies of the Bank:

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

Credit Risk Mitigant Management Policy: The objective is to aid in effective credit portfolio management through mitigation of credit risks by using credit risk mitigation techniques.
Credit Risk Rating Policy: The objective of this policy is to ensure reliable and consistent Obligor Risk Ratings (ORRs) and Facility Risk Ratings (FRRs) throughout Access Bank and to provide guidelines for risk rating for retail and non-retail exposures in the banking book covering credit and investment books of the Bank.

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

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

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

Responsibilities of Business Units and Independent Credit Risk Management

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

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

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

Credit Process

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

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

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

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

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

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

All Access Bank businesses that extend credit are subject to the Risk Rating Policy.

Credit Risk Rating Models in Access Bank Plc

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

For Retail Exposures:

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

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

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

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

For Non – Retail Exposures:

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

1. Sovereign (Approach to rating Sovereign Exposures using External ratings)
2. Bank and NBFIs
3. Corporate
    - Manufacturing Sector
    - Trading Sector
    - Services Sector
    - Real Estate Sector
4. Small and Medium Enterprises (SME) Without Financials

Facility Risk Rating (FRR) Models have been developed for

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

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

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

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

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

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

Credit Risk Control & Mitigation policy

Authority Limits on Credit

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

Potential credit losses from any given account, customer or portfolio are mitigated using a range of tools such as collateral, credit insurance, credit derivatives and other guarantees. The reliance that can be placed on these mitigants is carefully assessed in light of issues such as legal certainty and enforceability, market valuation correlation and counterparty risk of the guarantor.

Where appropriate, credit derivatives are used to reduce credit risks in the portfolio. Due to their potential impact on income volatility, such derivatives are used in a controlled manner with reference to their expected volatility.

Collateral is held to mitigate credit risk exposures and risk mitigation policies determine the eligibility of collateral types.

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

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

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

COUNTRY	APPROVAL LIMIT (N)
DRC	10 MILLION
GHANA	65 MILLION
RWANDA	20 MILLION
RWANDA	10 MILLION
ZAMBIA	10 MILLION

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

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

Collateral Policies

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

In Access Bank, strategies for risk reduction at the transaction level differ from that at the portfolio level. At transaction level, the most common technique used by the bank is the collateralization of the exposures, by first priority claims or obtaining a third party guarantee. For all credit risk mitigants that meet the policy criteria, a clear set of procedures are applied to ensure that the value of the underlying collateral is appropriately recorded and updated regularly.
Collateral types that are eligible for risk mitigation include: cash; residential, commercial and industrial property; fixed assets such as motor vehicles, aircraft, plant and machinery; marketable securities; commodities; bank guarantees; and letters of credit.

Other techniques include buying a credit derivative to offset credit risk at transaction level. At portfolio level, asset securitisation, credit derivatives etc. are used to mitigate risks in the portfolio.

However the primary consideration for approving credits is hinged largely on the obligor's financial strength and debt-servicing capacity. The guidelines relating to risk mitigant as incorporated in the guidance note of BCBS on "Principles for the Management of Credit Risk" (September 2000, Paragraph 34) are be taken into consideration while using a credit risk mitigant to control credit risk.

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

The range of collaterals acceptable to the Bank includes:

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

Master Netting Arrangements Traded Products

Credit risk from traded products is managed within the overall credit risk appetite for corporates and financial institutions.

The credit risk exposure from traded products is derived from the positive mark-to-market value of the underlying instruments, and an additional component to cater for potential market movements.

For derivative contracts, we limit our exposure to credit losses in the event of default by entering into master netting agreements with certain counterparties. As required by IAS 32, exposures are only presented net in the financial statement if there is a legal right to offset and the assets/liabilities will be settled simultaneously.

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

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

Market Risk Management

Definition

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

Market risk policy, management and control

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

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

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

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

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

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

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

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

Non-trading portfolio

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

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

Interest rate risk

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

Re-pricing and Liquidity Gap Analysis

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

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

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

Earnings-at-Risk (EAR) Approach

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

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

Sensitivity Analysis and Stress Testing

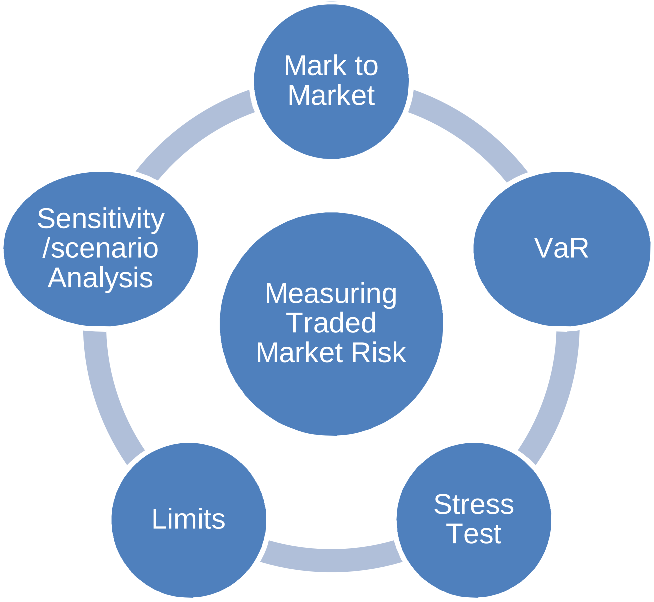
Sensitivity analysis and stress testing are risk measurement techniques that help us ensure that the risks the Bank takes remain within our risk appetite and that our level of capital remains adequate. Sensitivity analysis involves varying a single factor (e.g. a model input or specific assumption) to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

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

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

Trading portfolio

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



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

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

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

Interbank placement and takings Limit**:** In line with Banks drive to be a top liquidity provider in the financial market, stringent controls have been set to ensure that any takings from interbank are preceded by proper 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, takes into account actual cumulative profit/loss as well as potential losses and the loss tolerance is defined as a percentage of Gross Earnings.

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

Dealer Limits: This limit sets a maximum tolerable unrealized profit/loss to date based on existing exposures for a specific dealer. Positions are liquidated uniformly when the dealer stop limit is breached independent of the global stop loss limit.
Value-at-Risk Limit: The normal VaR of the portfolio will be the Naira loss that will be exceeded 1% of the time over a one day horizon. The time period may be changed depending on the volume of position held and current market realities. At a maximum of 99% confidence level, and a holding period of 1 day, the bank maintains a VaR limit of 0.25% of Gross earnings.

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

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

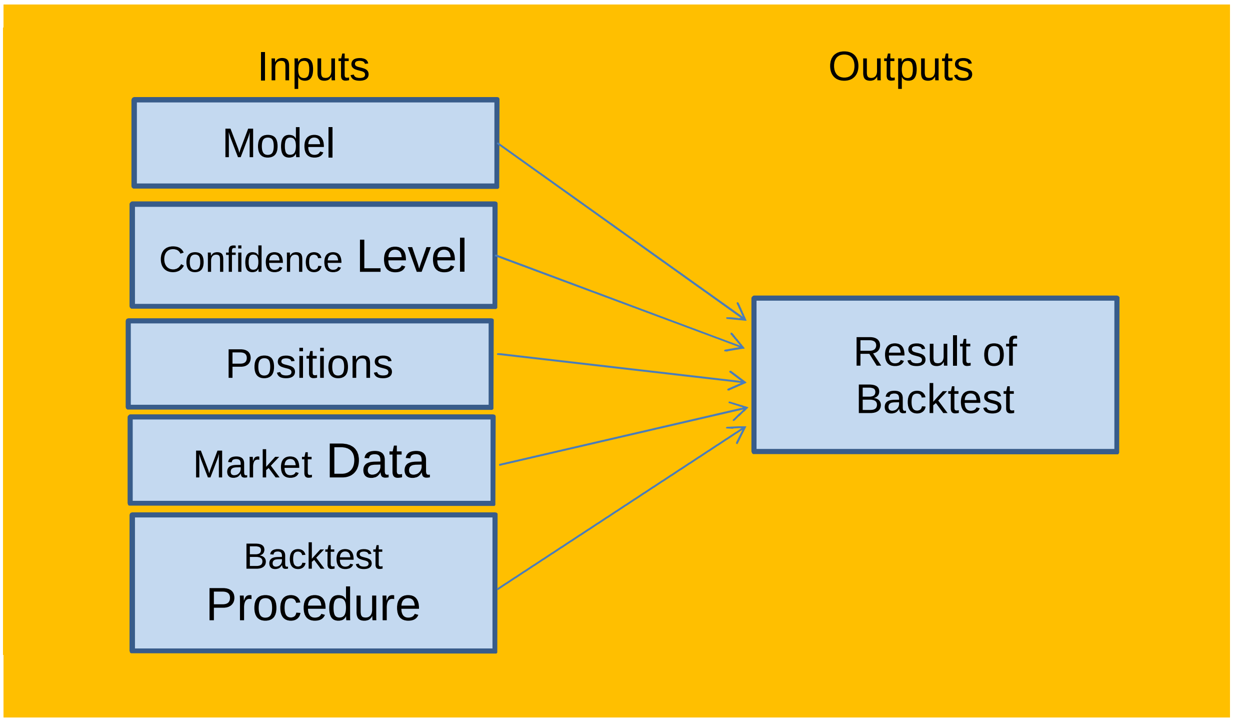
Value at Risk (VaR)
Risk of losses arising from future potential adverse movements in market rates, prices and volatilities are measured using a VaR methodology. VaR, in general, is a quantitative measure of market risk that applies recent historic market conditions to estimate the potential future loss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

VaR provides a consistent measure that can be applied across trading businesses and products over time and can be set against actual daily trading profit and loss outcome. To assess their predictive power, VaR models are back tested against actual results.
Access Bank uses an internal VaR model based on the historical simulation method. Two years of historical price and rate data is applied and updated daily. This internal model is also used for measuring value at risk over both a one-day and 10-day holding period at a 99% confidence level. This model covers general market (position) risk across all approved interest rate and foreign exchange products.
There are a number of considerations that should be taken into account when reviewing VaR numbers. These are as follows:
Historical simulation assumes that the past is a good representation of the future. This may not always be the case.
The assumed time horizon will not fully capture the market risk of positions that cannot be closed out or hedged within this time horizon.
VaR does not indicate the potential loss beyond the selected percentile.
Intra-day risk is not captured.
Prudent valuation practices are used in the VaR calculation when there is difficulty obtaining rate/price information.

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

Back testing

The VaR model is an important market risk measurement and control tool and consequently the performance of the model is regularly assessed for continued suitability. The main approach employed is a technique known as back testing, which counts the number of days when daily trading losses exceed the corresponding the VaR estimate.



The standard for back testing is to measure daily losses against the VaR measurement assuming a one-day holding period and a 99% level of confidence. The green zone of four or less exceptions over a 12-month period is consistent with a good working VaR model. Back testing reports are produced regularly.

Stress testing

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

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

Stress testing is an integral part of the market risk management framework and considers both historical market events and forward-looking scenarios. Stress testing provides an indication of the potential size of losses that could arise in extreme conditions. It helps to identify risk concentrations across business lines and assist senior management in capital planning decisions.
The Bank performs two main types of stress/scenario testing. Firstly, risk factor stress testing, where extended historical stress moves are applied to each of the main risk categories, which include interest rate, equity, foreign exchange, commodity and credit spread risk. Secondly, the trading book is subjected to multi-factor scenarios that simulate past periods of significant market disturbance and hypothetical extreme yet plausible events.

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

Liquidity risk

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

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

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

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

Quantifications

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

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

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

Limit management and monitoring

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

Contingency funding plan

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

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

The contingency funding plan covers: the available sources of contingent funding to supplement cash flow 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.

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 2016	Group December 2015	Bank June 2016	Bank December 2015
Cash and balances with banks				
- Current balances with banks outside Nigeria	88,559,185	49,423,809	47,382,384	27,989,703
- Unrestricted balances with central banks	24,764,193	90,721,388	6,262,913	74,158,434
- Restricted balances with central banks	317,924,550	249,954,817	315,207,677	248,182,477
- Money market placements	147,627,901	52,433,982	19,914,222	26,111,216
Investment under management	11,403,713	10,403,608	11,403,713	10,403,608
Non pledged trading assets				
Treasury bills	17,296,082	50,209,443	17,296,082	50,209,443
Bonds	6,418,546	2,025,000	6,418,546	2,025,000
Derivative financial instruments	155,550,018	77,905,020	155,306,292	77,852,349
Loans and advances to banks	69,059,407	42,733,910	100,992,370	60,414,721
Loans and advances to customers	1,746,863,344	1,365,830,831	1,569,741,806	1,243,215,309
Pledged assets				
Treasury bills	148,967,847	106,934,817	143,825,918	103,684,044
Bonds	120,209,676	96,780,580	120,209,676	96,780,580
Investment securities				
Available for sale				
Treasury bills	52,946,566	28,996,006	15,375,143	10,436,981
Bonds	17,948,691	61,204,214	16,876,068	60,696,103
Held to Maturity				
Treasury bills	8,095,495	7,687,281	-	-
Bonds	63,165,027	43,743,295	61,629,250	40,286,529
Other assets	55,744,877	72,160,739	51,153,785	69,509,746
Total	**3,052,545,118**	**2,409,148,740**	**2,658,995,845**	**2,201,956,243**
Off balance sheet exposures				
Transaction related bonds and guarantees	203,127,570	221,127,530	165,432,166	218,067,025
Guaranteed facilities	98,215,929	94,135,927	53,540,881	91,640,933
Clean line facilities for letters of credit and other commitments	782,105,112	657,586,492	685,633,718	600,895,192
Total	**1,083,448,611**	**972,849,949**	**904,606,765**	**910,603,150**

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 2016 and 31 December 2015, 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 2016	Group December 2015	Bank June 2016	Bank December 2015
Agriculture	17,394,993	19,176,019	12,225,969	15,937,248
Capital market	-	-	-	-
Construction	122,523,765	87,879,130	107,648,977	76,829,699
Education	1,809,275	2,113,599	1,612,596	2,016,754
Finance and insurance	18,089,326	21,037,838	14,247,157	18,642,306
General	62,710,291	53,774,970	60,236,822	52,277,961
General commerce	165,755,956	159,870,596	137,135,926	133,869,178
Government	278,064,515	169,073,246	277,742,334	168,626,536
Information And communication	136,751,980	121,177,114	130,935,145	118,922,511
Other Manufacturing (Industries)	89,626,000	72,850,211	68,273,854	57,301,618
Basic Metal Products	3,150,209	2,682,493	3,150,209	2,682,493
Cement	25,610,115	26,147,216	25,610,115	26,147,216
Conglomerate	20,059,202	14,766,577	20,059,202	14,766,577
Steel Rolling Mills	60,792,814	53,920,584	60,792,814	53,920,584
Flourmills And Bakeries	3,008,886	13,642	3,008,886	13,642
Food Manufacturing	16,589,095	15,094,847	16,068,603	14,642,665
Oil And Gas - Downstream	165,047,897	137,651,684	130,196,980	115,343,768
Oil And Gas - Services	193,143,715	117,106,760	190,439,538	115,659,696
Oil And Gas - Upstream	96,555,620	61,020,646	96,555,620	61,020,646
Crude oil refining	39,301,176	28,860,271	39,301,176	28,860,271
Real estate activities	119,914,572	104,749,765	114,508,350	100,157,931
Transportation and storage	81,894,610	74,287,655	77,246,055	70,899,610
Power and energy	21,676,912	15,955,628	9,245,902	8,099,644
Professional, scientific and technical activities	1,876,062	7,474,460	537,057	6,727,525
Others	43,512,538	27,836,688	7,518,746	6,755,313
	1,784,859,524	**1,394,521,639**	**1,604,298,033**	**1,270,121,392**

5.1.3(a) Group
Credit quality by class
In thousands of Naira

	Loans and advances to Individuals		Loans and advances Corporates		Loans and advances to banks		Off balance sheet	
	June 2016	December 2015	June 2016	December 2015	June 2016	December 2015	June 2016	December 2015
Carrying amount	64,312,991	52,778,622	1,682,550,353	1,313,052,209	69,059,407	42,733,910	1,011,177,125	972,849,949
Neither past due nor impaired								
Grade 1 :	-	-	141,763,042	164,056,674	68,732,049	42,095,369	365,833,130	471,082,538
Grade 2:	5	-	672,398,441	527,102,950	-	-	338,502,439	232,900,691
Grade 3:	61,207,407	51,287,214	782,364,925	594,623,897	319,121	631,423	306,765,164	268,407,881
Grade 4:	166,742	15,970	69,992,822	19,720,718	-	-	76,392	229,419
Grade 5:	20,166	98,939	4,519,458	1,655,959	-	-	-	-
Gross amount	61,394,320	51,402,123	1,671,038,688	1,307,160,198	69,051,170	42,726,792	1,011,177,125	972,620,529
Impairment	(421,924)	(465,739)	(18,219,982)	(15,241,871)	(3,384)	-	-	-
Carrying amount	60,972,396	50,936,384	1,652,818,706	1,291,918,328	69,047,786	42,726,792	1,011,177,125	972,620,529
Past due but not impaired:								
Grade 6:	307,617	182,541	503,911	351,679	-	-		
Grade 7:	1,057,701	953,436	2,310,048	1,033,145	13,955	12,043		
Grade 8:	1,211,263	1,050,093	10,422,436	7,971,888	-	-		
Gross amount	2,576,581	2,186,069	13,236,395	9,356,712	13,955	12,043		
Impairment	(528,631)	(475,439)	(2,874,444)	(2,025,081)	(2,334)	(9,086)		
Carrying amount	2,047,950	1,710,630	10,361,951	7,331,631	11,621	2,957		
Past due and impaired:								
Grade 6: Impaired	1,165,563	203,207	9,957,512	4,991,809				
Grade 7: Impaired	633,670	18,240	5,756,338	5,091,934				
Grade 8: Impaired	198,970	160,784	18,901,487	13,950,562				
Gross amount	1,998,203	382,231	34,615,337	24,034,305				
Allowance for impairment	(705,558)	(250,624)	(15,245,641)	(10,232,054)				
Carrying amount	1,292,645	131,607	19,369,696	13,802,251				

Bank
Credit quality by class
In thousands of Naira

	Loans and advances to Individuals		Loans and advances Corporates		Loans and advances to banks		Off balance sheet	
	June 2016	December 2015	June 2016	December 2015	June 2016	December 2015	June 2016	December 2015
Carrying amount	39,492,707	34,661,649	1,530,249,100	1,208,553,660	100,992,370	60,414,721	832,335,279	910,603,150
Neither past due nor impaired								
Grade 1 :	-	-	138,843,587	163,854,025	100,665,012	59,780,341	394,861,892	458,679,062
Grade 2:	5	-	662,301,350	527,102,950	-	-	286,534,787	220,497,215
Grade 3:	37,979,426	33,175,710	678,965,528	492,957,434	319,121	631,423	150,862,208	231,197,453
Grade 4:	17,702	15,970	39,677,708	19,720,718	-	-	76,392	229,419
Grade 5:	-	98,939	4,267,555	1,655,959	-	-	-	-
Gross amount	37,997,133	33,290,619	1,524,055,728	1,205,291,086	100,984,133	60,411,764	832,335,279	910,603,149
Impairment	(409,123)	(386,193)	(17,807,998)	(14,429,082)	(3,384)	-	-	-
Carrying amount	37,588,010	32,904,426	1,506,247,730	1,190,862,004	100,980,749	60,411,764	832,335,279	910,603,149
Past due but not Impaired:								
Grade 6:	199,738	182,541	435,428	351,679	-			
Grade 7:	1,021,319	953,436	2,002,819	1,033,145	13,955	12,043		
Grade 8:	1,209,071	1,050,093	9,116,240	7,971,888	-	-		
Gross amount	2,430,128	2,186,069	11,554,487	9,356,712	13,955	12,043		
Impairment	(525,431)	(475,439)	(2,771,447)	(2,025,081)	(2,334)	(9,086)		
Carrying amount	1,904,697	1,710,630	8,783,040	7,331,631	11,621	2,957		
Past due and Impaired:								
Grade 6: Impaired	179,043	154,959	7,905,069	4,927,701				
Grade 7: Impaired	-	-	3,633,749	4,559,254				
Grade 8: Impaired	108,330	142,257	16,434,366	10,212,735				
Gross amount	287,373	297,216	27,973,184	19,699,690				
Allowance for impairment	(287,373)	(250,624)	(12,754,854)	(9,339,664)				
Carrying amount	-	46,593	15,218,330	10,360,026				

5.1.3
(b) Aging analysis of credit quality

	Group		Bank	
30 June 2016	**Loans to individuals**	**Loans to Corporates and Banks**	**Loans to individuals**	**Loans to Corporates and Banks**
Past due & not impaired				
Past due up to 30days	307,617	503,911	199,738	435,428
Past due up 30 - 60 days	1,057,701	2,310,048	1,021,319	2,002,819
Past due up 60 - 90 days	1,211,263	10,422,436	1,209,071	9,116,240
Total	2,576,581	13,236,395	2,430,128	11,554,487
Past due & impaired				
Past due up to 91 - 180days	1,165,563	9,957,512	179,043	7,905,069
Past due up 180 - 360 days	633,670	5,756,338	-	3,633,749
Above 360days	198,969	18,901,487	108,330	16,434,366
Total	1,998,202	34,615,337	287,373	27,973,184
31 December 2015				
Past due & not impaired				
Past due up to 30days	182,541	351,679	182,542	351,680
Past due up 30 - 60 days	953,436	1,045,188	953,436	1,045,188
Past due up 60 - 90 days	1,050,093	7,971,845	1,050,092	7,959,845
Total	2,186,070	9,368,712	2,186,069	9,356,712
Past due & impaired				
Past due up to 91 - 180days	203,207	4,991,809	154,959	4,927,701
Past due up 180 - 360 days	18,240	5,091,934	-	4,559,254
Above 360days	160,784	13,950,562	142,257	10,212,735
Total	382,231	24,034,305	297,216	19,699,690

(c) **Debt securities**

Grade 1-3: Low-fair risk

Group	June 2016			December 2015		
	Treasury bills	**Bonds**	**Total**	**Treasury bills**	**Bonds**	**Total**
Investment under management	7,770,272	-	7,770,272	5,171,750	-	5,171,750
Available-for-sale assets	52,946,566	21,430,591	74,377,157	28,996,006	61,204,214	90,200,220
Held to maturity assets	8,095,495	63,165,027	71,260,522	7,687,281	43,743,295	51,430,576
Non pledged trading assets	17,296,082	6,418,546	23,714,628	50,209,443	2,025,000	52,234,443
Pledged assets	148,967,847	120,209,676	269,177,523	106,934,817	96,780,580	203,715,397
Carrying amount	235,076,262	211,223,840	446,300,102	198,999,297	203,753,089	402,752,386

Bank	**Treasury bills**	**Bonds**	**Total**	**Treasury bills**	**Bonds**	**Total**
Investment under management	7,770,272	-	7,770,272	5,171,750	-	5,171,750
Available-for-sale assets	15,375,143	16,876,068	32,251,211	10,436,981	60,696,103	71,133,084
Held to maturity assets	-	61,629,250	61,629,250	-	40,286,529	40,286,529
Non pledged trading assets	17,296,082	6,418,546	23,714,628	50,209,443	2,025,000	52,234,443
Pledged assets	143,825,415	120,209,676	264,035,091	103,684,044	96,780,580	200,464,624
Carrying amount	184,266,912	205,133,540	389,400,452	169,502,218	199,788,212	369,290,430

There are bonds worth N236Mn that are past due and impaired (past due up to 180-360 days), a full provision has been made for this balance.
The credit risk associated with Cash and balances with banks, derivatives and other assets (all neither past due nor impaired) are considered to be low at 30 June 2016.

5.1.3 Credit quality

(d) Credit quality by risk rating class

Group

In thousands of Naira

External Rating Equivalent	Grade	Risk Rating	Loans and advances to Individuals June 2016	Loans and advances to Individuals December 2015	Loans and advances Corporates June 2016	Loans and advances Corporates December 2015	Loans and advances to banks June 2016	Loans and advances to banks December 2015
AAA	Investment	1	-	-	141,763,042	164,056,674	68,732,048	42,095,369
AA	Investment	2+	-	-	207,126,506	126,296,312	-	-
A	Investment	2	-	-	173,430,067	161,182,597	-	631,423
BBB	Investment	2-	5	-	291,841,867	239,624,041	-	-
BB+	Standard	3+	682,206	1,168,452	242,164,962	104,007,186	-	-
BB	Standard	3	58,999,809	49,450,682	498,754,023	429,130,854	319,122	-
BB-	Standard	3-	1,525,390	668,080	41,445,940	61,485,857	-	-
B	Non-Investment	4	166,742	15,970	69,992,822	19,720,718	-	-
B-	Non-Investment	5	20,166	98,939	4,519,458	1,655,959	-	-
CCC	Non-Investment	6	1,473,181	385,748	10,461,423	5,343,488	-	-
C	Non-Investment	7	1,691,372	971,675	8,066,386	6,125,079	13,955	12,043
D	Non-Investment	8	1,410,233	1,210,877	29,323,923	21,922,451	-	-
Gross amount			65,969,104	53,970,424	1,718,890,419	1,340,551,215	69,065,125	42,738,836
Collective Impairment			(950,555)	(941,178)	(21,094,426)	(17,266,952)	(5,718)	(9,086)
Specific Impairment			(705,558)	(250,624)	(15,245,640)	(10,232,054)	-	-
Carrying amount			**64,312,991**	**52,778,622**	**1,682,550,353**	**1,313,052,209**	**69,059,407**	**42,729,751**

Derivative Financial Instruments

External Rating Equivalent	Grade	Risk Rating	Gross Nominal June 2016	Gross Nominal December 2015	Fair Value June 2016	Fair Value December 2015
AAA-A	Investment	1	232,817,524	304,214,019	153,275,364	74,568,887
A	Investment	2	-	25,178,482	-	1,523,619
AA	Investment	2+	128,093,621	18,599,431	2,274,651	1,812,514
BBB	Investment	2-	25,381,302	-	3	-
Gross amount			386,292,447	347,991,932	155,550,018	77,905,020
Collective Impairment			-	-	-	-
Specific Impairment			-	-	-	-
Carrying amount			**386,292,447**	**347,991,932**	**155,550,018**	**77,905,020**

The external rating equivalent refers to the equivalent ratings for loans and advances by credit rating agencies. These instruments are neither past due or impaired

Credit quality by risk rating class

Bank

In thousands of Naira

External Rating Equivalent	Grade	Risk Rating	Loans and advances to Individuals June 2016	Loans and advances to Individuals December 2015	Loans and advances Corporates June 2016	Loans and advances Corporates December 2015	Loans and advances to banks June 2016	Loans and advances to banks December 2015
AAA	Investment	1	-	-	138,843,587	163,854,025	100,665,012	59,780,341
AA	Investment	2+	-	-	206,419,331	126,296,312	-	-
A	Investment	2	-	-	166,475,090	161,182,597	-	-
BBB	Investment	2-	5	-	289,406,932	239,624,041	-	-
BB+	Standard	3+	682,206	1,168,452	223,316,310	104,007,186	-	-
BB	Standard	3	36,612,371	31,339,177	427,301,408	327,464,392	319,121	631,423
BB-	Standard	3-	684,850	668,080	28,347,809	61,485,857	-	-
B	Non-Investment	4	17,702	15,970	39,677,708	19,720,718	-	-
B-	Non-Investment	5	-	98,939	4,267,555	1,655,959	-	-
CCC	Non-Investment	6	378,781	337,501	8,340,497	5,279,380	-	-
C	Non-Investment	7	1,021,319	953,436	5,636,567	5,592,399	13,955	12,043
D	Non-Investment	8	1,317,400	1,192,350	25,550,605	18,184,623	-	-
Gross amount			40,714,634	35,773,905	1,563,583,399	1,234,347,487	100,998,088	60,423,807
Collective Impairment			(934,554)	(861,632)	(20,579,445)	(16,871,228)	(5,718)	(9,086)
Specific Impairment			(287,373)	(250,624)	(12,754,854)	(8,922,599)	-	-
Carrying amount			**39,492,707**	**34,661,649**	**1,530,249,100**	**1,208,553,660**	**100,992,370**	**60,414,721**

Derivative Financial Instruments

External Rating Equivalent	Grade	Risk Rating	Gross Nominal June 2016	Gross Nominal December 2015	Fair Value June 2016	Fair Value December 2015
AAA-A	Investment	1	194,517,010	296,865,582	153,031,638	74,516,216
A	Investment	2	-	25,178,482	-	1,523,619
AA	Investment	2+	128,093,621	18,599,431	2,274,651	1,812,514
BBB	Investment	2-	25,381,302	-	3	-
Gross amount			347,991,933	340,643,495	155,306,292	77,852,349
Collective Impairment			-	-	-	-
Specific Impairment			-	-	-	-
Carrying amount			**347,991,933**	**340,643,495**	**155,306,292**	**77,852,349**

The external rating equivalent refers to the equivalent ratings for loans and advances by credit rating agencies.

5.1.3 Credit quality
(e) Credit quality by credit risk rating model

Group
In thousands of Naira

Risk Rating (ORR) Model	Loans and advances to Individuals		Loans and advances Corporates		Loans and advances to banks	
	June 2016	December 2015	June 2016	December 2015	June 2016	December 2015
Auto Loan	2,117,431	2,175,207	2,373,329	3,406,742	-	9,429
Credit Card	6,535,304	2,608,764	1,597,837	274,133	407	286
Finance Lease	78,672	-	5,096,585	1,821,023	7,514	-
Mortgage Loan	23,470,343	17,954,585	10,246,433	6,208,567	-	-
Overdraft	8,075,715	5,261,080	220,886,220	208,224,839	263,519	551,077
Personal Loan	20,142,670	20,393,835	-	-	-	-
Term Loan	5,027,161	4,777,259	1,067,671,620	785,718,903	61,519	82,675
Time Loan	521,619	799,692	411,018,396	334,694,358	68,732,048	42,095,369
Gross amount	65,968,915	53,970,424	1,718,890,420	1,340,348,564	69,065,007	42,738,836
Collective Impairment	(950,555)	(941,178)	(17,266,951)	(17,266,951)	(5,718)	(9,086)
Specific Impairment	(705,558)	(250,624)	(10,232,054)	(10,232,054)	-	-
Carrying amount	64,312,802	52,778,622	1,691,391,415	1,312,849,559	69,059,289	42,729,751

Bank
In thousands of Naira

Risk Rating (ORR) Model	Loans and advances to Individuals		Loans and advances Corporates		Loans and advances to banks	
	June 2016	December 2015	June 2016	December 2015	June 2016	December 2015
Auto Loan	1,859,211	1,976,020	2,352,880	3,378,173	-	9,429
Credit Card	6,468,744	2,579,265	1,586,826	264,755	407	286
Finance Lease	78,672	-	5,096,585	1,821,023	7,514	-
Mortgage Loan	4,751,881	4,383,538	23,334	74,260	-	-
Overdraft	5,905,364	5,054,135	188,854,391	188,628,138	263,519	551,077
Personal Loan	18,829,976	18,073,801	-	-	-	-
Term Loan	2,344,013	3,066,500	1,018,910,294	753,319,156	61,637	82,675
Time Loan	476,773	640,645	346,759,088	286,861,982	100,665,012	59,780,341
Gross amount	40,714,634	35,773,905	1,563,583,398	1,234,347,487	100,998,089	60,423,808
Collective Impairment	(934,554)	(861,632)	(20,579,446)	(16,871,228)	(9,086)	(9,086)
Specific Impairment	(287,373)	(250,624)	(12,754,854)	(8,922,599)	-	-
Carrying amount	39,492,707	34,661,650	1,530,249,098	1,208,553,660	100,989,003	60,414,722

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

Group *In thousands of Naira*	**Loans and advances to customers** **June 2016**	**December 2015**
Against neither past due and not impaired		
Property	885,756,732	422,253,462
Equities	52,849,977	43,337,372
Cash	98,924,908	70,869,009
Pledged goods/receivables	139,985,034	-
Others	984,930,607	360,496,371
Total	**2,162,447,258**	**896,956,214**
Against past due but not impaired:		
Property	9,959,738	15,638,209
Equities	-	86,000
Cash	1,001,372	-
Pledged goods/receivables	-	-
Others	1,040,685	103,477
Total	**12,001,795**	**15,827,686**
Against past due and impaired		
Property	18,059,451	8,202,229
Equities	58,828	170,081
Cash	1,725,341	
Others	12,609,885	-
	32,453,505	**8,372,310**
Total	**2,206,902,558**	**921,156,210**

Bank *In thousands of Naira*	**Loans and advances to customers** **June 2016**	**December 2015**
Against neither past due and not impaired		
Property	787,805,809	366,344,483
Equities	30,119,673	27,350,697
Cash	90,808,185	65,062,698
Pledged goods/receivables	139,985,034	
Others	901,886,901	319,328,348
Total	**1,950,605,602**	**778,086,226**
Against past due but not impaired:		
Property	8,919,317	15,398,480
Equities	-	-
Cash	1,001,372	-
Others	1,025,782	-
Total	**10,946,471**	**15,398,480**
Against past due and impaired		
Property	13,394,210	4,319,362
Equities	58,828	65,138
Cash	117	-
Others	-	5,552,733
Total	**13,453,155**	**9,937,233**
Total	**1,975,005,228**	**803,421,939**

There are no collaterals held against other financial assets. There were also no repossessed collateral during the year

Collateral held and other credit enhancements, and their financial effect
The general creditworthiness of a customer tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional security and the Group generally requests that corporate borrowers provide it. The Group may take collateral in the form of a first charge over real estate, floating charges over all corporate assets and other liens and guarantees. The bank does not sell or repledge the collateral in the absence of default by the owner of the collateral. In addition to the Group's focus on credit worthiness, the group aligns with its credit policy guide to periodically update the validation of colaterals held against all loans to customers. For impaired loans, the Group obtains appraisals of collateral because the fair value of the collateral is an input to the impairment measurement.

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 neigbourhood.
The fair values of non-property collaterals (such as equities, bond, treasury bills, etc.) are detrmined with reference to market quoted prices or market values of similar instruments.

5.1.4 Offsetting financial assets and financial liabilities

As at 30 June 2016

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	69,756,306	696,899	69,059,407
Total	**69,756,306**	**696,899**	**69,059,407**
As at 31 December 2015			
Financial liabilities			
Interest bearing borrowing	304,767,090	696,899	304,070,191
Total	**304,767,090**	**696,899**	**304,070,191**

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

In line the IAS 32 the group currently has the legally enforceable right to set-off the recognised amount and it also intends to settle the borrowing on a net basis.

The gross amounts of financial assets and financial liabilities disclosed in the above tables have been measured in the statement of financial position on the following bases:
(1) Loans and advances to customers – amortised cost; and
(2) Interest bearing borrowings – amortised cost.

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

The table below shows analysis of counterparty credit exposures arising from derivative transactions.

	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
30 June 2016			
Notional Amount	53,223,696	17,189,029	70,412,725
Fair Value	2,282,848	(14,295,843)	(12,012,995)
31 December 2015			
Notional Amount	271,997	31,146	303,143
Fair Value	857,510	(1,470,196)	(612,686)

5.1.5 (a) Credit concentration

The Groups'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 2016 *In thousands of Naira*	**Corporate**	**Commercial**	**Bank**	**Retail**	**Government**	**Others**	**Total**
Cash and balances with banks	-	-	578,875,829	-	-	-	578,875,829
Investment under management	2,522,953	-	3,982,638	-	4,898,122	-	11,403,713
Non pledged trading assets	-	-	-	-	-	-	-
Treasury bills	-	-	-	-	17,296,082	-	17,296,082
Bonds	3,569	-	10,821	-	6,404,156	-	6,418,546
Derivative financial instruments	2,274,654	-	936,203	-	152,339,161	-	155,550,018
Loans and advances to banks	-	-	69,059,407	-	-	-	69,059,407
Loans and advances to customers							-
Auto Loan	-	379,042	-	4,064,736	-	-	4,443,778
Credit Card	3,079	1,087,336	-	6,956,687	-	-	8,047,102
Finance Lease	2,380,393	2,542,499	-	205,650	16,315	-	5,144,857
Mortgage Loan	4,648,531	131,727	-	28,641,564	-	192,245	33,614,067
Overdraft	83,176,565	118,071,488	-	7,109,510	672,670	-	209,030,233
Personal Loan	-	-	-	19,777,126	-	-	19,777,126
Term Loan	409,423,310	368,213,566	-	6,768,134	273,146,025	-	1,057,551,035
Time Loan	150,187,320	249,808,097	-	6,169,194	3,090,345	-	409,254,956
Pledged assets							-
Treasury bills	-	-	-	-	148,967,847	-	148,967,847
Bonds	-	-	-	-	120,209,676	-	120,209,676
Investment securities							-
- Available for sale							-
Treasury bills	-	-	-	-	52,946,566	-	52,946,566
Bonds	-	-	6,248,990	-	11,699,701	-	17,948,691
- Held to Maturity						-	-
Treasury bills	-	-	-	-	8,095,495	-	8,095,495
Bonds	1,653,484	-	1,000,213	-	60,511,330	-	63,165,027
Other assets	21,970,818	-	6,113,240	-	5,498,909	22,161,910	55,744,877
Total	**678,244,676**	**740,233,755**	**666,227,341**	**79,692,601**	**865,792,400**	**22,354,155**	**3,052,544,928**

Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	1,270,338	201,857,232	-	-	-	-	203,127,570
Guaranteed facilities	2,373,484	94,920,683	-	23,248	898,514	-	98,215,929
Clean line facilities for letters of credit and other commitments	36,618,203	400,024,584	4,369,340	-	341,092,986	-	782,105,113
Total	**40,262,025**	**696,802,499**	**4,369,340**	**23,248**	**341,991,500**	**-**	**1,083,448,612**

Group
By Sector

December 2015

In thousands of Naira	**Corporate**	**Commercial**	**Bank**	**Retail**	**Government**	**Others**	**Total**
Cash and balances with banks	-	-	442,533,996	-	-	-	442,533,996
Investment under management	2,385,288	-	4,927,888	-	3,090,432		10,403,608
Non pledged trading assets							
Treasury bills	-	-	-	-	50,209,443	-	50,209,443
Bonds	-	-	63,645	-	1,961,355	-	2,025,000
Derivative financial instruments	3,495,428	-	904,524	-	73,505,068	-	77,905,020
Loans and advances to banks	-	-	42,733,910	-	-	-	42,733,910
Loans and advances to customers							
Auto Loan	193,144	3,155,221	-	2,149,761	20,922	-	5,519,048
Credit Card	6,564	264,721	-	2,580,135	-	-	2,851,419
Finance Lease	983,460	829,448	-	-	-	-	1,812,909
Mortgage Loan	4,266,174	1,895,685	-	17,903,280	-	-	24,065,139
Overdraft	74,793,376	117,756,480	-	4,466,895	1,302,179	-	198,318,930
Personal Loan	-	-	-	20,183,608	-	-	20,183,608
Term Loan	332,372,252	277,769,051	-	4,702,425	164,362,411	-	779,206,139
Time Loan	165,686,382	164,171,032	-	792,518	3,223,707	-	333,873,639
Pledged assets							
Treasury bills	-	-	-	-	106,934,817	-	106,934,817
Bonds	-	-	-	-	96,780,580	-	96,780,580
Investment securities							
- Available for sale							
Treasury bills	-	-	-	-	28,996,006	-	28,996,006
Bonds	-	-	6,524,859	-	54,679,355		61,204,214
- Held to Maturity							
Treasury bills	-	-	-	-	7,687,281	-	7,687,281
Bonds	3,580,595	-	1,649,782	-	38,512,918	-	43,743,295
Other assets	15,529,608	798,290	2,116,791	5,340,515	17,564,186	30,811,349	72,160,739
Total	**603,292,271**	**566,639,929**	**501,455,395**	**58,119,137**	**648,830,659**	**30,811,349**	**2,409,148,739**
Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	40,597,349	180,530,181	-	-	-	-	221,127,530
Guaranteed facilities	12,764,903	78,944,392	-	23,484	2,403,148	-	94,135,927
Clean line facilities for letters of credit and other commitments	101,837,487	161,274,499	105,881,006	-	288,593,500	-	657,586,492
Total	**155,199,739**	**420,749,072**	**105,881,006**	**23,484**	**290,996,648**	**-**	**972,849,949**

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 2016 *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Others**	**Total**
Cash and balances with banks	462,382,390	40,899,144	64,856,087	10,738,208	578,875,829
Investment under management	11,403,713	-	-	-	11,403,713
Non pledged trading assets					-
Treasury bills	17,296,082	-	-	-	17,296,082
Bonds	6,418,546	-	-	-	6,418,546
Derivative financial instruments	154,613,815	-	936,203	-	155,550,018
Loans and advances to banks	1,371	-	69,058,036	-	69,059,407
Loans and advances to customers					
Auto Loan	4,165,815	277,963	-	-	4,443,778
Credit Card	7,970,282	76,820	-	-	8,047,102
Finance Lease	5,144,857	-	-	-	5,144,857
Mortgage Loan	4,720,841	5,124,696	23,768,530	-	33,614,067
Overdraft	176,956,032	32,074,201	-	-	209,030,233
Personal Loan	18,630,149	1,146,977	-	-	19,777,126
Term Loan	1,006,187,202	32,880,091	18,483,741	-	1,057,551,034
Time Loan	344,976,579	44,350,102	19,928,274	-	409,254,955
Pledged assets					-
Treasury bills	143,825,918	4,898,203	243,726	-	148,967,847
Bonds	120,209,676	-	-	-	120,209,676
Investment securities					-
- Available for sale					-
Treasury bills	17,610,365	34,652,524	683,677	-	52,946,566
Bonds	17,559,745	388,946	-	-	17,948,691
- Held to Maturity					-
Treasury bills	-	5,717,476	2,378,019	-	8,095,495
Bonds	61,629,250	1,535,777	-	-	63,165,027
Other assets	51,153,784	3,525,041	1,066,052	-	55,744,877
Total	**2,632,856,412**	**207,547,961**	**201,402,345**	**10,738,208**	**3,052,544,926**

Credit risk exposures relating to othr credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	165,335,108	37,695,404	97,058	-	203,127,570
Guaranteed facilities	53,540,881	44,675,048	-	-	98,215,929
Clean line facilities for letters of credit and other commitments	684,331,691	96,471,394	842,855	459,173	782,105,113
Total	**903,207,680**	**178,841,846**	**939,913**	**459,173**	**1,083,448,612**

By geography

Group

December 2015 *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Others**	**Total**
Cash and balances with banks	376,441,830	27,540,483	38,551,683	-	442,533,996
Investment under management	10,403,608	-	-		10,403,608
Non pledged trading assets					
Treasury bills	50,209,442	-	-	-	50,209,442
Bonds	2,025,000	-	-	-	2,025,000
Derivative financial instruments	77,852,349	-	52,671	-	77,905,020
Loans and advances to banks	634,381	-	42,099,529	-	42,733,910
Loans and advances to customers					
Auto Loan	5,291,292	227,756	-	-	5,519,048
Credit Card	2,812,544	38,876	-	-	2,851,420
Finance Lease	1,812,908	-	-	-	1,812,908
Mortgage Loan	4,359,784	2,378,877	17,326,478	-	24,065,139
Overdraft	179,077,197	19,241,733	-	-	198,318,930
Personal Loan	17,863,574	2,320,034	-	-	20,183,607
Term Loan	746,115,794	20,515,466	12,574,879	-	779,206,139
Time Loan	285,882,216	35,131,205	12,860,217	-	333,873,639
Pledged assets					
Treasury bills	103,684,044	3,250,774	-	-	106,934,818
Bonds	96,780,580	-	-	-	96,780,580
Investment securities					
- Available for sale					
Treasury bills	10,436,980	18,559,026	-	-	28,996,006
Bonds	54,679,355	-	6,524,859	-	61,204,214
- Held to Maturity					
Treasury bills	-	6,008,800	1,678,481	-	7,687,281
Bonds	39,278,886	1,560,321	2,904,088	-	43,743,295
Other assets	68,256,292	3,600,119	304,328	-	72,160,739
Total	**2,133,898,056**	**140,373,471**	**134,877,213**	**-**	**2,409,148,740**

Credit risk exposures relating to othr credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	210,432,185	10,695,345	-	-	221,127,530
Guaranteed facilities	86,113,061	7,132,642	890,224	-	94,135,927
Clean line facilities for letters of credit and other commitments	619,274,612	9,805,121	28,506,759	-	657,586,492
Total	**915,819,858**	**27,633,108**	**29,396,983**	**-**	**972,849,949**

Credit risk management

5.1.5 (b) By Sector

Bank
June 2016

In thousands of Naira	Corporate	Commercial	Bank	Retail	Government	Others	Total
Cash and balances with banks	-	-	388,767,196	-	-	-	388,767,196
Investment under management	-	-	11,403,713	-	-	-	11,403,713
Non pledged trading assets							
Treasury bills	-	-	-	-	17,296,082	-	17,296,082
Bonds	3,569	-	7,252	-	6,407,725	-	6,418,546
Derivative financial instruments	2,274,654	-	692,308	-	152,339,330	-	155,306,292
Loans and advances to banks	-	-	100,992,370	-	-	-	100,992,370
Loans and advances to customers							
Auto Loan	-	368,422	-	3,797,394	-	-	4,165,816
Credit Card	-	1,079,698	-	6,890,584	-	-	7,970,282
Finance Lease	2,380,393	2,542,500	-	205,649	16,315	-	5,144,857
Mortgage Loan	-	23,087	-	4,697,755	-	-	4,720,842
Overdraft	63,009,482	109,160,448	-	5,105,514	670,632	-	177,946,076
Personal Loan	-	-	-	18,630,148	-	-	18,630,148
Term Loan	375,964,195	354,670,368	-	2,627,679	272,924,963	-	1,006,187,205
Time Loan	113,146,558	228,267,941	-	471,736	3,090,345	-	344,976,580
Pledged assets							
Treasury bills	-	-	-	-	143,825,918	-	143,825,918
Bonds	-	-	-	-	120,209,676	-	120,209,676
Investment securities							
Available for sale							
Treasury bills	-	-	-	-	15,375,143	-	15,375,143
Bonds	402,911	-	8,644,302	-	11,310,754	-	20,357,967
Held to Maturity							
Treasury bills	-	-	-	-	-	-	-
Bonds	653,271	-	1,000,213		59,975,766	-	61,629,250
Other assets	28,627,176	4,510,002	5,053,469	5,140,156	7,536,414	286,568	51,153,785
Total	**586,462,209**	**700,622,466**	**516,560,823**	**47,566,615**	**810,979,063**	**286,568**	**2,662,477,744**
Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	1,270,338	164,161,828	-	-	-	-	165,432,166
Guaranteed facilities	2,373,484	50,245,634	-	23,249	898,514	-	53,540,881
Clean line facilities for letters of credit and other commitments	36,618,203	129,334,806	178,587,723	-	341,092,986	-	685,633,718
Total	**40,262,025**	**343,742,268**	**178,587,723**	**23,249**	**341,991,500**	**-**	**904,606,765**

By Sector

Bank
December 2015

In thousands of Naira	Corporate	Commercial	Bank	Retail	Government	Others	Total
Cash and balances with banks	-	-	376,441,830	-	-	-	376,441,830
Investment under management	2,385,288		4,927,888	-	3,090,432		10,403,608
Non pledged trading assets							
Treasury bills	-	-	-	-	50,209,443	-	50,209,443
Bonds	4,568	-	59,077	-	1,961,355	-	2,025,000
Derivative financial instruments	3,485,545	-	861,736	-	73,505,068	-	77,852,349
Loans and advances to banks	-	-	60,414,721	-	-	-	60,414,721
Loans and advances to customers							
Auto Loan	173,144	1,020,277	-	4,076,948	20,922	-	5,291,292
Credit Card	-	-	-	2,812,544	-	-	2,812,544
Finance Lease	983,461	829,447	-	-	-	-	1,812,908
Mortgage Loan	-	27,552	-	4,332,232	-	-	4,359,784
Overdraft	61,513,770	112,064,079	-	4,381,653	1,302,179	-	179,261,680
Personal Loan	-	-	-	17,863,573	-	-	17,863,573
Term Loan	310,192,916	268,549,705	-	3,272,990	163,915,701	-	745,931,312
Time Loan	132,203,718	149,821,320	-	633,471	3,223,707	-	285,882,216
Pledged assets							
Treasury bills	-	-	-	-	103,684,044	-	103,684,044
Bonds		-	-	-	96,780,580	-	96,780,580
Investment securities							
Available for sale							
Treasury bills	-	-	-	-	10,436,981	-	10,436,981
Bonds		-	6,016,748	-	54,679,355	-	60,696,103
Held to Maturity							
Treasury bills	-	-	-	-	-	-	-
Bonds	1,684,150	-	1,007,643	-	37,594,736	-	40,286,529
Other assets	22,790,400	6,047,003	2,116,917	11,235,870	27,278,697	40,859	69,509,746
Total	**535,416,961**	**538,359,382**	**451,846,559**	**48,609,282**	**627,683,202**	**40,859**	**2,201,956,245**
Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	29,902,003	188,165,021	-	-	-	-	218,067,025
Guaranteed facilities	4,742,037	84,472,264	-	23,484	2,403,148	-	91,640,933
Clean line facilities for letters of credit and other commitments	80,604,444	125,816,242	105,881,006	-	288,593,500	-	600,895,192
Total	**115,248,484**	**398,453,527**	**105,881,006**	**23,484**	**290,996,648**	**-**	**910,603,149**

5.1.5 (b)i By geography

Bank **June 2016** *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Others**	**Total**
Cash and balances with banks	325,822,697	14,123,912	41,390,704	7,429,883	388,767,196
Investment under management	11,403,713	-	-	-	11,403,713
Non pledged trading assets					
Treasury bills	17,296,082	-	-	-	17,296,082
Bonds	6,418,546	-	-	-	6,418,546
Derivative financial instruments	154,613,985	-	692,307	-	155,306,292
Loans and advances to banks	-	-	100,992,370	-	100,992,370
Loans and advances to customers					
Auto Loan	4,165,816	-	-	-	4,165,816
Credit Card	7,970,282	-	-	-	7,970,282
Finance Lease	5,144,857	-	-	-	5,144,857
Mortgage Loan	4,720,842	-	-	-	4,720,842
Overdraft	177,946,076	-	-	-	177,946,076
Personal Loan	18,630,148	-	-	-	18,630,148
Term Loan	1,006,187,205	-	-	-	1,006,187,205
Time Loan	344,976,580	-	-	-	344,976,580
Pledged assets					
Treasury bills	143,825,918	-	-	-	143,825,918
Bonds	120,209,676	-	-	-	120,209,676
Investment securities					
Available for sale					
Treasury bills	15,375,143	-	-	-	15,375,143
Bonds	11,310,755	-	5,565,313	-	16,876,068
Held to Maturity					
Treasury bills	-	-	-	-	-
Bonds	61,629,250	-	-	-	61,629,250
Other assets	50,290,984	830,534	32,267	-	51,153,785
Total	**2,487,938,555**	**14,954,446**	**148,672,961**	**7,429,883**	**2,658,995,845**

Credit risk exposures relating to othr credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	165,432,166	-	-	-	165,432,166
Guaranteed facilities	53,540,881	-	-	-	53,540,881
Clean line facilities for letters of credit and other commitments	685,633,718	-	-	-	685,633,718
Total	**904,606,765**	**-**	**-**	**-**	**904,606,765**

By geography

Bank **December 2015** *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Others**	**Total**
Cash and balances with banks	405,998,636		-	-	405,998,636
Investment under management	10,403,608		-	-	10,403,608
Non pledged trading assets	-				
Treasury bills	50,209,443	-	-	-	50,209,443
Bonds	1,961,355	-	63,645	-	2,025,000
Derivative financial instruments	76,970,769	-	867,235	14,345	77,852,349
Loans and advances to banks	634,098	-	59,780,624	-	60,414,722
Loans and advances to customers	-				
Auto Loan	5,291,292	-	-	-	5,291,292
Credit Card	2,812,544	-	-	-	2,812,544
Finance Lease	1,812,908	-	-	-	1,812,908
Mortgage Loan	4,359,784	-	-	-	4,359,784
Overdraft	179,261,680	-	-	-	179,261,680
Personal Loan	17,863,573	-	-	-	17,863,573
Term Loan	745,931,312	-	-	-	745,931,312
Time Loan	285,882,216	-	-	-	285,882,216
Pledged assets	-				
Treasury bills	103,684,044	-	-	-	103,684,044
Bonds	96,780,580	-	-	-	96,780,580
Investment securities	-				
Available for sale	-				
Treasury bills	10,436,981	-	-	-	10,436,981
Bonds	54,679,356	-	5,857,725	159,022	60,696,103
Held to Maturity	-				
Treasury bills		-	-	-	-
Bonds	39,278,886	-	1,007,643	-	40,286,529
Other assets	68,076,063	1,409,196	24,487	-	69,509,746
Total	**2,162,329,129**	**1,409,196**	**67,601,359**	**173,367**	**2,231,513,051**

Credit risk exposures relating to othr credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	218,067,025	-	-	-	218,067,025
Guaranteed facilities	91,640,933	-	-	-	91,640,933
Clean line facilities for letters of credit and other commitments	600,895,192	-	-	-	600,895,192
Total	**910,603,150**	**-**	**-**	**-**	**910,603,150**

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

Group

	Re-pricing period						
In thousands of Naira **30 June 2016**	**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	164,430,182	145,430	39,357	-	-	447,638,640	612,253,609
Investment under management	11,137,190	-	-	-		266,523	11,403,713
Non pledged trading assets							
Treasury bills	3,729,519	3,572,799	9,993,764	-	-	-	17,296,082
Bonds	153,854	-	64,796	6,183,925	15,971	-	6,418,546
Loans and advances to banks	11,407,405	17,227,543	40,198,513	224,438	1,508	-	69,059,407
Loans and advances to customers							
Auto Loan	23,690	86,747	431,227	3,888,779	13,525	-	4,443,968
Credit Card	819,216	71,235	76,731	7,079,920	-	-	8,047,102
Finance Lease	833,073	1,176	590,098	3,720,510	-	-	5,144,857
Mortgage Loan	369,631	4,182	12,406	655,233	32,572,615	-	33,614,067
Overdraft	130,231,197	18,108,967	60,275,902	414,167	-	-	209,030,233
Personal Loan	156,557	140,616	2,903,319	16,007,084	569,550	-	19,777,126
Term Loan	76,435,734	4,272,476	12,925,856	431,377,429	532,539,540	-	1,057,551,035
Time Loan	252,463,101	39,899,350	112,900,540	3,991,965	-	-	409,254,956
Pledged assets							-
Treasury bills	13,776,791	102,280,893	32,910,163	-	-	-	148,967,847
Bonds	4,200,184	-	-	38,290,549	77,718,943	-	120,209,676
Investment securities							
- Available for sale							
Treasury bills	8,391,546	25,812,455	18,722,724	-	-	19,841	52,946,566
Bonds	11,062,988	-	7,576,284	2,021,814	769,505	-	21,430,591
- Held to Maturity							
Treasury bills	4,502,145	1,999,234	1,556,680	37,436	-	-	8,095,495
Bonds	5,004	2,434,329	2,717	26,497,140	34,225,837	-	63,165,027
Other assets	3,470,836	-	9,593,988	-	744,511	41,935,542	55,744,877
	697,599,843	**216,057,432**	**310,775,065**	**540,390,389**	**679,171,505**	**489,860,546**	**2,933,854,780**
Non-derivative liabilities							
Deposits from financial institutions	181,383,877	231,061	27,291,459	-	-	76,261	208,982,658
Deposits from customers	1,778,206,999	58,803,487	75,940,544	935,867	-	56,536,809	1,970,423,706
Other liabilties	158,722	-	-	-	-	89,977,116	90,135,838
Debt securities issued	-	-	-	212,484,633	-	-	212,484,633
Interest bearing borrowings	718,779	239	1,328,618	27,049,253	258,057,406	16,915,896	304,070,191
	1,960,468,377	**59,034,787**	**104,560,621**	**240,469,753**	**258,057,406**	**163,506,082**	**2,786,097,026**
Total interest re-pricing gap	(1,262,868,534)	157,022,645	206,214,444	299,920,636	421,114,099	326,354,464	147,757,754

Group

In thousands of Naira	Re-pricing period						
31 December 2015	**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	52,433,982	-	-	-	-	425,975,354	478,409,336
Investment under management	10,403,608	-	-	-	-	-	10,403,608
Non pledged trading assets							
Treasury bills	7,378,205	9,653,535	33,177,703	-	-	-	50,209,443
Bonds	-	-	42,554	1,182,521	799,925	-	2,025,000
Loans and advances to banks	543,309	-	42,099,529	91,072	-	-	42,733,910
Loans and advances to customers							
Auto Loan	28,585	63,060	284,135	5,143,269	-	-	5,519,048
Credit Card	794,103	273,215	101,128	1,682,974	-	-	2,851,420
Finance Lease	55,553	181,241	360,817	1,215,297	-	-	1,812,908
Mortgage Loan	2,156	-	1,055,368	800,711	22,206,904	-	24,065,139
Overdraft	136,304,482	14,520,390	47,494,058	-	-	-	198,318,930
Personal Loan	137,483	137,495	424,720	19,469,367	14,543	-	20,183,609
Term Loan	67,304,865	8,558,580	19,636,782	400,260,208	283,445,704	-	779,206,138
Time Loan	239,163,978	33,573,023	60,276,238	859,764	636	-	333,873,638
Pledged assets							
Treasury bills	50,456,135	26,579,358	29,899,324	-	-	-	106,934,817
Bonds	-	-	11,591,562	8,155,781	77,033,237	-	96,780,580
Investment securities							
- Available for sale	-						
Treasury bills	14,730,720	4,013,091	8,493,425	1,758,770	-	-	28,996,006
Bonds	-	-	2,013,715	20,246,719	38,943,780	-	61,204,214
- Held to Maturity	-						
Treasury bills	-	-	-	-	-	-	-
Bonds	257,092	2,930,151	7,687,281	24,639,513	6,650,151	-	42,164,188
Other assets	-	-	9,266,388	-	-	72,160,739	81,427,127
	579,994,256	**100,483,138**	**273,904,728**	**485,505,965**	**429,094,880**	**498,136,093**	**2,367,119,060**
Non-derivative liabilities							
Deposits from financial institutions	70,684,694	2,229,727	-	-	-	-	72,914,421
Deposits from customers	1,524,107,621	70,456,406	66,657,799	22,022,494	-	-	1,683,244,320
Other liabilties	-	-	-	-	-	65,277,321	65,277,321
Debt securities issued	-	-	-	149,853,640	-	-	149,853,640
Interest bearing borrowings	17,049	12,457	1,008,489	20,356,658	197,232,476	12,840,032	231,467,161
	1,594,809,364	**72,698,590**	**67,666,288**	**192,232,792**	**197,232,476**	**78,117,353**	**2,202,756,863**
Total interest re-pricing gap	(1,014,815,108)	27,784,548	206,238,440	293,273,173	231,862,404	420,018,740	164,362,196

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

Bank

	Re-pricing period						
In thousands of Naira **30 June 2016**	**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	19,914,223	-	-	-	-	392,247,938	412,162,161
Investment under management	11,403,713	-	-	-	-	-	11,403,713
Non- pledged trading assets							
Treasury bills	1,991,178	8,526,376	6,778,528	-	-	-	17,296,082
Bonds	-	44,129	-	1,908,765	4,465,652	-	6,418,546
Loans and advances to banks	16,556,237	25,330,840	59,105,293	-	-	-	100,992,370
Loans and advances to customers							
Auto Loan	22,214	80,924	406,225	3,643,681	12,772	-	4,165,816
Credit Card	577,995	67,269	39,315	7,285,703	-	-	7,970,282
Finance Lease	786,683	1,111	557,238	3,799,825	-	-	5,144,857
Mortgage Loan	279,226	3,847	11,617	618,640	3,807,512	-	4,720,842
Overdraft	137,862,071	16,997,556	22,695,346	391,103	-	-	177,946,076
Personal Loan	139,220	120,388	694,866	17,658,877	16,797	-	18,630,148
Term Loan	72,109,600	4,017,527	11,737,660	416,873,083	501,449,335	-	1,006,187,205
Time Loan	203,922,925	36,995,265	100,631,437	3,426,953	-	-	344,976,580
Pledged assets							
Treasury bills	13,776,791	97,138,964	32,910,163	-	-	-	143,825,918
Bonds	4,200,184	-	-	38,290,549	77,718,943	-	120,209,676
Investment securities							
- Available for sale							
Treasury bills	2,056,245	1,172,992	12,145,906	-	-	-	15,375,143
Bonds	-	-	4,707,288	6,489,511	9,161,169	-	20,357,968
- Held to Maturity							
Treasury bills	-	-	-	-	-	-	-
Bonds	-	-	-	15,153,974	46,475,277	-	61,629,251
Other assets	-	-	-	-	-	51,153,785	51,153,785
	485,598,505	**190,497,188**	**252,420,882**	**515,540,664**	**643,107,457**	**443,401,723**	**2,530,566,419**
Non-derivative liabilities							
Deposits from financial institutions	111,057,393	1,863,569	4,539,784	-	-	-	117,460,746
Deposits from customers	1,604,706,916	52,689,541	68,017,671	613,325	-	-	1,726,027,453
Other liabilities	-	-	-	-	-	80,921,022	80,921,022
Debt securities	-	-	-	111,510,594	-	-	111,510,594
Interest bearing borrowings	718,779	-	145,757	149,191,761	242,790,963	12,782,968	405,630,228
	1,716,483,088	**54,553,110**	**72,703,212**	**261,315,680**	**242,790,963**	**93,703,990**	**2,441,550,043**
Total interest re-pricing gap	(1,230,884,583)	135,944,078	179,717,670	254,224,984	400,316,494	349,697,733	89,016,376

Bank

In thousands of Naira **31 December 2015**	**Less than 3 months**	**4 - 6 months**	**7 - 12 months**	**1 - 5 years**	**More than 5 years**	**Non-Interest bearing**	**Total**
	Re-pricing period						
Non-derivative assets							
Cash and balances with banks	26,111,216	-	-	-	-	379,887,420	405,998,636
Investment under management	10,403,608	-	-	-	-	-	10,403,608
Non- pledged trading assets							
Treasury bills	7,378,204	9,653,535	33,177,704	-	-	-	50,209,443
Bonds	-	-	42,554	1,182,522	799,924	-	2,025,000
Loans and advances to banks	-	496,780	59,828,535	89,406	-	-	60,414,721
Loans and advances to customers							
Auto Loan	28,584	63,061	284,135	4,915,512	-	-	5,291,293
Credit Card	794,103	273,215	62,253	1,682,973	-	-	2,812,544
Finance Lease	55,553	181,241	360,817	1,215,297	-	-	1,812,908
Mortgage Loan	2,156	-	105,537	800,711	3,451,380	-	4,359,784
Overdraft	136,671,678	14,335,907	28,254,095	-	-	-	179,261,680
Personal Loan	137,483	137,494	424,721	17,149,332	14,543	-	17,863,573
Term Loan	67,120,383	8,558,580	19,636,783	367,169,862	283,445,704	-	745,931,312
Time Loan	239,163,978	33,573,023	12,284,815	859,764	636	-	285,882,216
Pledged assets							
Treasury bills	48,794,846	26,291,063	28,598,135	-	-	-	103,684,044
Bonds	-	-	11,303,267	7,359,376	78,117,937	-	96,780,580
Investment securities							
- Available for sale							-
Treasury bills	6,158,089	-	4,278,892	-	-	-	10,436,981
Bonds	-	-	1,505,605	20,246,719	38,943,780	-	60,696,103
- Held to Maturity		-					-
Treasury bills	-	-	-	-	-	-	-
Bonds	-	-	9,126,791	24,574,550	6,585,188	-	40,286,529
Other assets	-	-	-	-	-	69,509,746	69,509,746
	542,819,881	**93,563,899**	**209,274,639**	**447,246,024**	**411,359,092**	**449,397,166**	**2,153,660,700**
Non-derivative liabilities							
Deposits from financial institutions	61,114,058	2,229,727	-	-		-	63,343,785
Deposits from customers	1,454,545,553	42,093,094	31,568,442	6,794	-	-	1,528,213,883
Other liabilities	-	-	-	-		62,871,485	62,871,485
Debt securities	-	-	-	78,516,655	-	-	78,516,655
Interest bearing borrowings	-	-	1,008,489	96,799,622	192,271,843	12,840,033	302,919,987
	1,515,659,611	**44,322,821**	**32,576,931**	**175,323,071**	**192,271,843**	**75,711,518**	**2,035,865,795**
Total interest re-pricing gap	(972,839,731)	49,241,078	176,697,708	271,922,952	219,087,249	373,685,648	117,794,905

Market risk management

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

5.2.2 Value at risk (VAR)

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

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

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

Group VAR by risk type	**June 2016**			
In thousands of Naira	**Average**	**High**	**Low**	**Actual**
Foreign exchange risk	31,316	171,614	9,836	71,575
Interest rate risk	357,965	477,864	302,366	393,917
Total	**389,281**	**649,478**	**312,202**	**465,492**

Group	**December 2015**			
	Average	**High**	**Low**	**Actual**
Foreign exchange risk	19,346,000	78,309,000	151,000	32,375,000
Interest rate risk	93,877,000	414,318,000	14,199,000	316,697,000
Total	**113,223,000**	**492,627,000**	**14,350,000**	**349,072,000**

Bank VAR by risk type	**June 2016**			
In thousands of Naira	**Average**	**High**	**Low**	**Actual**
Foreign exchange risk	17,771	156,235	837	52,084
Interest rate risk	357,966	477,864	302,366	393,917
Total	**375,737**	**634,099**	**303,203**	**446,001**

Bank	**December 2015**			
	Average	**High**	**Low**	**Actual**
Foreign exchange risk	10,329,000	43,344,000	70,000	23,132,000
Interest rate risk	93,877,000	414,318,000	14,199,000	316,697,000
Total	**104,206,000**	**457,662,000**	**14,269,000**	**339,829,000**

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

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

30 June 2016	**Fixed**	**Floating**	**Non-interest bearing**	**Total**
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	147,627,901	-	464,625,708	612,253,609
Non pledged trading assets	23,714,628	-	63,979	23,778,607
Derivative financial instruments	-	-	155,550,018	155,550,018
Loans and advances to banks	69,059,407	-	-	69,059,407
Loans and advances to customers	4,891,994	1,741,971,350	-	1,746,863,344
Pledged assets	269,177,523	-	-	269,177,523
Investment securities:				
– Available-for-sale	74,377,157	-	60,558,913	134,936,070
– Held-to-maturity	71,260,522	-	-	71,260,522
TOTAL	**660,109,132**	**1,741,971,350**	**680,798,618**	**3,082,879,100**
LIABILITIES				
Deposits from financial institutions	208,982,658	-	-	208,982,658
Deposits from customers	794,485,671	1,175,938,035	-	1,970,423,706
Derivative financial instruments	-	-	48,090,028	48,090,028
Debt securities issued	-	212,484,633	-	212,484,633
Interest-bearing borrowings	214,166,476	77,120,747	12,782,968	304,070,191
TOTAL	**1,217,634,805**	**1,465,543,415**	**60,872,996**	**2,744,051,216**

31 December 2015	**Fixed**	**Floating**	**Non-interest bearing**	**Total**
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	52,433,982	-	425,975,354	478,409,336
Non pledged trading assets	52,234,443	-	63,979	52,298,422
Derivative financial instruments	-	-	77,905,020	77,905,020
Loans and advances to banks	42,733,910	-	-	42,733,910
Loans and advances to customers	4,556,129	1,361,274,702	-	1,365,830,831
Pledged assets	203,715,397	-	-	203,715,397
Investment securities:				
– Available-for-sale	90,200,220	-	44,592,330	134,792,550
– Held-to-maturity	51,463,692	-	-	51,463,692
TOTAL	**497,337,773**	**1,361,274,702**	**548,536,683**	**2,407,149,158**
LIABILITIES				
Deposits from financial institutions	72,914,421	-	-	72,914,421
Deposits from customers	706,327,211	976,917,109	-	1,683,244,320
Derivative financial instruments	-	-	3,077,927	3,077,927
Debt securities issued	-	149,853,640	-	149,853,640
Interest-bearing borrowings	181,214,364	50,252,797	-	231,467,161
TOTAL	**960,455,996**	**1,177,023,546**	**3,077,927**	**2,140,557,469**

Bank

30 June 2016	**Fixed**	**Floating**	**Non-interest bearing**	**Total**
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	19,914,222	-	392,247,939	412,162,161
Non pledged trading assets	23,714,628	-	63,979	23,778,607
Derivative financial instruments	-	-	155,306,292	155,306,292
Loans and advances to banks	100,992,370	-	-	100,992,370
Loans and advances to customers	4,374,708	1,565,367,098	-	1,569,741,806
Pledged assets	264,035,594	-	-	264,035,594
Investment securities:				
– Available-for-sale	35,733,111	-	60,342,857	96,075,968
– Held-to-maturity	61,629,250	-	-	61,629,250
TOTAL	**510,393,883**	**1,565,367,098**	**607,961,067**	**2,683,722,048**
LIABILITIES				
Deposits from financial institutions	117,460,746	-	-	117,460,746
Deposits from customers	705,864,471	1,020,162,982	-	1,726,027,453
Derivative financial instruments	-	-	46,500,234	46,500,234
Debt securities issued	-	111,510,594	-	111,510,594
Interest-bearing borrowings	315,726,513	77,120,747	12,782,968	405,630,228
TOTAL	1,139,051,730	1,208,794,323	59,283,202	2,407,129,255

31 December 2015	**Fixed**	**Floating**	**Non-interest bearing**	**Total**
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	26,111,216	-	379,887,420	405,998,636
Non pledged trading assets	52,234,443	-	63,979	52,298,422
Derivative financial instruments	-	-	77,852,349	77,852,349
Loans and advances to banks	-	60,414,721	-	60,414,721
Loans and advances to customers	4,231,571	1,238,983,738	-	1,243,215,309
Pledged assets	200,464,624	-	-	200,464,624
Investment securities:				
– Available-for-sale	71,133,084	-	44,575,185	115,708,269
– Held-to-maturity	40,286,529	-	-	40,286,529
TOTAL	**394,461,467**	**1,299,398,459**	**502,378,933**	**2,196,238,859**
LIABILITIES				
Deposits from financial institutions	63,343,785	-	-	63,343,785
Deposits from customers	632,818,563	895,395,320	-	1,528,213,883
Derivative financial instruments	-	-	2,416,378	2,416,378
Debt securities issued	-	78,516,655	-	78,516,655
Interest-bearing borrowings	181,214,364	121,705,623	-	302,919,987
TOTAL	877,376,712	1,095,617,598	2,416,378	1,975,410,688

*Derivative financial instruments include elements of interest rate differential between the applicable underlying currencies. Further details on the fair value of derivatives has been discussed in Note3.9(J) of the financial statement.

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate repricing (note 5.2.1) and value at risk (note 5.2.2) that may be undertaken, which is monitored daily by Group Treasury.

Cash flow and fair value interest rate risk

The group's interest rate risk arises from risk assets, long-term borrowings, deposits from banks and customers. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Other financial liabilities issued at fixed rates expose the group to fair value interest rate risk.

The management of interest rate risk against interest rate gap limits is supplemented with monitoring the sensitivity of the Group's financial assets and liabilities to various scenarios.

Interest rate movement have both cash flow and fair value effect depending on whether interest rate is fixed or floating. The impact resulting from adverse or favourable movement flows from either retained earnings or OCI and ultimately ends in equity in the following manner:

(i) Retained earnings arising from increase or decrease in net interest income and the fair value changes reported in profit or loss.

(ii) Fair value reserves arising from increases or decreases in fair value of available-for-sale financial instruments reported directly in other comprehensive income.

Group
Interest sensitivity analysis - 30 June 2016
Impact on net interest income of +/-100 basis points changes in rates over a one year period (N'000)

Time Band	Cashflow interest rate risk 100 basis points decline in rates	100 basis points increase in rates
Less than 3 months	793,312	(793,312)
6 months	(133,444)	133,444
12 months	(289,709)	289,709
	370,159	**(370,159)**

Interest sensitivity analysis - 31 December 2015
Impact on net interest income of +/-100 basis points changes in rates over a one year period (N'000)

Time Band	Cashflow interest rate risk 100 basis points decline in rates	100 basis points increase in rates
Less than 3 months	436,387	(436,387)
6 months	(18,941)	18,941
12 months	(231,879)	231,879
	185,567	**(185,567)**

Bank
Interest sensitivity analysis - 30 June 2016
Impact on net interest income of +/-100 basis points changes in rates over a one year period (N'000)

Time Band	Cashflow interest rate risk in rates	increase in rates
Less than 3 months	728,355	(728,355)
6 months	(117,042)	117,042
12 months	(233,636)	233,636
	377,677	**(377,677)**

Interest sensitivity analysis - 31 December 2015
Impact on net interest income of +/-100 basis points changes in rates over a one year period (N'000)

Time Band	Cashflow interest rate risk in rates	increase in rates
Less than 3 months	441,514	(441,514)
6 months	(51,912)	51,912
12 months	(262,821)	262,821
	126,781	**(126,781)**

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

30 June 2016	**Carrying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive			
Held for trading Bonds	5,938,779	(138,178)	(271,702)
Held for trading T-bills	82,569,106	(417,971)	(417,971)
	88,507,885	(556,149)	(689,673)
Impact on Other Comprehensive Income			
Available for sale investments	111,555,830	(859,399)	(1,742,610)
TOTAL	**200,063,715**	**(1,415,548)**	**(2,432,283)**

31 December 2015	**Carrying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive			
Held for trading Bonds	1,717,106	(15,142)	(29,252)
Held for trading T-bills	94,898,991	(155,835)	(331,008)
	96,616,097	(170,977)	(360,260)
Impact on Other Comprehensive Income			
Available for sale investments	119,034,346	(858,275)	(1,774,728)
TOTAL	**215,650,443**	**(1,029,252)**	**(2,134,988)**

Bank

30 June 2016	**Carrying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive Income			
Held for trading Bonds	5,938,779	(138,178)	(271,702)
Held for trading T.bills	82,569,106	(417,971)	(417,971)
	88,507,885	(556,149)	(689,673)
Impact on Other Comprehensive Income			
Available for sale investments	111,555,830	(859,399)	(1,742,610)
TOTAL	**200,063,715**	**(1,415,548)**	**(2,432,283)**

31 December 2015	**Carrying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive Income			
Held for trading Bonds	1,717,106	(15,142)	(29,252)
Held for trading T.bills	94,898,991	(155,835)	(331,008)
	96,616,097	**(170,977)**	**(360,260)**
Impact on Other Comprehensive Income			
Available for sale investments	119,034,346	(858,275)	(1,774,728)
TOTAL	**215,650,443**	**(1,029,252)**	**(2,134,988)**

Foreign currency sensitivity analysis

The Group's principal foreign currency exposure is to US Dollars, as it constituted 77% of the Group's foreign currency exposure as at 30 June 2016. The table below illustrates the hypothetical sensitivity of the Group and Bank's reported profit to a 20% and 10% increase in the US Dollar/Naira exchange rates at the year end dates, assuming all other variables remain unchanged. The sensitivity rate of 20% and 10% 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 30 June 2016	Impact on statement of comprehensive income 31 December 2015
Naira weakens by 10%	(11,736,980)	(8,814,467)
Naira weakens by 20%	(23,473,961)	(17,628,934)

Bank

In thousands of naira	Impact on statement of comprehensive income 30 June 2016	Impact on statement of comprehensive income 31 December 2015
Naira weakens by 10%	(10,498,561)	(6,613,041)
Naira weakens by 20%	(20,997,121)	(13,226,081)

The year end exchange rates applied in the above analysis are US Dollar 282.97 (2015:199.30). The strengthening and weakening of Naira may not produce symmetrical results depending on the proportion and nature of foreign exchange derivatives which do not qualify for hedge accounting

Sensitivity analysis of derivative valuation

Group carries out a sensitivity analysis to determine the effects that market variables may have on the fair value of the Group's derivative financial instruments and results of operations. Below is a sensitivity analysis of the derivatives to changes in spot rates. In doing this, all other variables have been held constant while varying the spot rate at 10% and 20%.

The table below contains the summary of the impact of Naira depreciation against US Dollars on statement of comprehensive income.

In thousands of naira	Impact on statement of comprehensive income 30-Jun-16
Naira weakens by 10%	14,231,687
Naira weakens by 20%	25,255,624

Foreign currency exposure risk ratio

The aggregate Foreign Exchange Risk Ratio measures the sum-total of all single currency foreign exchange open position as a percentage of Shareholders' funds. The open position is derived after taking into account qualifying off-Financial Position hedging instruments. The Bank uses an internal ratio of 20% as the highest tolerable aggregate foreign exchange risk ratio exposure. The aggregate foreign exchange risk ratio pattern of the Bank during the period were as stated below:

High	13.2%
Low	10.9%
Average	11.8%

Price sensitivity analysis on equity

For the equities, a sensitivity of the key valuation inputs was performed in note 4

5.2.3 The table below summarises the Group's financial instruments at carrying amount, categorised by currency:

Financial instruments by currency
Group

In thousands of Naira

30 June 2016	Total	Naira	US	GBP	Euro	Others
Cash and balances with banks	612,253,609	261,553,083	236,518,108	89,945,597	11,408,196	12,828,625
Investment under management	11,403,713	11,403,713	-	-	-	-
Non-pledged trading assets		-	-	-	-	-
Treasury bills	17,296,082	17,296,082	-	-	-	-
Bonds	6,418,546	6,407,725	10,821	-	-	-
Equity	63,979	63,979	-	-	-	-
Derivative financial instruments	155,550,018	155,494,455	-	306	6,800	48,457
Loans and advances to banks	69,059,407	6,090,549	62,968,858	-	-	-
Loans and advances to customers						
Auto Loan	4,443,778	4,165,815	-	-	-	277,963
Credit Card	8,047,102	574,898	7,432,062	356	-	39,786
Finance Lease	5,144,857	4,522,731	622,126	-	-	-
Mortgage Loan	33,614,067	4,671,416	101,779	23,768,434	-	5,072,438
Overdraft	209,030,233	149,014,603	33,081,348	1,592	3,725	26,928,965
Personal Loan	19,777,126	17,904,151	870,534	-	1,570	1,000,871
Term Loan	1,057,551,035	581,570,513	461,898,320	2,552,878	1,249,866	10,279,458
Time Loan	409,254,955	120,332,219	244,402,400	293,055	838,050	43,389,231
Pledged assets	-					
Treasury bills	148,967,847	143,825,918	-	-	-	5,141,929
Bonds	120,209,676	120,209,676	-	-	-	-
Investment securities						
- Available for sale						
Treasury bills	52,946,566	15,375,143	2,378,019	-	-	35,193,404
Bonds	21,430,591	14,792,655	6,248,990	-	-	388,946
Equity	60,558,913	60,342,857		216,056	-	-
- Held to Maturity						
Treasury bills	8,095,495	-	-	-	-	8,095,495
Bonds	63,165,027	61,603,910	1,467,297	-	-	93,820
Other assets	55,744,877	43,694,696	3,689,124	967,749	444,542	6,948,766
	3,150,027,499	**1,800,910,787**	**1,061,689,786**	**117,746,024**	**13,952,749**	**155,728,154**
Deposits from financial institutions	208,982,658	51,889,351	142,803,112	8,832,752	5,457,444	-
Deposits from customers	1,991,984,350	1,279,425,875	507,617,437	93,229,428	11,287,409	100,424,200
Derivative financial instruments	1,589,794	-	32,817	1,542,068	14,909	-
Other liabilities	83,404,198	41,084,032	38,390,266	637,016	1,607,355	1,685,529
Debt securities issued	212,732,891	-	212,732,891	-	-	-
Interest bearing borrowings	304,070,191	178,841,481	125,228,710	-	-	-
	2,802,764,082	**1,551,240,739**	**1,026,805,232**	**104,241,265**	**18,367,117**	**102,109,729**
Off balance sheet exposuress						
Transaction related bonds and guarantees	203,127,570	65,110,478	59,516,640	452,344	47,505,059	30,543,048
Guaranteed facilities	98,215,929	33,916,167	19,119,439	-	505,276	44,675,048
Clean line facilities for letters of credit and other commitments	782,105,112	82,769	764,632,422	1,006,396	12,879,315	3,504,209
	1,083,448,611	**99,109,414**	**843,268,501**	**1,458,741**	**60,889,650**	**78,722,305**

*Included in Others are balances the group has in other currencies which includes South africa Rand,Japanese Yen, Ghanian Cedis, Dirham, Australian dollars, Canadian dollars, Swiss franc, Chinese Yuan etc.

Financial instruments by currency
Group

In thousands of Naira

31 December 2015	**Total**	**Naira**	**US**	**GBP**	**Euro**	**Others**
Cash and balances with banks	478,409,336	390,808,342	32,769,177	37,047,633	12,223,493	5,560,691
Investment under management	10,403,608	10,403,608	-	-	-	-
Non-pledged trading assets						
Treasury bills	50,209,443	50,209,443	-		-	-
Bonds	2,025,000	1,961,355	63,645	-	-	-
Equity	63,979	63,979	-		-	-
Derivative financial instruments	77,905,020	77,852,349	3,717	44,048	4,907	-
Loans and advances to banks	42,733,910	634,381	42,099,529	-	-	-
Loans and advances to customers						
Auto Loan	5,519,049	5,291,292	-	-	-	227,757
Credit Card	2,851,420	474,112	2,367,652	279	-	9,377
Finance Lease	1,812,908	1,274,915	537,993	-	-	-
Mortgage Loan	24,065,139	4,323,674	36,110	17,326,478	-	2,378,877
Overdraft	198,318,930	150,214,723	29,043,587	813	2,557	19,057,250
Personal Loan	20,183,608	17,420,469	443,105	-	-	2,320,034
Term Loan	779,206,138	417,826,517	354,381,107	1,470,780	-	5,527,734
Time Loan	333,873,639	131,874,807	178,602,799	122,143	2,915,589	20,358,301
Pledged assets	-	-	-	-	-	-
Treasury bills	106,934,817	103,684,044	-	-	-	3,250,773
Bonds	96,780,580	96,780,580	-	-	-	-
Investment securities	-	-	-	-	-	-
- Available for sale						
Treasury bills	28,996,006	10,436,981	-	-		18,559,025
Bonds	61,204,214	54,679,355	6,524,859	-	-	-
Equity	44,592,330	44,575,185	-	-	-	17,145
- Held to Maturity						
Treasury bills	7,687,281	-	-	-	-	7,687,281
Bonds	43,743,295	39,278,886	1,649,782	-	-	2,814,627
Other assets	72,160,739	68,885,884	1,429,786	782,577	-	1,062,494
	2,489,680,389	**1,678,954,883**	**649,952,847**	**56,794,751**	**15,146,545**	**88,831,365**
Deposits from financial institutions	72,914,421	3,835,704	49,320,402	13,902,757	3,334,043	2,521,515
Deposits from customers	1,683,244,320	1,076,584,753	469,856,575	50,513,055	11,177,254	75,112,683
Derivative financial instruments	3,077,926	-	2,420,095	54,905	4,907	598,020
Other liabilities	69,681,817	51,705,684	9,958,993	1,237,536	1,167,151	5,612,452
Debt securities issued	149,853,640	-	149,853,640	-	-	-
Interest bearing borrowings	231,467,161	181,664,842	49,731,893	-	-	70,426
	2,210,239,285	**1,313,790,983**	**731,141,599**	**65,708,253**	**15,683,354**	**83,915,096**
Off balance sheet exposuress						
Transaction related bonds and guarantees	221,127,530	146,219,742	53,624,913	4,198,409	1,086,120	15,998,346
Guaranteed facilities	94,135,927	44,908,152	11,049,934	-	38,144,012	33,829
Clean line facilities for letters of credit and other	657,586,492	496,784,587	150,301,288	7,970,810	2,390,551	139,256
	972,849,949	**687,912,481**	**214,976,134**	**12,169,219**	**41,620,683**	**16,171,431**

5.2.3 The table below summaries the Bank's financial instruments at carrying amount, categorised by currency:

Financial instruments by currency

Bank
In thousands of Naira

30 June 2016	**Total**	**Naira**	**US**	**GBP**	**Euro**	**Others**
Cash and balances with banks	412,162,161	355,434,045	49,952,732	937,180	4,301,562	1,536,642
Investment under management	11,403,713	11,403,713	-	-	-	-
Non-pledged trading assets						
Treasury bills	17,296,082	17,296,082	-	-	-	-
Bonds	6,418,546	6,407,725	10,821	-	-	-
Equity	63,979	63,979	-	-	-	-
Derivative financial instruments	155,306,292	155,306,292	-	-	-	-
Loans and advances to banks	100,992,371	6,090,549	94,901,822	-	-	-
Loans and advances to customers	-	-	-	-	-	-
Auto Loan	4,165,816	4,165,816	-	-	-	-
Credit Card	7,970,282	574,897	7,395,029	356	-	-
Finance Lease	5,144,858	4,522,732	622,126	-	-	-
Mortgage Loan	4,720,841	4,671,417	49,424	-	-	-
Overdraft	177,946,077	149,014,602	28,926,616	1,134	3,725	-
Personal Loan	18,630,148	17,904,150	725,998	-	-	-
Term Loan	1,006,187,203	581,570,514	424,616,689	-	-	-
Time Loan	344,976,580	120,332,220	223,307,586	293,055	838,050	205,669
Pledged assets						
Treasury bills	143,825,918	143,825,918	-	-	-	-
Bonds	120,209,676	120,209,676	-	-	-	-
Investment securities	-					
Available for sale	-					
Treasury bills	15,375,143	15,375,143	-	-	-	-
Bonds	20,357,968	14,792,655	5,565,313	-	-	-
Equity	60,342,857	60,342,857	-	-	-	-
Held to Maturity	-					
Treasury bills	-	-	-	-	-	-
Bonds	61,629,250	61,629,250	-	-	-	-
Other assets	51,153,785	47,906,707	2,631,345	4,428	421,124	190,181
	2,746,279,546	**1,898,840,939**	**838,705,501**	**1,236,153**	**5,564,461**	**1,932,492**
Deposits from financial institutions	117,460,746	51,889,351	63,561,785	-	2,009,610	-
Deposits from customers	1,726,027,453	1,202,769,834	513,260,505	6,050,856	3,945,991	267
Derivative financial instruments	46,500,234	-	46,500,234	-	-	-
Other liabilities	71,457,495	41,084,032	28,321,218	146,587	1,597,426	308,232
Debt securities issued	111,510,594	-	111,510,594	-	-	-
Interest bearing borrowings	405,630,228	178,841,481	226,788,747	-	-	-
	2,478,586,750	**1,474,584,698**	**989,943,083**	**6,197,443**	**7,553,027**	**308,499**
Off balance sheet exposuress						
Transaction related bonds and guarantees	165,432,166	65,110,478	52,590,090	452,344	47,279,254	-
Guaranteed facilities	53,540,881	33,916,167	19,119,439	-	505,276	-
Clean line facilities for letters of credit and other commitments	685,633,718	82,769	680,271,219	36,243	5,151,428	92,059
	904,606,765	99,109,414	751,980,748	488,587	52,935,957	92,059

Financial instruments by currency
Bank
In thousands of Naira

31 December 2015	**Total**	**Naira**	**US**	**GBP**	**Euro**	**Others**
Cash and balances with banks	405,998,636	390,808,342	10,895,411	926,274	3,287,055	81,554
Investment under management	10,403,608	10,403,608	-	-	-	-
Non-pledged trading assets						
Treasury bills	50,209,443	50,209,443	-	-	-	-
Bonds	2,025,000	1,961,355	63,645	-	-	-
Equity	63,979	63,979	-	-	-	-
Derivative financial instruments	77,852,349	77,852,349	-	-	-	-
Loans and advances to banks	60,414,721	-	48,589,493	6,208,168	5,617,060	-
Loans and advances to customers	-	-	-	-	-	-
Auto Loan	5,291,292	5,291,292	-	-	-	-
Credit Card	2,812,544	474,112	2,338,153	279	-	-
Finance Lease	1,812,908	1,274,915	537,993	-	-	-
Mortgage Loan	4,359,784	4,323,674	36,110	-	-	-
Overdraft	179,261,680	150,214,723	29,043,587	813	2,557	-
Personal Loan	17,863,573	17,420,469	443,104	-	-	-
Term Loan	745,931,312	417,826,517	328,104,795	-	-	-
Time Loan	285,882,216	131,874,807	151,819,340	122,143	1,870,046	195,880
Pledged assets						
Treasury bills	103,684,044	103,684,044	-	-	-	-
Bonds	96,780,580	96,780,580	-	-	-	-
Investment securities	-	-	-	-	-	-
Available for sale	-	-	-	-	-	-
Treasury bills	10,436,981	10,436,981	-	-	-	-
Bonds	60,696,103	54,679,355	6,016,748	-	-	-
Equity	44,575,185	44,575,185	-	-	-	-
Held to Maturity						
Treasury bills	-	-	-	-	-	-
Bonds	40,286,529	39,278,886	1,007,643	-	-	-
Other assets	69,509,746	68,885,884	623,862	-	-	-
	2,276,152,215	**1,678,320,502**	**579,519,884**	**7,257,677**	**10,776,719**	**277,434**
Deposits from financial institutions	63,343,785	3,835,704	56,497,608	122,988	2,806,460	81,025
Deposits from customers	1,528,213,883	1,076,584,753	443,902,655	4,549,723	3,176,591	161
Derivative financial instruments	2,416,378	-	2,416,378	-	-	-
Other liabilities	62,871,485	51,705,684	9,955,814	26,394	1,167,151	16,442
Debt securities issued	78,516,655	-	78,516,655	-	-	-
Interest bearing borrowings	302,919,987	181,664,842	121,255,145	-	-	-
	2,038,282,172	1,313,790,983	712,544,256	4,699,105	7,150,202	97,628
Off balance sheet exposuress						
Transaction related bonds and guarantees	218,067,025	164,267,159	52,358,822	354,924	1,086,120	-
Guaranteed facilities	91,640,933	42,446,987	11,049,934	-	38,144,012	-
Clean line facilities for letters of credit and other	600,895,192	78,087	597,979,521	483,607	2,214,721	139,256
	910,603,149	206,792,233	661,388,277	838,531	41,444,853	139,256

Liquidity risk management
The following table shows the undiscounted cash flows on the Group's financial assets and liabilities and on the basis of their earliest possible contractual maturity. The Gross nominal inflow / (outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment.

The amounts in the table below have been compiled as follows:

Type of financial instrument	Basis on which amounts are compiled
Non-derivative financial liabilities and financial assets	Undiscounted cash flows, which include estimated interest payments.
Issued financial guarantee contracts, and unrecognised loan commitments	Earliest possible contractual maturity. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.
Derivative financial liabilities and financial assets held for risk management purposes	Contractual undiscounted cash flows. The amounts shown are the gross nominal inflows and outflows for derivatives that have simultaneous gross settlement (e.g. forward exchange contracts and currency swaps) and the net amounts for derivatives that are net settled.
Trading derivative liabilities and assets forming part of the Group's proprietary trading operations that are expected to be closed out before contractual maturity	Fair values at the date of the statement of financial position. This is because contractual maturities are not reflective of the liquidity risk exposure arising from these positions. These fair values are disclosed in the 'less than one month' column.
Trading derivative liabilities and assets that are entered into by the Group with its customers	Contractual undiscounted cash flows. This is because these instruments are not usually closed out before contractual maturity and so the Group believes that contractual maturities are essential for understanding the timing of cash flows associated with these derivative positions.

The Group's expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. For example, demand deposits from customers are expected to remain stable or increase and unrecognised loan commitments are not all expected to be drawn down immediately. As part of the management of liquidity risk arising from financial liabilities, the Group holds liquid assets comprising Cash and balances with banks and debt securities issued by federal government, which can be readily sold to meet liquidity requirements.
In addition, the Group maintains agreed lines of credit with other banks and holds unencumbered assets eligible for use as collateral.

5.3.1 Residual contractual maturities of financial assets and liabilities

Group 30 June 2016	Carrying amount	Gross nominal inflow/(outflow)	Less than 3 months	6 months	12 months	5 years	More than 5 years
In thousands of Naira							
Cash and balances with banks	612,253,609	623,820,358	301,843,938	-	-	-	321,976,420
Investment under management	11,403,713	11,403,713	11,403,713	-	-	-	-
Non-pledged trading assets							
Treasury bills	17,296,082	18,631,108	2,171,767	2,213,486	14,245,855	-	-
Bonds	6,418,546	13,681,222	484,705	11,949	445,833	4,861,530	7,877,205
Derivative financial instruments	155,550,018	155,550,019	3,210,857	8,184,924	14,731,221	129,423,017	-
Loans and advances to banks	69,059,407	197,899,314	77,158,965	5,382,855	7,821,054	106,842,535	693,905
Loans and advances to customers							
Auto Loan	4,443,779	4,443,779	46,545	155,680	423,004	3,807,065	11,485
Credit Card	8,047,102	8,047,102	625,510	22,404	43,542	7,355,646	-
Finance Lease	5,144,858	5,144,858	730,294	403,573	149,866	3,861,125	-
Mortgage Loan	33,614,068	33,614,068	263,010	14,559	419,841	15,660,706	17,255,952
Overdraft	209,030,233	209,030,233	154,422,208	21,932,634	32,675,391	-	-
Personal Loan	19,777,125	19,777,126	138,574	116,475	632,447	18,681,561	208,069
Term Loan	1,057,551,035	1,057,551,037	85,298,967	8,984,349	21,566,752	447,009,156	494,691,813
Time Loan	409,254,955	409,254,956	250,368,972	40,955,012	117,930,972	-	-
Pledged assets							
Treasury bills	148,967,847	152,267,968	14,446,214	103,691,452	34,130,302	-	-
Bonds	120,209,676	284,122,917	18,707,214	103,097,296	42,426,718	3,942,488	115,949,201
Investment securities							
Available for sale							
Treasury bills	52,946,566	56,060,273	9,376,796	26,848,039	19,835,438	-	-
Bonds	17,948,691	96,677,488	45,234,074	192,939	1,763,561	12,055,630	37,431,284
Held to Maturity							
Treasury bills	8,095,495	8,516,443	7,238,681	723,257	554,505	-	-
Bonds	63,165,027	118,400,855	634,983	13,293,641	5,929,071	48,270,963	50,272,197
Other assets	58,585,120	58,538,720	26,206,663	3,822,207	7,816,423	20,427,063	266,364
	3,088,762,952	**3,542,433,557**	**1,010,012,650**	**340,046,731**	**323,541,796**	**822,198,485**	**1,046,633,895**
Deposits from financial institutions	208,982,658	212,863,808	160,542,585	47,415,513	4,905,710	-	-
Deposits from customers	1,970,423,706	2,000,325,801	1,626,988,080	211,577,517	93,056,284	68,703,920	-
Derivative financial instruments	48,090,028	47,516,515	29,157,405	12,914,490	5,444,620	-	-
Other liabilities	90,135,838	80,842,502	75,407,966	5,384,980	49,556	-	-
Debt securities issued	212,484,633	269,195,831	-	5,234,945	5,234,945	258,725,941	-
Interest bearing borrowings	304,070,191	417,541,247	789,566	197,373	5,108,190	213,556,991	197,889,127
	2,834,187,054	**3,028,285,704**	**1,892,885,602**	**282,724,818**	**113,799,305**	**540,986,852**	**197,889,127**
Gap (asset - liabilities)	254,575,898	514,147,853	(882,872,952)	57,321,913	209,742,491	281,211,633	848,744,768
Cumulative liquidity gap			(882,872,952)	(825,551,039)	(615,808,548)	(334,596,915)	514,147,853
Off-balance sheet							
Transaction related bonds and guarantees	203,127,570	203,127,570	23,601,601	34,339,582	18,684,962	124,983,516	1,517,909
Guaranteed facilities	98,215,929	98,215,929	14,730,336	36,178,769	17,002,088	29,299,151	1,005,585
Clean line facilities for letters of credit and other commitments	782,105,112	782,105,112	373,879,075	118,153,610	90,433,626	199,638,801	-
	1,083,448,611	**1,083,448,611**	**412,211,012**	**188,671,961**	**126,120,676**	**353,921,468**	**2,523,494**

Group **31 December 2015**	**Carrying amount**	**Gross nominal inflow/(outflow)**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
In thousands of Naira							
Cash and balances with banks	478,409,336	478,409,336	228,454,519	-	-	-	249,954,817
Investment under management	10,403,608	10,494,011	10,494,011	-	-	-	-
Non-pledged trading assets							
Treasury bills	50,209,443	51,656,952	7,422,310	9,865,726	34,368,916	-	-
Bonds	2,025,000	3,164,736	124,584	5,988	163,571	1,909,285	961,309
Derivative financial instruments	77,905,020	77,905,020	5,371,017	3,516,433	2,244,002	66,773,568	-
Loans and advances to banks	42,733,910	43,338,836	552,395	-	42,695,369	91,072	-
Loans and advances to customers							
Auto Loan	5,519,049	5,581,949	28,909	63,776	287,331	5,201,934	-
Credit Card	2,851,420	2,882,896	803,177	276,313	101,834	1,701,572	-
Finance Lease	1,812,908	1,821,023	56,182	182,080	362,516	1,220,244	-
Mortgage Loan	24,065,139	24,163,152	2,180	-	106,732	856,528	23,197,712
Overdraft	198,503,413	213,485,919	147,864,068	16,685,613	48,936,238	-	-
Personal Loan	20,183,608	20,393,835	139,043	139,052	429,543	19,671,488	14,708
Term Loan	779,021,657	790,496,163	67,248,846	9,265,310	19,751,013	408,178,583	286,052,411
Time Loan	333,873,638	335,494,050	240,187,156	34,055,604	60,381,145	869,501	643
Pledged assets							
Treasury bills	106,934,817	110,634,759	49,586,114	27,376,779	33,671,866	-	-
Bonds	96,780,580	135,824,699	704,048	3,838,702	15,332,749	-	115,949,201
Investment securities							
Available for sale							
Treasury bills	28,996,006	29,103,866	15,298,622	3,309,940	10,495,304	-	-
Bonds	61,204,214	120,505,529	3,081,071	449,198	3,530,269	45,556,113	67,888,878
Held to Maturity							
Treasury bills	7,687,281	8,001,573	1,574,323	2,140,074	4,287,176	-	-
Bonds	43,743,295	55,267,935	1,017,818	2,288,727	2,272,677	39,389,385	10,299,328
Other assets	72,160,739	71,674,061	29,775,314	39,379,530	2,519,217	-	-
	2,445,024,081	**2,590,300,300**	**809,785,706**	**152,838,846**	**281,937,468**	**591,419,274**	**754,319,007**
Deposits from financial institutions	72,914,421	69,670,704	67,440,977	2,229,727	-	-	-
Deposits from customers	1,683,244,320	1,684,671,964	1,550,285,998	77,632,305	56,725,519	28,141	-
Derivative financial instruments	3,077,927	3,077,927	2,450,044	627,883	-	-	-
Other liabilities	65,277,321	65,277,322	65,277,322	-	-	-	-
Debt securities issued	149,853,640	200,147,025	2,528,619	3,687,050	6,215,669	104,308,638	83,407,050
Interest bearing borrowings	231,467,161	241,925,345	2,317,162	3,802,268	6,743,263	55,560,644	173,502,008
	2,205,834,790	**2,264,770,287**	**1,690,300,122**	**87,979,233**	**69,684,451**	**159,897,423**	**256,909,058**
Gap (asset - liabilities)	239,189,291	325,530,013	(880,514,416)	64,859,612	212,253,017	431,521,851	497,409,948
Cumulative liquidity gap			(880,514,416)	(815,654,804)	(603,401,787)	(171,879,936)	325,530,011
Off-balance sheet							
Transaction related bonds and guarantees	221,127,530	221,127,530	109,959,885	13,220,643	49,030,767	28,395,636	20,520,600
Guaranteed facilities	94,135,927	94,135,927	10,271,557	6,217,096	9,469,462	16,627,248	51,550,564
Clean line facilities for letters of credit and other commitments	657,586,492	657,586,492	374,032,037	111,954,135	28,253,794	143,346,525	-
	972,849,949	**972,849,949**	**494,263,479**	**131,391,875**	**86,754,023**	**188,369,408**	**72,071,164**

5.3.1 Residual contractual maturities of financial assets and liabilities

Bank **30 June 2016** *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	412,162,161	423,728,910	104,469,363	-	-	-	319,259,547
Investment under management	11,403,713	11,403,713	11,403,713	-	-	-	-
Non-pledged trading assets							
Treasury bills	17,296,082	17,791,518	1,909,395	2,029,826	13,852,297	-	-
Bonds	6,418,546	13,634,032	469,418	1,608	444,103	4,831,231	7,887,672
Derivative financial instruments	155,306,292	-	-	-	-	-	-
Loans and advances to banks	100,992,370	-	-	-	-	-	-
Loans and advances to customers							
Auto Loan	4,165,816	4,165,815	27,286	91,893	359,204	3,675,947	11,485
Credit Card	7,970,282	7,970,282	559,820	22,404	32,412	7,355,646	-
Finance Lease	5,144,858	5,144,858	730,294	403,573	149,866	3,861,125	-
Mortgage Loan	4,720,842	4,720,842	254,523	7,982	11,845	757,349	3,689,143
Overdraft	177,946,077	177,946,077	144,564,425	15,622,228	17,759,424	-	-
Personal Loan	18,630,148	18,630,148	107,187	90,155	597,527	17,802,190	33,089
Term Loan	1,006,187,203	1,006,187,204	74,811,052	7,810,753	19,785,951	411,014,300	492,765,148
Time Loan	344,976,580	344,976,579	225,050,197	25,530,337	94,396,045	-	-
Pledged assets							
Treasury bills	143,825,918	150,877,396	14,446,214	102,300,880	34,130,302	-	-
Bonds	120,209,676	133,245,521	4,261,000	796,416	8,296,416	3,942,488	115,949,201
Investment securities							
Available for sale							
Treasury bills	15,375,143	16,136,138	1,708,586	3,464,000	10,963,552	-	-
Bonds	16,876,068	50,256,695	3,946,499	192,939	702,398	12,989,518	32,425,341
Held to Maturity							
Treasury bills	-	-	-	-	-	-	-
Bonds	61,629,250	111,139,675	176,203	13,229,925	5,142,154	42,319,196	50,272,197
Other assets	82,245,216	51,153,784	31,218,519	808,875	808,875	18,317,515	-
	2,713,482,241	**2,549,109,187**	**620,113,694**	**172,403,794**	**207,432,371**	**526,866,505**	**1,022,292,823**
Deposits from financial institutions	117,460,746	118,235,419	108,561,756	4,969,733	4,703,930	-	-
Deposits from customers	1,726,027,453	1,746,650,480	1,275,623,217	99,668,257	344,091,897	15,824,054	11,443,055
Derivative financial instruments	46,500,234	46,500,235	28,141,125	12,914,490	5,444,620	-	-
Other liabilities	82,158,521	71,457,495	71,457,495	-	-	-	-
Debt securities issued	111,510,594	170,772,395	-	5,234,945	5,234,945	160,302,505	-
Interest bearing borrowings	405,630,228	408,069,686	718,778	-	4,878,712	206,834,303	195,637,893
	2,489,287,776	2,561,685,710	1,484,502,371	122,787,425	364,354,104	382,960,862	207,080,948
Gap (asset - liabilities)	224,194,465	(12,576,523)	(864,388,677)	49,616,369	(156,921,733)	143,905,643	815,211,875
Cumulative liquidity gap			(864,388,677)	(814,772,308)	(971,694,041)	(827,788,398)	(12,576,523)
Off balance-sheet							
Transaction related bonds and guarantees	165,432,166	165,408,167	2,871,524	18,710,592	17,328,323	124,979,819	1,517,909
Guaranteed facilities	53,540,881	53,540,882	7,833,339	6,260,272	14,193,296	25,253,975	-
Clean line facilities for letters of credit and other commitments	685,633,718	685,633,716	283,975,505	111,960,680	90,058,730	199,638,801	-
	904,606,765	**904,582,765**	**294,680,368**	**136,931,544**	**121,580,349**	**349,872,595**	**1,517,909**

Bank **31 December 2015** *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	405,998,636	401,816,737	153,634,261	-	-	-	248,182,476
Investment under management	10,403,608	10,494,011	10,494,011	-	-	-	-
Non-pledged trading assets							
Treasury bills	50,209,443	51,656,952	7,422,310	9,865,726	34,368,916	-	-
Bonds	2,025,000	3,164,736	124,584	5,988	163,571	1,909,285	961,309
Derivative financial instruments	77,852,349	77,852,349	5,318,346	3,516,433	2,244,002	66,773,568	-
Loans and advances to banks	60,414,721	60,604,713	10,074,577	10,506,757	40,023,378	-	-
Loans and advances to customers							
Auto Loan	5,291,293	5,354,193	28,909	63,776	287,331	4,974,178	-
Credit Card	2,812,544	2,844,021	803,177	276,313	62,959	1,701,572	-
Finance Lease	1,812,908	1,821,023	56,182	182,080	362,516	1,220,244	-
Mortgage Loan	4,359,784	4,457,798	2,180	-	106,732	856,528	3,492,357
Overdraft	179,261,680	193,682,273	147,864,068	16,685,613	29,132,592	-	-
Personal Loan	17,863,573	18,073,801	139,043	139,052	429,543	17,351,454	14,708
Term Loan	745,931,311	756,385,987	67,248,846	9,265,310	19,751,013	374,068,077	286,052,411
Time Loan	285,882,216	287,502,627	240,187,156	34,055,604	12,389,723	869,501	643
Pledged assets							
Treasury bills	103,684,044	107,383,986	49,586,114	27,126,779	30,671,093	-	-
Bonds	96,780,580	169,457,311	704,048	3,800,952	15,294,999	33,708,112	115,949,201
Investment securities							
Available for sale							
Treasury bills	10,436,981	10,544,841	5,981,841	-	4,563,000	-	-
Bonds	60,696,103	112,555,700	2,839,003	1,009,124	4,093,208	41,448,736	63,165,630
Held to Maturity							
Treasury bills							
Bonds	40,286,529	64,794,900	487,704	3,088,205	11,416,425	29,203,910	20,598,656
Other assets	69,509,746	69,509,746	27,610,999	-	21,963,481	19,935,266	-
	2,231,513,049	**2,409,957,705**	**730,607,359**	**119,587,711**	**227,324,483**	**594,020,431**	**738,417,390**
Deposits from financial institutions	63,343,785	63,343,785	63,343,785	-	-	-	-
Deposits from customers	1,528,213,883	1,528,213,884	1,404,409,821	67,792,437	55,983,485	28,141	-
Derivative financial instruments	2,416,378	2,416,378	1,842,014	574,364	-	-	-
Other liabilities	62,871,485	62,871,485	62,871,485	-	-	-	-
Debt securities issued	78,516,655	120,096,325	-	3,687,605	3,687,605	112,721,115	-
Interest bearing borrowings	302,919,987	304,300,172	5,384,041	5,929,762	11,546,789	131,499,405	149,940,175
	2,038,282,173	2,081,242,029	1,537,851,146	77,984,168	71,217,879	244,248,661	149,940,175
Gap (asset - liabilities)	193,230,876	328,715,676	(807,243,787)	41,603,543	156,106,604	349,771,770	588,477,215
Cumulative liquidity gap			(807,243,787)	(765,640,244)	(609,533,640)	(259,761,870)	328,715,345
Off balance-sheet							
Transaction related bonds and guarantees	218,067,025	218,067,025	9,862,204	13,220,643	49,030,767	28,395,636	117,557,776
Guaranteed facilities	91,640,933	91,640,933	21,631,289	6,217,096	9,469,462	16,627,248	37,695,838
Clean line facilities for letters of credit and other commitments	600,895,192	600,895,192	317,340,737	111,954,135	28,253,794	143,346,525	-
	910,603,150	**910,603,150**	**348,834,230**	**131,391,875**	**86,754,022**	**188,369,409**	**155,253,614**

5.3.2 Financial instruments below and above 1 year's maturity

Group	June 2016			December 2015		
In thousands of Naira	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Cash and balances with banks	164,614,969	447,638,640	**612,253,609**	228,454,519	249,954,817	**478,409,336**
Investments under management	11,137,190	266,523	**11,403,713**	10,403,608	-	**10,403,608**
Non pledged trading assets						
Treasury bills	17,296,082	-	**17,296,082**	50,209,443	-	**50,209,443**
Bonds	218,650	6,199,896	**6,418,546**	-	2,025,000	**2,025,000**
Derivative financial instruments			**-**	11,131,452	66,773,568	**77,905,020**
Loans and advances to banks	68,833,461	225,946	**69,059,407**	42,733,910	-	**42,733,910**
Loans and advances to customers						
Auto Loan	541,664	3,902,304	**4,443,968**	375,779	5,143,269	**5,519,048**
Credit Card	967,182	7,079,920	**8,047,102**	1,168,446	1,682,974	**2,851,420**
Finance Lease	1,424,347	3,720,510	**5,144,857**	597,611	1,215,297	**1,812,909**
Mortgage Loan	386,219	33,227,848	**33,614,067**	1,057,524	23,007,615	**24,065,139**
Overdraft	208,616,066	414,167	**209,030,233**	198,318,930	-	**198,318,930**
Personal Loan	3,200,492	16,576,634	**19,777,126**	699,699	19,483,910	**20,183,608**
Term Loan	93,634,066	963,916,969	**1,057,551,035**	95,500,227	683,705,912	**779,206,138**
Time Loan	405,262,991	3,991,965	**409,254,956**	333,013,239	860,400	**333,873,638**
Pledged assets						
Treasury bills	148,967,847	-	**148,967,847**	106,934,817	-	**106,934,817**
Bonds	4,200,184	116,009,492	**120,209,676**	11,591,562	85,189,018	**96,780,580**
Investment securities						
Available for sale						
Treasury bills	52,926,725	19,841	**52,946,566**	28,996,006	-	**28,996,006**
Bonds	18,639,272	2,791,319	**21,430,591**	2,013,715	59,190,499	**61,204,213**
Held to Maturity						
Treasury bills	8,058,059	37,436	**8,095,495**	7,687,281	-	**7,687,281**
Bonds	2,442,050	60,722,977	**63,165,027**	9,735,814	34,007,481	**43,743,295**
Other assets	13,064,824	42,680,053	**55,744,877**	72,160,739	-	**72,160,739**
	1,224,432,340	**1,709,422,440**	**2,933,854,780**	**1,212,784,320**	**1,232,239,760**	**2,445,024,080**
Deposits from financial institutions	208,906,397	76,261	**208,982,658**	72,914,421	-	**72,914,421**
Deposits from customers	1,912,951,030	57,472,676	**1,970,423,706**	1,683,216,179	28,141	**1,683,244,320**
Derivative financial instruments	48,090,028	-	**48,090,028**	3,077,927	-	**3,077,927**
Debt securities issued	-	212,484,633	**212,484,633**	-	149,853,640	**149,853,640**
Other liabilities	158,722	89,977,116	**90,135,838**	65,277,321	-	**65,277,321**
Interest-bearing borrowings	2,047,636	302,022,555	**304,070,191**	18,238,703	213,228,458	**231,467,161**
	2,174,201,449	**947,139,900**	**2,834,187,054**	**1,842,724,551**	**363,110,239**	**2,205,834,790**

Bank	June 2016			December 2015		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
In thousands of Naira						
Cash and balances with banks	19,914,223	392,247,938	**412,162,161**	157,816,159	248,182,477	**405,998,636**
Investment under management	11,403,713	-	**11,403,713**	10,403,608	-	**10,403,608**
Non pledged trading assets						
Treasury bills	17,296,082	-	**17,296,082**	50,209,443	-	**50,209,443**
Bonds	44,129	6,374,417	**6,418,546**	42,554	1,982,446	**2,025,000**
Derivative financial instruments	-	-	**-**	11,078,781	66,773,568	**77,852,349**
Loans and advances to banks	100,992,370	-	**100,992,370**	60,414,721		**60,414,721**
Loans and advances to customers						
Auto Loan	509,363	3,656,453	**4,165,816**	375,779	4,915,513	**5,291,292**
Credit Card	684,579	7,285,703	**7,970,282**	1,129,571	1,682,973	**2,812,544**
Finance Lease	1,345,032	3,799,825	**5,144,857**	597,611	1,215,297	**1,812,908**
Mortgage Loan	294,690	4,426,152	**4,720,842**	107,693	4,252,091	**4,359,784**
Overdraft	177,554,973	391,103	**177,946,076**	179,261,680	-	**179,261,680**
Personal Loan	954,474	17,675,674	**18,630,148**	699,698	17,163,875	**17,863,573**
Term Loan	87,864,787	918,322,418	**1,006,187,205**	95,315,746	650,615,566	**745,931,312**
Time Loan	341,549,627	3,426,953	**344,976,580**	285,021,816	860,400	**285,882,216**
Pledged assets						
Treasury bills	143,825,918	-	**143,825,918**	103,684,044		**103,684,044**
Bonds	4,200,184	116,009,492	**120,209,676**	11,303,267	85,477,313	**96,780,580**
Investment securities						
Available for sale						
Treasury bills	15,375,143	-	**15,375,143**	10,436,981	-	**10,436,981**
Bonds	4,707,288	15,650,680	**20,357,968**	1,505,605	59,190,499	**60,696,103**
Held to Maturity						
Treasury bills	-	-	**-**	-	-	**-**
Bonds	-	61,629,251	**61,629,251**	9,126,791	31,159,738	**40,286,529**
Other assets	-	51,153,785	**51,153,785**	49,574,480	19,935,266	**69,509,746**
	928,516,575	**1,602,049,844**	**2,530,566,419**	**1,038,106,030**	**1,193,407,022**	**2,231,513,048**
Deposits from financial institutions	117,460,746	-	**117,460,746**	63,343,785	-	**63,343,785**
Deposits from customers	1,725,414,128	613,325	**1,726,027,453**	1,528,213,883	-	**1,528,213,883**
Derivative financial instruments	46,500,234	-	**46,500,234**	2,416,378	-	**2,416,378**
Debt securities issued	-	111,510,594	**111,510,594**	7,375,210	71,141,445	**78,516,655**
Other liabilities	-	80,921,022	**80,921,022**	62,871,485	-	**62,871,485**
Interest-bearing borrowings	864,536	404,765,692	**405,630,228**	1,008,489	301,911,498	**302,919,987**
	1,890,239,644	**597,810,633**	**2,488,050,277**	**1,665,229,230**	**373,052,943**	**2,038,282,173**

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, Operetional, and Market Risk. The following table provides an overview of the development of the capital ratios and risk-weighted assets (RWA):

The regulatory capital requirements are strictly observed when managing capital. The Bank's regulatory capital is managed by its Bank Treasury and comprises two tiers:
- Tier 1 capital: This includes ordinary share capital, share premium, retained earnings and other reserves excluding regulatory reseres. 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.

In thousands of Naira	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Tier 1 capital				
Ordinary share capital	14,463,986	14,463,986	14,463,986	14,463,986
Share premium	197,974,816	197,974,816	197,974,816	197,974,816
Retained earnings	70,691,647	65,599,278	70,748,085	63,328,011
Other reserves	139,788,357	85,863,421	117,862,267	84,662,091
Non-controlling interests	5,697,798	3,899,966	-	-
	428,616,605	**367,801,467**	**401,049,154**	**360,428,904**
Add/(Less):				
Fair value reserve for available-for-sale	(26,682,899)	(13,268,889)	(26,805,065)	(13,291,054)
Foreign Currency Translational reserves	(10,148,968)	5,570,719	-	-
Other reserves	(1,056,227)	(554,898)	(1,056,227)	(527,331)
Total Tier 1	**390,728,511**	**359,548,400**	**373,187,862**	**346,610,519**
Add/(Less):				
50% Investments in subsidiaries	-	-	(23,312,285)	(22,719,623)
Deferred tax assets	(4,986,776)	(10,845,612)	(3,781,057)	(10,180,832)
Regulatory risk reserve	(42,729,626)	(39,625,042)	(37,826,382)	(37,826,382)
Intangible assets	(7,026,886)	(6,440,616)	(4,960,944)	(4,977,908)
Adjusted Tier 1	**335,985,223**	**302,637,130**	**303,307,194**	**270,905,774**
Tier 2 capital				
Debt securities issued	97,682,128	78,516,655	93,296,966	78,516,655
Fair value reserve for available-for-sale securities	26,682,899	13,268,889	26,805,065	13,291,054
Foreign currency translational reserves	10,148,968	(5,570,719)	-	-
Other reserves	1,056,227	554,898	1,056,227	527,331
50% Investments in subsidiaries	-	-	(23,312,285)	(22,719,623)
Total Tier 2	**135,570,222**	**86,769,723**	**97,845,973**	**69,615,417**
Total regulatory capital	**471,555,445**	**389,406,852**	**401,153,167**	**340,521,191**
Risk-weighted assets	**2,412,446,158**	**1,996,724,469**	**2,123,587,541**	**1,887,612,134**
Capital ratios				
Total regulatory capital expressed as a percentage of total risk-weighted assets	19.55%	19.50%	18.89%	18.04%
Total tier 1 capital expressed as a percentage of risk-weighted assets	13.93%	15.16%	14.28%	14.35%

7 Operating segments

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

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

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

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

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

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

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

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

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

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

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

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

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

Material total assets and liabilities

In thousands of Naira	Group June 2016	Group December 2015
Other Assets	91,048,323	82,527,825
Derivatives financial instruments	-	-
Deferred tax (net)	4,986,776	10,845,612
Assets Held for Sale	140,727	179,843
Goodwill	681,007	681,007
	96,856,833	**94,234,287**
Other liabilities	91,961,420	69,355,950
Debt Securities issued	212,484,633	149,853,640
Interest-bearing loans and borrowings	304,070,191	231,467,161
Deferred tax	479,244	266,644
Retirement Benefit Obligation	6,164,500	5,567,800
Total liabilities	**615,159,988**	**456,511,195**

Material revenue and expenses

	Group June 2016	Group December 2015
Interest expense		
Interest expense on Eurobond	(6,442,592)	(12,470,957)

7a Operating segments (Continued)

30 June 2016

In thousands of Naira	Corporate & Investment Banking	Commercial Banking	Business Banking	Personal Banking	Unallocated Segments	Total Continuing Operations	Total
Revenue:							
Derived from external customers	51,655,916	71,077,246	15,681,779	35,654,377	-	174,069,318	174,069,318
Derived from other business segments	(28,645)	14,802	6,254	7,589	-	-	-
Total Revenue	51,627,271	71,092,048	15,688,033	35,661,966	-	174,069,318	174,069,318
Interest Income	36,355,639	51,742,824	10,152,328	14,041,764	-	112,292,555	112,292,555
Interest expenses	(15,216,714)	(15,491,514)	(2,774,774)	(3,916,293)	(6,442,592)	(43,841,887)	(43,841,887)
Impairment Losses	(3,946,670)	(5,396,101)	(152,397)	(717,138)	-	(10,212,306)	(10,212,306)
Profit/(Loss) on ordinary activities before taxation	21,897,771	27,190,114	50,636	7,327,000	(6,442,592)	50,022,929	50,022,929
Share of profit from associate	-	-	-	-	-	-	-
Income tax expense						(10,536,217)	(10,536,217)
Pre-tax loss on re-measurement of assets of disposal group	-	-	-	-	-		
Profit after tax						39,486,712	39,486,712
Other segment information:							
Depreciation and amortisation	(274,962)	(1,032,404)	(1,841,726)	(1,966,237)	-	(5,115,330)	(5,115,330)
Assets and liabilities:							
Loans and Advances to customers	662,335,355	1,031,108,153	64,251,959	58,227,284	-	1,815,922,751	1,815,922,751
Goodwill					681,007	681,007	681,007
Tangible segment assets	1,160,132,079	1,806,066,424	112,542,322	101,989,633	-	3,180,730,458	3,180,730,458
Unallocated segment assets	-	-	-	-	96,175,826	96,175,826	96,175,826
Total assets	1,160,132,079	1,806,066,424	112,542,322	101,989,633	96,175,826	3,277,587,291	3,276,906,284
Deposits from customers	542,036,956	823,896,173	226,776,404	377,714,173	-	1,970,423,706	1,970,423,706
Segment liabilities	614,491,161	934,026,565	257,089,659	428,203,314	-	2,233,810,699	2,233,810,699
Unallocated segment liabilities	-	-	-	-	615,159,988	615,159,988	615,159,988
Total liabilities	614,491,161	934,026,565	257,089,659	428,203,314	615,159,988	2,848,970,687	2,848,970,687
Net assets	545,640,918	872,039,859	(144,547,337)	(326,213,681)	(518,984,162)	428,616,604	428,616,604

31 December 2015
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	142,760,590	119,234,984	28,183,640	47,225,016	-	337,404,230	337,404,230
Derived from other business segments	(32,954)	18,809	5,723	8,422	-	-	-
Total Revenue	142,727,636	119,253,793	28,189,363	47,233,438	-	337,404,230	337,404,230
Interest Income	72,223,695	86,725,818	19,618,182	29,235,074	-	207,802,768	207,802,768
Interest expenses	(34,401,407)	(36,412,832)	(7,314,258)	(11,821,664)	(12,470,957)	(102,421,118)	(102,421,118)
Impairment Losses	(9,218,707)	(2,558,182)	(442,433)	(2,005,393)	-	(14,224,715)	(14,224,715)
							-
Profit/(Loss) on ordinary activities before taxation	60,008,361	31,758,802	(5,097,804)	839,717	(12,470,957)	75,038,119	75,038,119
Share of profit from associate							-
Income tax expense						(9,169,344)	(9,169,344)
Pre-tax loss on re-measurement of assets of disposal group							-
Profit after tax						65,868,775	65,868,775
Other segment information:							
Depreciation and amortisation	(549,825)	(2,036,605)	(3,633,139)	(3,878,760)	-	(10,098,330)	(10,098,330)
Assets and liabilities:							
Loans and Advances to customers	552,849,791	716,514,393	47,951,257	48,515,390	-	1,365,830,831	1,365,830,831
Goodwill					681,007	681,007	681,007
Tangible segment assets	1,010,348,609	1,310,332,904	87,691,344	88,723,007	-	2,497,095,864	2,497,095,864
Unallocated segment assets	-	-	-	-	94,234,287	94,234,287	94,234,287
Total assets	1,010,348,609	1,310,332,904	87,691,344	88,723,007	94,234,287	2,591,330,151	2,591,330,151
Deposits from customers	457,760,677	678,870,157	202,449,439	344,164,047	-	1,683,244,320	1,683,244,320
Segment liabilities	480,542,909	712,656,760	212,525,120	361,292,703	-	1,767,017,492	1,767,017,492
Unallocated segment liabilities	-	-	-	-	456,511,195	456,511,195	456,511,195
Total liabilities	480,542,909	712,656,760	212,525,120	361,292,703	456,511,195	2,223,528,687	2,223,528,687
Net assets	529,805,700	597,676,144	(124,833,776)	(272,569,696)	(362,276,908)	367,801,464	367,801,464

7b Geographical segments

The Group operates in three geographic regions, being:
- Nigeria
- Rest of Africa
- Europe

30 June 2016 *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Total Continuing Operations**	**Discontinued Operations**	**Total**
Derived from external customers	153,509,208	13,215,660	7,344,449	174,069,317	-	174,069,317
Derived from other segments	-	-	-	-	-	-
Total Revenue	153,509,208	13,215,660	7,344,449	174,069,317	-	174,069,317
Interest Income	97,408,053	9,563,835	5,320,666	112,292,554	-	112,292,554
Impairment Losses	(8,557,077)	(1,655,228)	-	(10,212,305)	-	(10,212,305)
Interest expense	(38,152,388)	(4,826,095)	(863,404)	(43,841,887)	-	(43,841,887)
Fee and commission expenses	30,108,765	2,301,264	1,252,967	33,662,996	-	33,662,996
Operating Income	115,356,820	8,389,565	6,481,045	130,227,430	-	130,227,430
Profit/(loss) before income tax	44,636,210	3,900,493	1,486,226	50,022,929	-	50,022,929
Assets and liabilities:						
Loans and Advances to customers	1,670,734,175	83,008,031	62,180,545	1,815,922,751	-	1,815,922,751
Non current assets	-	-	-	-	-	-
Goodwill	-	681,007	-	681,007	-	681,007
Total assets	2,898,859,684	210,726,160	168,001,447	3,277,587,291	-	3,277,587,291
Deposit from customers	1,767,254,556	141,065,234	62,103,916	1,970,423,706		1,970,423,706
Total liabilities	2,490,044,133	191,459,742	167,466,812	2,848,970,687	-	2,848,970,687
Net assets	408,815,551	19,266,418	534,635	428,616,604	-	428,616,604

31 December 2015	**Nigeria**	**Rest of Africa**	**Europe**	**Total continuing operations**	**Discontinued operations**	**Total**
Derived from external customers	302,061,975	28,852,495	6,489,760	337,404,230	-	337,404,230
Derived from other segments	-	-	-	-	-	-
Total Revenue	302,061,975	28,852,495	6,489,760	337,404,230	-	337,404,230
Interest Income	184,047,834	21,084,615	2,670,320	207,802,769	-	207,802,769
Impairment Losses	(13,287,613)	(937,101)	-	(14,224,714)	-	(14,224,714)
Interest expense	(94,001,878)	(5,626,676)	(2,792,564)	(102,421,118)	-	(102,421,118)
Fee and commission expenses	-	-	(151,118)	(151,118)	-	(151,118)
Operating Income	208,060,097	23,225,819	3,697,196	234,983,112	-	234,983,112
Profit/(loss) before income tax	65,169,612	7,279,608	2,588,897	75,038,117	-	75,038,117
Assets and liabilities:						
Loans and Advances to customers	1,243,215,309	79,853,950	42,761,573	1,365,830,832	-	1,365,830,832
Non current assets	70,878,291	8,570,473	321,779	79,770,543	-	79,770,543
Goodwill	-	681,007	-	-		-
Total assets	2,408,096,499	110,273,966	72,959,686	2,591,330,151	-	2,591,330,151
Deposit from customers	1,528,213,883	129,457,229	25,573,208	1,683,244,320	-	1,683,244,320
Total liabilities	2,047,932,763	104,726,423	70,869,501	2,223,528,687	-	2,223,528,687
Net assets	360,163,736	5,547,543	2,090,185	367,801,464	-	367,801,464

No revenue from transaction with a single external customer or a group of connected economic entities or counterparty amounted to 10% or more of the group's total revenue in period ended 30 June 2016 and for the year ended 31 December 2015. 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 2016	Group June 2015	Bank June 2016	Bank June 2015
Interest income				
Cash and balances with banks	520,951	1,576,207	142,171	666,408
Loans and advances to banks	26,602	529,566	263,624	634,033
Loans and advances to customers	91,088,487	76,340,930	80,116,825	68,941,280
Investment securities				
-Available for sale	8,625,728	5,957,187	8,140,533	5,377,038
-Held for trading	3,255,063	5,744,972	3,255,063	5,744,972
-Held to maturity	8,775,723	8,713,124	5,676,699	6,954,069
	112,292,554	**98,861,986**	**97,594,915**	**88,317,800**
Interest expense				
Deposit from financial institutions	3,500,682	3,947,194	3,030,444	3,066,552
Deposit from customers	31,273,536	39,774,422	25,989,849	36,320,681
Debt securities issued	6,442,592	6,166,022	3,769,666	3,631,663
Interest bearing borrowings and other borrowed funds	2,610,460	787,553	5,362,429	3,740,588
Securities dealing	14,617	23,906		-
	43,841,887	**50,699,097**	**38,152,388**	**46,759,484**
Net interest income	**68,450,667**	**48,162,889**	**59,442,527**	**41,558,316**

Interest income for the period ended 30 June 2016 includes interest accrued on impaired financial assets of Group: N2.24Bn (31 December 2015: N2.59Bn) and Bank: N1.74Bn (31 December 2015: N2.57Bn).

The increase in interest income is attributable to the increase in volume of loans and advances to customers rather than repricing. While decrease in interest expense is as a result of repricing of deposit rates during the period.

9 Net impairment on financial assets

In thousands of Naira	Group June 2016	Group June 2015	Bank June 2016	Bank June 2015
Additional collective impairment charges on loans and advances to banks(note 22)	-	(1,856)	-	(1,856)
Additional collective impairment charges on loans and advances to customers (note 23)	(3,836,851)	(5,180,508)	(3,781,140)	(5,151,920)
Additional specific impairment charges on loans and advances to customers (see note 23)	(5,468,521)	(1,631,165)	(3,869,004)	(1,878,485)
Additional impairment allowance on financial assets in other assets (see note 26)	(906,933)	(2,073,110)	(906,933)	(2,073,110)
	(10,212,305)	**(8,886,639)**	**(8,557,077)**	**(9,105,371)**

10 Fee and commission income

In thousands of Naira	Group June 2016	Group June 2015	Bank June 2016	Bank June 2015
Credit related fees and commissions	7,301,158	7,659,713	6,254,683	6,157,885
Account maintenance charge and handling commission	1,258,084	1,732,826	1,053,623	1,530,309
Commission on bills and letters of credit	3,744,989	744,518	1,293,833	920,961
Commissions on collections	30,698	43,788	30,698	41,102
Commission on other financial services	1,413,870	2,116,929	1,413,870	291,932
Commission on virtual products	1,504,420	1,361,863	1,504,420	872,122
Commission on foreign currency denominated transactions	1,432,883	829,938	1,432,883	793,298
Channels and other E-business income	18,788,998	2,474,139	18,788,998	2,492,071
Retail account charges	157,072	187,921	157,072	152,214
	35,632,172	**17,151,635**	**31,930,080**	**13,251,894**

Credit related fees and commissions are fees charged to corporate customers other than fees included in determining the effective interest rates relating to loans and advances carried at amortized cost.

Channels and other E-business income include income from electronic channels, card products and related services.
The increase in channels and other E-business income is a result of rise in volume of card transactions.

11 Net gains on investment securities

a Net gains on financial instruments designated as held for trading

In thousands of Naira	Group June 2016	Group June 2015	Bank June 2016	Bank June 2015
Fixed income securities	(286,138)	1,024,574	(286,138)	1,024,574
Derivative instruments	33,387,068	37,130,570	33,370,087	37,107,669
	33,100,930	**38,155,144**	**33,083,949**	**38,132,243**

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

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

b Net gains on financial instruments held as available for sale

In thousands of Naira	Group June 2016	Group June 2015	Bank June 2016	Bank June 2015
Fixed income securities	(11,766)	1,044,623	(11,766)	1,044,623
	(11,766)	**1,044,623**	**(11,766)**	**1,044,623**
Total	**33,089,164**	**39,199,767**	**33,072,183**	**39,176,866**

12 Net foreign exchange income

In thousands of Naira	Group June 2016	Group June 2015	Bank June 2016	Bank June 2015
Foreign exchange trading income (net)	4,111,691	16,163,755	2,410,360	14,173,309
Unrealised foreign exchange loss on revaluation	(15,219,791)	(8,233,981)	(15,360,145)	(8,324,469)
	(11,108,100)	**7,929,774**	**(12,949,785)**	**5,848,840**

The movement unrealised foreign exchange loss on revaluation is as a result of the depreciation of the functional currency of the group (Naira) within the period.

13 Other operating income

In thousands of Naira	Group June 2016	Group June 2015	Bank June 2016	Bank June 2015
Dividends on available for sale equity securities	2,313,389	3,602,567	2,313,389	4,058,999
Gain on disposal of property and equipment	25,751	70,262	17,614	67,970
Rental income	50,056	64,801	50,056	64,801
Bad debt recovered	840,985	394,753	624,768	215,008
Cash management charges	82,094	106,562	82,094	106,562
Income from agency and brokerage	50,754	26,038	50,754	26,038
Income from asset management	394,242	119,517	373,715	-
Other income	406,256	1,114,290	349,425	29,455
	4,163,527	**5,498,790**	**3,861,815**	**4,568,833**

Included in income from agency and brokerage is an amount of N29.784m representing the referral commission earned from bancassurance products.

The increase in Bad debt recovered is as a result of the banks drive in the recovery of written-off loans. While the increase in income from asset management is as a result of income earned on unclaimed dividend funds invested with asset managers as directed by Securities and Exchange Commission.

14 Personnel expenses

In thousands of Naira	Group June 2016	Group June 2015	Bank June 2016	Bank June 2015
Wages and salaries	20,335,468	18,629,434	17,029,781	15,583,004
Increase in liability for long term incentive plan (see note 37 (a) (i))	596,700	382,246	589,627	382,246
Contributions to defined contribution plans	535,972	490,813	372,956	370,582
Restricted Share Performance Plan (a)	599,992	186,728	528,896	152,703
	22,068,132	**19,689,221**	**18,521,260**	**16,488,535**

(a) Under the Restricted Share Performance Plan (RSPP), shares of the Bank are awarded to employees based on their performance at no cost to them. Under the terms of the plan, the shares vest over a 3 year period from the date of award. The scheme applies to only employees of the Bank that meet the stipulated performance criteria irrespective of where they work within the Group. The RSPP is an equity-settled scheme, where the Bank recognizes an expense and a corresponding increase in equity. Initial estimates of the number of equity settled instruments that are expected to vest are adjusted to current estimates and ultimately to the actual number of equity settled instruments that vest unless differences are due to market conditions.

By the resolution of the Board and Shareholders, the Bank sets aside an amount not exceeding five (5) per cent of the aggregate emoluments of the Bank's employees in each financial year to purchase shares of the Bank from the floor of the Nigerian Stock Exchange for the purpose of the plan. The Bank has also established a Structured Entity (SE) to hold shares of the Bank purchased. Upon vesting, the SE transfers the shares to the employee whose interest has vested. The SE is consolidated in the Group's financial statements.

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

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

Group

		June 2016		June 2015	
Description of shares		**Number of Shares**	**Weighted Share Price per Share - Naira**	**Number of Shares**	**Weighted Share Price per Share - Naira**
(i)	Shares allocated to staff at start of the year;	209,554,491	7.56	83,200,358	10.46
(ii)	Shares allocated during the period	318,927,997	4.86	12,908,532	7.33
(iii)	Unallocated shares during the period	-	-	nil	nil
(iv)	Forfeited during the period;	10,728,687	6.74	3,340,291	nil
(v)	Exercised during the period;	-	-	nil	nil
	Shares allocated to staff at end of the period;	517,753,801	5.95	92,768,599	10.03
		Naira ('000)	**Price per Share - Naira**	**Naira ('000)**	**Price per Share - Naira**
Share based expense recognised during the period		599,992	5.95	152,721	10.03

Outstanding allocated shares to staff at the end of the period have the following maturity dates

	Vesting period	Expiry date	Shares
Outstanding allocated shares for the 2013 - 2015 vesting period	2014 - 2016	31 Dec 2016	42,599,105
Outstanding allocated shares for the 2015 - 2017 vesting period	2015 - 2017	31 Dec 2017	160,866,573
Outstanding allocated shares for the 2016 - 2018 vesting period	2016 - 2018	31 Dec 2018	314,288,123
			517,753,801

Bank

		June 2016		June 2015	
Description of shares		**Number of Shares**	**Weighted Share Price per Share - Naira**	**Number of Shares**	**Weighted Share Price per Share - Naira**
(i)	Shares allocated to staff at start of the year;	191,227,874	7.56	77,782,273	10.51
(ii)	Shares allocated during the period	292,873,997	4.99	nil	nil
(iii)	Unallocated shares during the period	-	-	nil	nil
(iv)	Forfeited during the period;	10,728,687	6.74	3,340,291	nil
(v)	Exercised during the period;	-	-	nil	nil
(vi)	Shares allocated to staff at end of the period;	473,373,184	6.09	74,441,982	10.51
		Naira ('000)	**Price per Share - Naira**	**Naira ('000)**	**Price per Share - Naira**
Share based expense recognised during the period		528,896	6.09	152,703	10.51

Outstanding allocated shares to staff at the end of the period have the following maturity dates

	Vesting period	Expiry date	Shares
Outstanding allocated shares for the 2014 - 2016 vesting period	2014 - 2016	31 Dec 2016	42,599,105
Outstanding allocated shares for the 2015 - 2017 vesting period	2015 - 2017	31 Dec 2017	142,539,956
Outstanding allocated shares for the 2016 - 2018 vesting period	2016 - 2018	31 Dec 2018	288,234,123
			473,373,184

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

	Group June 2016	Group June 2015	Bank June 2016	Bank June 2015
	Years	**Years**	**Years**	**Years**
Weighted average contractual life of remaining shares	1.80	1.57	1.78	1.57

ii. The average number of persons in employment at the Group level during the period comprise:

	Group June 2016	Group June 2015	Bank June 2016	Bank June 2015
	Number	Number	Number	Number
Managerial	315	335	252	269
Other staff	3,723	3,442	2,663	2,550
	4,038	**3,777**	**2,915**	**2,819**

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 2016	Group June 2015	Bank June 2016	Bank June 2015
	Number	Number	Number	Number
Below N900,000	182	232	-	-
N900,001 - N1,990,000	115	388	9	-
N1,990,001 - N2,990,000	164	113	-	-
N2,990,001 - N3,910,000	1,262	810	935	758
N3,910,001 - N4,740,000	22	14	-	-
N4,740,001 - N5,740,000	726	676	660	649
N5,740,001 - N6,760,000	583	31	-	-
N6,760,001 - N7,489,000	35	542	465	523
N7,489,001 - N8,760,000	328	341	311	323
N8,760,001 - N9,190,000	7	4	-	-
N9,190,001 - N11,360,000	188	190	168	177
N11,360,001 - N14,950,000	137	138	115	120
N14,950,001 - N17,950,000	126	129	116	124
N17,950,001 - N21,940,000	65	70	58	63
N21,940,001 - N26,250,000	2	42	41	39
N26,250,001 - N30,260,000	45	6	-	-
N30,261,001 - N45,329,000	39	34	30	30
Above N45,329,000	12	17	7	13
	4,038	**3,777**	**2,915**	**2,819**

15 Other operating expenses

In thousands of Naira	Group June 2016	Group June 2015	Bank June 2016	Bank June 2015
Premises and equipment costs	4,036,379	3,538,137	2,985,662	3,143,383
Professional fees	1,937,978	1,509,248	1,510,468	718,992
Insurance	465,016	405,806	404,807	333,046
Business travel expenses	3,409,893	3,173,824	3,251,180	3,017,650
Asset Management Corporation of Nigeria (AMCON) surcharge (see note (a) below)	6,029,860	4,954,889	6,029,860	4,954,889
Deposit insurance premium	2,806,298	2,580,094	2,806,298	2,580,094
Auditor's remuneration	176,565	168,878	150,000	135,607
Administrative expenses	6,694,897	11,782,169	6,435,551	8,138,246
Board expenses	23,072	194,670	209,234	193,783
Communication expenses	942,474	1,151,696	652,384	953,200
Consultancy and IT expenses	5,202,034	5,239,868	4,672,778	4,918,942
Outsourcing costs	2,962,972	3,574,510	2,928,988	3,394,129
Advertisements and marketing expenses	1,779,900	2,164,978	1,565,934	2,023,063
Recruitment and training	681,240	752,213	588,584	736,350
Events, charities and sponsorship	1,131,517	887,241	1,111,088	866,196
Periodicals and subscriptions	500,191	329,497	449,679	327,330
Security expenses	1,391,934	1,615,200	1,277,775	1,540,857
Cash processing and management cost	781,551	66,304	737,753	647,387
Stationeries, postage and printing	564,596	148,138	389,459	472,270
Office provisions and entertainment	193,173	87,514	136,039	156,154
Net litigations claims (see note 34(i)	49,495	21,136	49,495	21
	41,761,035	**44,346,010**	**38,343,016**	**39,251,590**

(a) This represents the Group's contribution to AMCON's sinking fund for the period ended 30 June 2016. Effective 1 January 2011, the banks in Nigeria were required to contribute 0.3% of total assets as at the preceding year end to AMCON's sinking fund in line with existing guidelines. This was increased to 0.5% in 2013. The contribution to AMCON is a levy on all deposit money banks in Nigeria. It is non-refundable and does not represent any ownership interest nor does it confer any rights or obligations (save to pay the levy) on the contributor.

16 Income tax expense

In thousands of Naira	Group June 2016	Group June 2015	Bank June 2016	Bank June 2015
Current tax expense				
Corporate income tax	3,275,340	3,532,045	2,186,282	2,055,540
IT tax	446,362	344,189	446,362	344,190
Education tax	347,194	-	347,194	-
Capital gains tax	864	28,563	864	28,563
Prior year's under provision	-	-	-	-
	4,069,760	3,904,797	2,980,702	2,428,293
Deferred tax expense				
Origination of temporary differences	6,466,457	3,921,450	6,399,774	3,643,938
Total income tax expense	**10,536,217**	**7,826,247**	**9,380,476**	**6,072,231**

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

	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Balance at the beginning of the year	7,780,824	8,180,969	6,442,311	7,113,226
Tax paid	(6,780,360)	(6,259,617)	(4,094,096)	(4,125,701)
Income tax charge	4,069,760	8,485,122	2,980,702	5,850,624
Prior year's under provision	2,227	-	-	-
Witholding tax utilisation	-	(2,395,838)	-	(2,395,838)
Reclassifications	(6,664)	(83,009)	-	-
Translation adjustments	1,243,117	(129,492)	-	-
Income tax receivable	8,585	(17,311)	-	-
Balance at the end of the period	**6,317,489**	**7,780,824**	**5,328,917**	**6,442,311**

Income tax liability is to be settled within one period

In thousands of Naira	Group June 2016	Group June 2016	Group June 2015	Group June 2015
Profit before income tax		50,022,929		39,113,345
Income tax using the domestic tax rate	30%	15,006,879	30%	11,734,003
Effect of tax rates in foreign jurisdictions	0%	145,195	0%	148,967
Information technology tax	1%	446,362		-
Capital allowance utilised for the period	0%	-	1%	344,189
Non-deductible expenses	54%	27,099,669	16%	6,102,600
Tax exempt income	-65%	(32,614,614)	-31%	(12,289,689)
Tax losses unutilised	0%	100,276	0%	40,973
Education tax levy	1%	347,194	0%	-
Capital gain tax	0%	864	0%	28,563
Under provided in prior years	0%	4,392	0%	422
Impact of dividend as tax base	0%		4%	1,716,219
Effective tax rate	**21%**	**10,536,217**	**20%**	**7,826,247**

In thousands of Naira	Bank June 2016	Bank June 2016	Bank June 2015	Bank June 2015
Profit before income tax	-	44,636,210		34,497,806
Income tax using the domestic tax rate	30%	13,390,863	30%	10,349,342
Effect of tax rates in foreign jurisdictions	0%		0%	-
Information technology tax	1%	446,362	1%	344,189
Non-deductible expenses	60%	26,800,074	16%	5,623,367
Tax exempt income	-71%	(31,604,881)	-35%	(11,989,449)
Education tax levy	1%	347,194	0%	-
Capital gain tax	0%	864	0%	28,563
Over provided in prior years	0%	-	0%	-
Impact of dividend as tax base	0%	-	5%	1,716,219
Effective tax rate	**21%**	**9,380,476**	**18%**	**6,072,231**

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 2016	Group June 2015	Bank June 2016	Bank June 2015
Profit for the period from continuing operations	39,486,712	31,027,065	35,255,734	28,425,575
Weighted average number of ordinary shares in issue	24,897,936	22,882,919	24,897,936	22,882,919
Weighted average number of treasury Shares	377,702	93,113	-	-
	24,520,234	22,789,806	24,897,936	22,882,919
In kobo per share				
Basic earnings per share from continuing operations	161	136	142	124

Diluted earnings per share is calculated by considering the impact of the treasury shares in weighted average number of ordinary shares outstanding

Potential Diluted EPS

In thousands of Naira	Group June 2016	Group June 2015	Bank June 2016	Bank June 2015
Profit for the period from continuing operations	39,486,712	31,027,065	35,255,734	28,425,575
Weighted average number of ordinary shares in issue	24,897,936	22,882,920	24,897,936	22,882,920
In kobo per share				
Diluted earnings per share from continuing operations	159	135	142	124

18 Cash and balances with banks

In thousands of Naira	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Cash on hand and balances with banks (see note (i))	121,936,965	85,299,149	70,777,349	57,546,509
Restricted deposits with central banks (see note (ii))	317,924,550	249,954,817	315,207,677	248,182,477
Unrestricted balances with central banks	24,764,193	90,721,388	6,262,913	74,158,434
Money market placements	147,627,901	52,433,982	19,914,222	26,111,216
	612,253,609	**478,409,336**	**412,162,161**	**405,998,636**

(i) Included in cash on hand and balances with banks is an amount of N14.4Bn (31 Dec 2015: N5.239Bn) representing the Naira value of foreign currencies held on behalf of customers to cover letter of credit transactions. The corresponding liability is included in customer's deposit for foreign trade reported under other liabilities (see Note 34). This has been excluded for cash flow purposes.

(ii) Restricted deposits with central banks comprise the cash reserve requirements of the Central Bank of Nigeria and other central banks of jurisdictions that the group operates in. These balances are not available for day to day operations of the group.

19 Investment under management

The Securities and Exchange Commission (SEC) issued a rule on return of unclaimed dividends to paying companies by the Registrars. The rule requires that all unclaimed dividends in the custody of Registrars should be returned to the paying company twelve months after the approval of the dividends at the annual general meeting (for final dividends) or board meeting (for interim dividends). The rule allows the paying company to invest the pool of unclaimed dividend in a guaranteed income investment outside the company with all the benefits accruing to it, but retaining the obligation to pay sum owed should the shareholder come forward.

In furtherance to this, the Bank entrusted the sum transferred to it by the Registrars with select Asset Managers who will ensure safekeeping of the unclaimed dividend pool and manage the funds for the benefit of the Bank. As at 30 June 2016, the funds were invested by the Asset Managers as follows:

In thousands of Naira	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Call Deposits and Cash	266,523	918	266,523	918
Placements	615,720	4,926,562	615,720	4,926,562
Commercial Paper	3,366,918	304,378	3,366,918	304,378
Nigerian Treasury Bills	4,898,122	3,090,432	4,898,122	3,090,432
Mutual Funds	2,256,430	2,081,318	2,256,430	2,081,318
	11,403,713	**10,403,608**	**11,403,713**	**10,403,608**

The corresponding liability which is due to the Registrar is reported in Other liabilities. See note 34

20 Non pledged trading assets

In thousands of Naira	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Government bonds	6,407,725	1,961,355	6,407,725	1,961,355
Eurobonds	10,821	63,645	10,821	63,645
Treasury bills	17,296,082	50,209,443	17,296,082	50,209,443
Equity securities	63,979	63,979	63,979	63,979
	23,778,607	**52,298,422**	**23,778,607**	**52,298,422**

21 Derivative financial instruments

In thousands of Naira	Notional amount	Fair Value Assets/ (Liabilities)	Notional amount	Fair Value Assets/ (Liabilities)
	June 2016		December 2015	
Group				
Foreign exchange derivatives				
Total derivative assets	386,292,447	155,550,018	347,991,933	77,905,020
Total derivative liabilities	239,545,872	(48,090,028)	120,767,876	(3,077,927)

	Notional amount	Fair Value Assets/ (Liabilities)	Notional amount	Fair Value Assets/ (Liabilities)
	June 2016		December 2015	
Bank				
Foreign exchange derivatives				
Total derivative assets	372,853,262	155,306,292	340,643,495	77,852,349
Total derivative liabilities	213,681,793	(46,500,234)	100,157,405	(2,416,378)

Derivative financial instruments consist of forward and swap contracts. These are held for day to day cash management rather than for trading purposes and are held at fair value. The contracts have intended settlement dates of between 90 days and three years. All derivative contracts are considered to be valued with reference to observable market data.

Included in Other liabilities are security deposit for Swap deals which are deposit (collaterised deposit) by counter parties.

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

22 Loans and advances to banks

In thousands of Naira	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Loans and advances to banks	69,065,125	42,742,996	100,998,088	60,423,807
Less collective allowances for impairment	(5,718)	(9,086)	(5,718)	(9,086)
	69,059,407	**42,733,910**	**100,992,370**	**60,414,721**

The increase in loans to bank is as a result of increase in long term interbank placement made by the bank within the period.

Collective allowances for impairment on loans and advances to banks

In thousands of Naira	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Balance beginning of year	9,086	6,341	9,086	6,341
- Charge for the period/(allowances no longer required)	-	2,745	-	2,745
-Write-off	(3,368)	-	(3,368)	-
Balance end of period	5,718	9,086	5,718	9,086

23 Loans and advances to customers

a Group

June 2016 *In thousands of Naira*	Gross amount	Specific impairment allowance	Collective impairment allowance	Total impairment allowance	Carrying amount
Loans to individuals					
Retail Exposures					
Auto Loan (note 23c)	2,117,620	-	(22,199)	(22,199)	2,095,421
Credit Card	6,535,304	-	(69,499)	(69,499)	6,465,805
Finance Lease (note 23c)	78,672	-	(833)	(833)	77,839
Mortgage Loan	23,470,343	-	(56,386)	(56,386)	23,413,957
Overdraft	8,075,715	(544,435)	(559,544)	(1,103,979)	6,971,736
Personal Loan	20,142,670	(158,386)	(207,158)	(365,544)	19,777,126
Term Loan	5,027,161	(2,737)	(29,651)	(32,388)	4,994,773
Time Loan	521,619	-	(5,285)	(5,285)	516,334
Loans to corporate entities and other organiza					
Non-Retail Exposures					
Auto Loan (note 23c)	2,373,329	-	(24,782)	(24,782)	2,348,547
Credit Card	1,597,837	-	(16,540)	(16,540)	1,581,297
Finance Lease (note 23c)	5,096,585	-	(29,567)	(29,567)	5,067,018
Mortgage Loan	10,246,433	-	(46,323)	(46,323)	10,200,110
Overdraft	220,886,219	(11,903,935)	(6,923,787)	(18,827,722)	202,058,497
Term Loan	1,067,671,620	(2,710,679)	(12,404,679)	(15,115,358)	1,052,556,262
Time Loan	411,018,397	(631,027)	(1,648,748)	(2,279,775)	408,738,622
	1,784,859,524	**(15,951,199)**	**(22,044,981)**	**(37,996,180)**	**1,746,863,344**

Group

December 2015 *In thousands of Naira*	Gross amount	Specific impairment allowance	Collective impairment allowance	Total impairment allowance	Carrying amount
Loans to individuals					
Retail Exposures					
Auto Loan (note 23c)	2,175,207	-	(25,446)	(25,446)	2,149,761
Credit Card	2,608,764	-	(28,629)	(28,629)	2,580,135
Finance Lease (note 23c)	-	-	-	-	-
Mortgage Loan	17,954,586	-	(51,306)	(51,306)	17,903,280
Overdraft	5,261,080	(250,624)	(543,561)	(794,185)	4,466,895
Personal Loan	20,393,836	-	(210,228)	(210,228)	20,183,608
Term Loan	4,777,259	-	(74,834)	(74,834)	4,702,425
Time Loan	799,692	-	(7,174)	(7,174)	792,518
Loans to corporate entities and other organizations					
Non-Retail Exposures					
Auto Loan (note 23c)	3,406,742	-	(37,455)	(37,455)	3,369,287
Credit Card	274,133	-	(2,848)	(2,848)	271,285
Finance Lease (note 23c)	1,821,023	-	(8,115)	(8,115)	1,812,908
Mortgage Loan	6,208,567	(46,391)	(317)	(46,708)	6,161,859
Overdraft	208,224,839	(7,574,569)	(6,798,235)	(14,372,804)	193,852,035
Term Loan	785,921,553	(2,162,757)	(9,255,082)	(11,417,837)	774,503,714
Time Loan	334,694,358	(448,337)	(1,164,900)	(1,613,237)	333,081,121
	1,394,521,639	**(10,482,678)**	**(18,208,130)**	**(28,690,808)**	**1,365,830,831**

Impairment on loans and advances to customers

	Specific allowances		Collective allowances	
In thousands of Naira	June 2016	December 2015	June 2016	December 2015
Balance beginning of year	10,482,678	7,967,529	18,208,130	11,014,296
Impairment loss for the year:				
- Charge for the period	5,468,521	3,643,214	3,836,851	7,193,834
Write-offs	-	(1,128,065)	-	-
Balance end of period	**15,951,199**	**10,482,678**	**22,044,981**	**18,208,130**

The significant increase in the total impairment allowance for the group is attributed to a N6.1b increase in term loans (Bank: N5.3b)

23 Loans and advances to customers
b Bank

June 2016 *In thousands of Naira*	**Gross amount**	**Specific impairment allowance**	**Collective impairment allowance**	**Total impairment allowance**	**Carrying amount**
Loans to individuals					
Retail Exposures					
Auto Loan (note 23c)	1,859,211	-	(21,596)	(21,596)	1,837,615
Credit Card	6,468,744	-	(68,855)	(68,855)	6,399,889
Finance Lease (note 23c)	78,672	-	(833)	(833)	77,839
Mortgage Loan	4,751,881	-	(54,126)	(54,126)	4,697,755
Overdraft	5,905,364	(287,373)	(558,875)	(846,248)	5,059,116
Personal Loan	18,829,976	-	(199,828)	(199,828)	18,630,148
Term Loan	2,344,013	-	(25,404)	(25,404)	2,318,609
Time Loan	476,773	-	(5,038)	(5,038)	471,735
Loans to corporate entities and other organiza					
Non-Retail Exposures					
Auto Loan (note 23c)	2,352,880	-	(24,679)	(24,679)	2,328,201
Credit Card	1,586,826	-	(16,433)	(16,433)	1,570,393
Finance Lease (note 23c)	5,096,585	-	(29,567)	(29,567)	5,067,018
Mortgage Loan	23,334	-	(247)	(247)	23,087
Overdraft	188,854,391	(9,426,710)	(6,540,721)	(15,967,431)	172,886,960
Term Loan	1,018,910,295	(2,697,118)	(12,344,581)	(15,041,699)	1,003,868,596
Time Loan	346,759,088	(631,026)	(1,623,217)	(2,254,243)	344,504,845
	1,604,298,033	**(13,042,227)**	**(21,514,000)**	**(34,556,227)**	**1,569,741,806**

Bank

December 2015 *In thousands of Naira*	**Gross amount**	**Specific impairment allowance**	**Collective impairment allowance**	**Total impairment allowance**	**Carrying amount**
Loans to individuals					
Retail Exposures					
Auto Loan (note 23c)	1,976,020	-	(25,446)	(25,446)	1,950,574
Credit Card	2,579,265	-	(28,629)	(28,629)	2,550,636
Finance Lease (note 23c)	-	-	-	-	-
Mortgage Loan	4,383,538	-	(51,306)	(51,306)	4,332,232
Overdraft	5,054,135	(250,624)	(503,788)	(754,412)	4,299,723
Personal Loan	18,073,801	-	(210,228)	(210,228)	17,863,573
Term Loan	3,066,501	-	(35,061)	(35,061)	3,031,440
Time Loan	640,645	-	(7,174)	(7,174)	633,471
Loans to corporate entities and other organizations					
Non-Retail Exposures					
Auto Loan (note 23c)	3,378,173	-	(37,455)	(37,455)	3,340,718
Credit Card	264,756	-	(2,848)	(2,848)	261,908
Finance Lease (note 23c)	1,821,023	-	(8,115)	(8,115)	1,812,908
Mortgage Loan	74,260	(46,391)	(317)	(46,708)	27,552
Overdraft	188,628,138	(7,027,040)	(6,639,141)	(13,666,181)	174,961,957
Term Loan	753,319,155	(1,400,831)	(9,018,452)	(10,419,283)	742,899,872
Time Loan	286,861,982	(448,337)	(1,164,900)	(1,613,237)	285,248,745
	1,270,121,392	**(9,173,223)**	**(17,732,860)**	**(26,906,083)**	**1,243,215,309**

Impairment on loans and advances to customers

In thousands of Naira	**Specific Impairment** **June 2016**	 **December 2015**	**Collective Impairment** **June 2016**	 **December 2015**
Balance beginning of year	9,173,223	6,340,159	17,732,860	10,665,978
Impairment loss for the period:				
- Charge for the period	3,869,004	2,833,064	3,781,140	7,066,882
Write-offs		-		-
Balance end of period	**13,042,227**	**9,173,223**	**21,514,000**	**17,732,860**

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 and equipment where the group is the lessor:

In thousands of Naira	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Gross investment in finance lease, receivable	9,666,206	8,963,579	9,387,348	8,657,125
Unearned finance income on finance leases	(2,055,939)	(1,631,622)	(2,005,979)	(1,552,925)
Net investment in finance leases	7,610,267	7,331,957	7,381,369	7,104,200
Gross investment in finance leases, receivable:				
Less than one year	1,736,955	4,094,867	1,681,221	3,932,588
Between one and five years	7,929,061	4,868,711	7,706,127	4,724,537
Later than five years		-		-
	9,666,016	8,963,578	9,387,348	8,657,125
Unearned finance income on finance leases	(1,877,856)	(1,631,622)	(1,827,896)	(1,552,925)
Present value of minimum lease payments	7,788,160	7,331,956	7,559,452	7,104,200
Present value of minimum lease payments may be analysed as:				
- Less than one year	1,654,605	3,230,261	1,614,438	3,108,297
- Between one and five years	6,133,555	4,101,695	5,945,014	3,995,903
- Later than five years				

24 Pledged assets

In thousands of Naira	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Treasury bills	148,967,847	106,934,817	143,825,918	103,684,044
Government bonds	120,209,676	96,780,580	120,209,676	96,780,580
	269,177,523	**203,715,397**	**264,035,594**	**200,464,624**
The related liability for assets pledged as collateral include:				
Bank of Industry (BOI)	20,807,345	29,227,231	20,807,345	29,227,231

(i) The assets pledged as collateral include assets pledged to third parties under secured borrowing with the related liability disclosed above. Also included in pledged assets are assets pledged as collateral or security deposits to clearing house and payment agencies of N12.508bn (31 December 2015: N25.78Bn) for which there is no related liability. The pledges have been made in the normal course of business of the Bank. In the event of default, the pledgee has the right to realise the pledged assets.

25 Investment securities

Available for sale investment securities *In thousands of Naira*	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Debt securities				
Government bonds	11,699,701	51,205,831	11,310,755	51,205,831
Treasury bills	52,946,566	28,996,006	15,375,143	10,436,981
Eurobonds	6,248,990	6,524,859	5,565,313	6,016,748
Corporate bonds	3,481,900	3,473,524	3,481,900	3,473,524
Equity securities				
Equity securities with readily determinable fair values (i)	60,794,697	44,772,710	60,578,641	44,755,565
Unquoted equity securities at cost (ii)	3,145,697	3,145,697	3,145,697	3,145,697
	138,317,551	138,118,627	99,457,449	119,034,346
Specific allowance for impairment on equity securities	(3,381,481)	(3,326,077)	(3,381,481)	(3,326,077)
	134,936,070	**134,792,550**	**96,075,968**	**115,708,269**

(i) Equity securities with readily determinable fair values (carrying amount)

MTN Nigeria	11,809,616	8,317,689	11,809,616	8,317,689
Central securities clearing system limited	1,447,113	1,775,756	1,447,113	1,775,756
Nigeria interbank settlement system plc.	1,141,579	1,027,168	1,141,579	1,027,168
IBTC pension managers limited	669,580	1,144,748	669,580	1,144,748
Unified payment services limited	2,452,323	2,518,309	2,452,323	2,518,309
Africa finance corporation	41,079,816	28,658,942	41,079,816	28,658,942
Juli pharmacy plc	-	11,358	-	11,358
E-Tranzact	1,376,864	729,738	1,376,864	729,738
African export-import bank	10,625	2,675	10,625	2,675
FMDQ OTC Plc	111,484	147,746	111,484	137,746
Nigerian mortage refinance company plc.	202,346	200,000	202,346	200,000
Credit reference company	277,295	231,436	277,295	231,436
Others	216,056	7,145	-	-
	60,794,697	44,772,710	60,578,641	44,755,565

(ii) The fair value of the unquoted equity securities carried at cost cannot be reliably estimated as there are no active market for these financial instruments; they have therefore been disclosed at cost less impairment. These equity investments have been fully impaired and has a nil balance in the group financial statement.

Held to maturity investment securities
In thousands of Naira

Debt securities				
Treasury bills	8,095,495	7,687,281	-	-
Federal government bonds	56,190,672	31,962,858	54,654,895	31,044,676
State government bonds	5,320,871	6,550,060	5,320,871	6,550,060
Corporate bonds	1,653,484	3,580,595	1,653,484	1,684,150
Eurobonds	-	1,649,782	-	1,007,643
	71,260,522	51,430,576	61,629,250	40,286,529
Total	**206,196,592**	**186,223,126**	**157,705,218**	**155,994,798**

Specific allowance for impairment on available for sale investment securities at cost

In thousands of Naira	**Group June 2016**	**Group December 2015**	**Bank June 2016**	**Bank December 2015**
Balance, beginning of year	3,326,077	3,145,697	3,326,077	3,145,697
Translation difference	55,404	-	55,404	-
Additional allowance	-	180,380	-	180,380
Balance, end of period	**3,381,481**	**3,326,077**	**3,381,481**	**3,326,077**

26 Other assets

In thousands of Naira	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Financial assets				
Accounts receivable	24,977,152	37,555,560	18,630,716	34,067,809
Receivable on E-business channels	6,113,240	9,163,800	6,113,240	9,163,800
Receivable from disposal of Non-current asset	21,970,818	22,578,046	21,970,818	22,578,046
Receivable from AMCON	5,498,909	5,498,909	5,498,909	5,498,909
Subscription for investment	25,001	25,001	1,780,344	861,759
	58,585,120	74,821,316	53,994,027	72,170,323
Non-financial assets				
Prepayments	34,589,777	10,234,249	30,377,762	8,494,119
Inventory	713,669	619,515	713,669	619,516
	35,303,446	10,853,764	31,091,431	9,113,635

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 period of service. These include NDIC premium, rents, AMCON surcharge, and advertisements.

Receivable from AMCON represents a receivable from the Asset Management Corporation of Nigeria (AMCON) in connection with the acquisition of Intercontinental bank in line with the Transaction Implementation Agreement (TIA) entered with the bank. The receivable is expected to be settled via consideration such as Cash and Bonds issued by AMCON.

	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Gross other assets	93,888,566	85,675,080	85,085,458	81,283,958
Allowance for impairment on financial assets				
Accounts receivable	(2,815,242)	(2,635,576)	(2,815,241)	(2,635,576)
Subscription for investment	(25,001)	(25,001)	(25,001)	(25,001)
	91,048,323	**83,014,503**	**82,245,216**	**78,623,381**

The increase in the other assets is attributed to receivable from disposal of non- current assets held for sale. The bank's non-current assets held for sale (Maiyegun landed property) was disposed in 2015. An agreement was entered into with the buyers to pay instalmentally over a period of time. Risks and rewards have been transferred to the buyers.

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 2015	22,296,170	25,001	22,296,170	25,001
Impairment loss for the year:				
- Additional provision	3,276,197	-	3,276,197	-
- Provision no longer required	(71,655)	-	(71,655)	-
Net impairment	3,204,542	-	3,204,542	-
Allowance written off	(22,865,136)	-	(22,865,136)	-
Balance as at 31 December 2015/1 January 2016	2,635,576	25,001	2,635,576	25,001
Impairment loss for the year:				
- Additional provision	906,933	-	906,933	-
- Provision no longer required				
Net impairment	906,933	-	906,933	-
Allowance written off	(727,268)	-	(727,268)	-
Balance as at 30 June 2016	2,815,241	25,001	2,815,241	25,001

During the course of the year, the bank wrote off N727Mn of other assets. The receivables largely arose from the business combination with erstwhile Intercontinental Bank Plc and full provisions had been made. Having been outstanding for a prolonged period of time, the bank deemed it appropriate to write them off

27(a) Subsidiaries (with continuing operations)

(i) Group entities

Set out below are the group's subsidiaries as at 30 June 2016. 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

	Nature of business	Country of incorporation	Ownership interest June 2016	Ownership interest December 2015
Access Bank Gambia Limited	Banking	Gambia	64%	64%
Access Bank Sierra Leone Limited	Banking	Sierra Leone	97%	97%
Access Bank Rwanda Limited	Banking	Rwanda	75%	75%
Access Bank Zambia	Banking	Zambia	92%	92%
The Access Bank UK	Banking	United Kingdom	100%	100%
Access Bank R.D. Congo	Banking	Congo	74%	74%
Access Bank Ghana	Banking	Ghana	92%	92%
Access Finance B.V.	Banking	Netherlands	100%	100%

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

(ii) Subsidiaries undergoing liquidation

	Nature of business	Country of incorporation	Ownership interest June 2016	Ownership interest December 2015
Flexmore Technologies Limited	IT Services	Nigeria	0%	0%

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

On 13 April 2016, the Corporate Affairs Commission (CAC) gave approval for the liquidation of the entity with a three month notice period starting 1 April 2016. At the expiration of the notice period, the entity is considered liquidated.

(iii) Structured entities:

	Nature of business	Country of incorporation	Ownership interest June 2016	Ownership interest December 2015
Restricted Share Performance Plan (RSPP)	Financial services	Nigeria	100%	100%

27(b) Investment in subsidiaries

In thousands of Naira	Bank June 2016	Bank December 2015
Subsidiaries with continuing operations		
Access Bank, UK	18,501,269	18,501,269
Access Bank, Ghana	13,704,428	13,704,428
Access Bank Rwanda	1,578,825	1,578,825
Access Bank, Congo	2,779,650	2,779,650
Access Bank, Zambia	4,274,925	4,274,925
Access Bank, Gambia	1,853,756	1,853,756
Access Bank, Sierra Leone	1,019,951	1,019,951
Investment in RSPP scheme	2,907,674	1,722,350
Access Bank Finance B.V.	4,092	4,092
Subsidiaries undergoing liquidation		
Flexmore Technologies Limited	100,000	100,000
	46,724,570	45,539,246
Specific allowances for impairment on investment in subsidiaries	(100,000)	(100,000)
Balance, end of period	**46,624,570**	**45,439,246**

Specific allowances for impairment on investment in subsidiaries

In thousands of Naira	Bank June 2016	Bank December 2015
Balance, beginning of year	100,000	100,000
Allowance written off	-	-
Balance, end of year	100,000	100,000

Based on the contractual arrangements between the Group and the shareholders in each of the entities, the Group has the power to appoint and remove the majority of the board of Directors of each entity.

The relevant activities of each of the listed subsidiaries are determined by the Board of Directors of each entity based on simple majority shares. Therefore, the directors of the Group concluded that the Group has control over each of the above listed entities and were consolidated in the group financial statements.

27 (c) Condensed results of consolidated entities

(i) The condensed financial data of the consolidated entities as at 30 June 2016, are as follows:

Condensed profit and loss *In thousands of naira*	**The Access Bank UK**	**Access Bank Ghana**	**Access Bank Rwanda**	**Access Bank (R.D. Congo)**	**Access Bank Zambia**	**Access Bank Gambia**	**Access Bank Sierra Leone**	**Access Bank Investment in RSPP**	**Access Bank B.V.**
Operating income	4,025,567	12,429,093	1,210,466	992,359	927,816	503,243	443,206	59,193	3,261,433
Operating expenses	(2,531,313)	(8,840,135)	(927,729)	(772,723)	(801,079)	(382,166)	(381,569)	-	(2,524,088)
Net impairment on financial assets	-	(1,456,159)	(24,955)	(895)	(101,872)	(3,203)	-	-	-
Profit before tax	1,494,254	2,132,799	257,782	218,741	24,865	117,874	61,637	59,193	737,345
Taxation	(298,851)	(747,644)	(96,522)	-	-	(8,370)	(4,043)		(4,354)
Profit for the period	1,195,403	1,385,155	161,260	218,741	24,865	109,504	57,594	59,193	732,991
Assets									
Cash and balances with banks	180,249,774	36,237,936	11,358,358	5,703,893	7,597,050	1,930,475	1,414,689	-	3,308,325
Pledged assets	-	-	-	-	-	5,141,929	-	-	-
Derivative financial instruments	243,726	-	-	-	-	-	-	-	-
Loans and advances to banks	97,993,995	-	-	-	-	-	-	-	98,576,490
Loans and advances to customers	62,180,545	85,971,455	11,884,102	11,252,979	4,194,898	1,031,373	606,187	-	-
Investment securities	3,277,752	35,842,720	3,815,736	-	2,091,176	-	3,463,990	-	-
Other assets	1,066,052	6,904,049	581,086	1,004,683	1,655,220	218,015	385,618	-	-
Investment in associates	-	-	-	-	-	-	-	-	-
Investment in subsidiaries	-	-	-	-	-	-	-	2,907,675	-
Property and equipment	109,611	7,746,854	302,681	1,242,428	636,943	759,092	359,158	-	-
Intangible assets	341,610	336,081	469,044	61,546	46,606	105,496	24,552	-	-
Deferred tax assets	-	715,324	-	-	375,760	-	114,635	-	-
	345,463,065	173,754,419	28,411,007	19,265,529	16,597,653	9,186,380	6,368,829	2,907,675	101,884,815
Financed by:									
Deposits from banks	207,882,342	9,739,786	-	-	682,497	-	-	-	-
Deposits from customers	102,789,610	131,708,380	22,074,476	13,493,311	12,846,175	5,376,926	4,422,547	-	-
Derivative Liability	1,589,794	-	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-	100,974,039
Retirement benefit obligations	-	-	-	-	-	-	7,073	-	-
Current income tax liability	46,291	823,021	39,485	35,568	-	-	-	-	44,207
Other liabilities	2,061,250	3,887,069	2,165,277	911,228	145,799	916,585	521,299	-	(155,453)
Borrowings	-	103,523	57,174	-	-		-	-	-
Deferred tax liability	-	203,030	198,524	-	-	74,508	-	-	-
Equity	31,093,778	27,289,610	3,876,071	4,825,422	2,923,182	2,818,361	1,417,910	2,907,675	1,022,022
	345,463,065	173,754,419	28,411,007	19,265,529	16,597,653	9,186,380	6,368,829	2,907,675	101,884,815
Net cashflow from investing activities	1,994,406	(8,643,815)	(989,210)	(135,946)	1,059,644	(639,740)	(19,873)	-	-
Net cashflow from financing activities	-	200,199	920,894	-	-	-	-	-	1,372,464
Increase in cash and cash equivalents	122,257,654	29,226,974	463,224	(1,365,535)	1,201,421	(264,891)	(724,689)	-	(9,008)
Cash and cash equivalent, beginning of year	44,642,519	27,916,021	7,867,697	5,165,455	4,108,425	1,792,049	1,318,767	-	223,305
Effect of exchange rate fluctuations on cash held	12,666,055	-	3,027,437	1,896,295	1,922,220	551,128	(59,049)	-	98,494
Cash and cash equivalent, end of period	179,566,228	57,142,995	11,358,358	5,696,215	7,232,066	2,078,286	535,029	-	312,791

27 (d) Condensed results of consolidated entities
(i) The condensed financial data of the consolidated entities, are as follows:

Condensed income statement for the period ended 30 June 2015

Condensed profit and loss
In thousands of naira

	The Access Bank UK	Access Bank Ghana	Access Bank Rwanda	Access Bank (R.D. Congo)	Access Bank Zambia	Access Bank Gambia	Access Bank Sierra Leone	Access Bank Investment in RSPP	Access Bank B.V.
Operating income	3,105,122	9,728,974	939,477	898,579	912,616	578,970	409,492	29,331	3,152,654
Operating expenses	(2,029,735)	(6,746,575)	(836,190)	(702,515)	(896,785)	(351,275)	(311,758)	-	2,760,797
Net impairment on financial assets	-						-	-	-
Profit before tax	1,075,387	2,982,399	103,287	196,064	15,831	227,695	97,734	29,331	5,913,451
Taxation	(225,831)	(1,308,913)	(35,688)	(68,622)	(57,129)	(8,271)	(29,015)		24,969
Profit for the year	849,556	1,673,486	67,599	127,442	(41,297)	219,424	68,720	29,331	5,938,420
Financial Position as at 31 December 2015									
Assets									
Cash and balances with banks	45,245,533	34,911,799	7,637,323	5,171,427	4,375,250	1,762,148	2,133,665	-	2,327,751
Derivative financial instruments	63,528	-	-	-	-	-	-	-	-
Loans and advances to banks	86,554,437	-	-	-	-	-	-	-	69,584,024
Loans and advances to customers	42,761,574	62,251,287	6,669,073	6,262,020	3,100,601	824,185	746,783	-	-
Pledged assets	-	-	-	-	-	3,250,773	-	-	-
Investment securities	4,181,497	18,313,343	2,008,702	-	2,042,227	-	3,763,874	-	-
Other assets	714,834	3,604,904	239,902	559,934	1,252,686	124,350	262,785	-	-
Investment in subsidiaires	-	-	-	-	-	-	-	1,722,350	-
Property and equipment	292,135	4,780,307	42,002	916,619	425,257	619,042	354,179	-	-
Intangible assets	29,644	276,988	307,609	32,550	44,055	59,861	30,994	-	-
Deferred tax assets	-	266,434	-	-	277,836		120,510	-	-
	179,843,182	**124,405,062**	**16,904,611**	**12,942,550**	**11,517,912**	**6,640,359**	**7,412,790**	**1,722,350**	**71,911,775**
Financed by:									
Deposits from banks	103,782,307	13,714,385	-	-	583,834	-	-	-	-
Deposits from customers	50,042,098	88,548,465	13,440,311	8,904,983	9,426,433	4,103,594	5,033,441	-	-
Derivative Liability	672,406	-	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-	71,336,985
Retirement benefit obligations	-	-	-	-	-	-	8,471	-	-
Current income tax liability	482,483	756,851	(5,372)	23,834	28,989	-	-	-	51,728
Other liabilities	1,837,532	2,701,530	937,044	672,699	(481,930)	438,292	942,628	-	(164,701)
Contingent settlement provisions	-	55,186	-	-	-	-	-	-	-
Deferred tax liability	-	149,719	61,570	-	-	55,355	-	-	-
Equity	23,026,356	18,478,926	2,471,058	3,341,034	1,960,586	2,043,118	1,428,250	1,722,350	687,763
	179,843,182	**124,405,062**	**16,904,611**	**12,942,550**	**11,517,912**	**6,640,359**	**7,412,790**	**1,722,350**	**71,911,775**
Net cashflow from investing activities	17,935,552	(2,660,525)	761,628	(122,315)	(442,024)	(119,630)	(786,315)	-	-
Net cashflow from financing activities	4,400,100	(830,053)	583,202	-	-	-	-	-	6,914,832
Increase/(Decrease) in cash and cash equivalents	25,849,261	2,343,374	1,318,540	1,284,155	1,565,905	423,797	(486,379)	-	74,738
Cash and cash equivalent, beginning of year	19,396,272	28,250,473	6,490,163	3,511,969	7,794,994	1,144,460	1,630,878	-	76,333
Cash and cash equivalent, end of period	-	-	-	-	-	-	-	-	117,168
Cash and cash equivalent, end of period	45,245,533	30,593,847	7,808,703	4,796,124	9,360,900	1,568,257	1,144,498	-	268,239

28 Property and equipment

Group

In thousands of Naira

	Land and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Cost						
Balance at 1 January 2016	57,073,875	17,762,955	29,241,820	9,898,894	7,755,533	121,733,077
Acquisitions	2,594,537	2,803,044	2,845,460	665,338	759,541	9,667,920
Disposals	(4,682)	(165,225)	(289,243)	(208,975)	(3,250)	(671,375)
Transfers	2,904,569	74,812	58,191	-	(3,353,802)	(316,230)
Write-offs	-	-	(117)	-	(64,925)	(65,042)
Translation difference	1,266,520	403,761	699,265	260,679	661,490	3,291,715
Balance at 30 June 2016	**63,834,819**	**20,879,347**	**32,555,376**	**10,615,936**	**5,754,587**	**133,640,065**
Balance at 1 January 2015	54,681,145	15,712,421	25,564,194	8,366,282	7,016,361	111,340,403
Acquisitions	2,968,814	1,874,068	4,683,327	2,155,869	2,212,955	13,895,033
Disposals	(629,392)	(672,148)	(587,871)	(870,818)	(404,199)	(3,164,428)
Transfers	122,018	711,695	69,259	52,446	(955,418)	-
Write offs	-	-	-	-	(58,394)	(58,394)
Translation difference	(68,710)	136,919	(487,089)	195,115	(55,772)	(279,537)
Balance at 31 December 2015	57,073,875	17,762,955	29,241,820	9,898,894	7,755,533	121,733,077

Depreciation and impairment losses	Leasehold improvement and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Balance at 1 January 2016	9,286,024	12,318,555	20,442,415	6,356,156	-	48,403,150
Charge for the period	809,547	1,155,724	1,657,998	561,252	-	4,184,521
Disposal	(562)	(164,292)	(296,088)	(191,607)	-	(652,549)
Write-Offs	-	-	(117)	-	-	(117)
Translation difference	359,180	510,638	413,953	319,523	-	1,603,294
Balance at 30 June 2016	**10,454,189**	**13,820,625**	**22,218,161**	**7,045,324**	**-**	**53,538,299**
Balance at 1 January 2015	7,723,192	10,955,180	17,509,380	5,492,944	-	41,680,695
Charge for the year	1,652,283	1,841,749	3,589,272	1,531,833	-	8,615,138
Disposal	(66,157)	(671,981)	(579,859)	(804,134)	-	(2,122,131)
Translation difference	(23,294)	193,607	(76,378)	135,513	-	229,448
Balance at 31 December 2015	9,286,024	12,318,555	20,442,415	6,356,156	-	48,403,150
Carrying amounts:						
Balance at 30 June 2016	**53,380,630**	**7,058,722**	**10,337,215**	**3,570,612**	**5,754,587**	**80,101,766**
Balance at 31 December 2015	47,787,851	5,444,400	8,799,405	3,542,738	7,755,533	73,329,927

28 Property and equipment
Bank

In thousands of Naira	Land and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Cost						
Balance at 1 January 2016	52,737,674	15,863,065	26,748,469	8,644,919	5,388,964	109,383,091
Acquisitions	1,758,993	2,317,489	2,366,175	348,037	3,874	6,794,568
Disposals	(1,047)	(165,225)	(289,243)	(130,923)	(3,250)	(589,688)
Transfers	1,504,158	-	29,306	-	(1,533,464)	-
Write-Offs	-	-	-	-	(64,925)	(64,925)
Balance at 30 June 2016	**55,999,778**	**18,015,329**	**28,854,707**	**8,862,033**	**3,791,199**	**115,523,046**
Balance at 1 January 2015	50,672,751	14,220,988	23,331,037	7,457,145	6,185,630	101,867,551
Acquisitions	2,648,337	1,601,863	3,975,251	1,870,477	496,193	10,592,121
Disposals	(629,392)	(668,870)	(587,831)	(735,149)	(396,944)	(3,018,186)
Transfers	45,979	709,084	30,012	52,446	(837,521)	-
Write-Offs	-	-	-	-	(58,394)	(58,394)
Balance at 31 December 2015	52,737,675	15,863,065	26,748,469	8,644,919	5,388,964	109,383,092

Depreciation and impairment losses	Leasehold improvement and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Balance at 1 January 2016	8,207,291	10,985,168	18,767,401	5,522,848	-	43,482,708
Charge for the period	706,949	1,059,982	1,422,885	473,234	-	3,663,050
Disposal	(562)	(164,292)	(288,135)	(114,722)	-	(567,711)
Balance at 30 June 2016	**8,913,678**	**11,880,858**	**19,902,151**	**5,881,360**	**-**	**46,578,047**
Balance at 1 January 2015	6,782,532	9,982,857	16,071,183	4,870,652	-	37,707,223
Charge for the year	1,476,578	1,671,014	3,276,037	1,338,662	-	7,762,292
Disposal	(51,819)	(668,703)	(579,819)	(686,466)	-	(1,986,806)
Balance at 31 December 2015	8,207,291	10,985,168	18,767,401	5,522,848	-	43,482,708
Carrying amounts:						
Balance at 30 June 2016	**47,086,100**	**6,134,471**	**8,952,556**	**2,980,673**	**3,791,199**	**68,944,999**
Balance at 31 December 2015	44,530,384	4,877,897	7,981,068	3,122,071	5,388,964	65,900,384

(a) The amount of contractual commitments for the acquisition of property and equipment as at 30 June 2016 is N1,797,201,553 (31 Dec 2015: N330,891,261)

(b) Estimates of useful life and residual value, and the method of depreciation, are reviewed at a minimum at each reporting period. Any changes are accounted for prospectively as a change in estimate.

29 Intangible assets

Group

In thousands of Naira	Goodwill	WIP	Purchased Software	Total
Cost				
June 2016				
Balance at 1 January 2016	681,007	-	12,060,445	12,741,452
Acquisitions	-	231,569	716,924	948,493
Transfer	-	-	316,229	316,229
Write off	-	-	-	-
Translation difference	-	-	598,960	598,960
Balance at 30 June 2016	**681,007**	**231,569**	**13,692,558**	**14,605,134**
December 2015				
Balance at 1 January 2015	681,007	740,711	9,946,474	11,368,192
Acquisitions	-	-	2,146,643	2,146,643
Transfer	-	(740,711)	740,711	-
Write off	-	-	(512,802)	(512,802)
Translation difference			(260,581)	(260,581)
Balance at 31 December 2015	681,007	-	12,060,445	12,741,452
Amortization and impairment losses				
Balance at 1 January 2016	-	-	6,300,836	6,300,836
Amortization for the period	-	-	930,809	930,809
Write off	-	-	-	-
Translation difference	-	-	346,603	346,603
Balance at 30 June 2016	-	-	**7,578,248**	**7,578,248**
Balance at 1 January 2015	-	-	5,775,201	5,775,201
Amortization for the period	-	-	1,483,193	1,483,193
Write off	-	-	(512,802)	(512,802)
Translation difference	-	-	(444,756)	(444,756)
Balance at 31 December 2015	-	-	6,300,836	6,300,836
Net Book Value				
Balance at 30 June 2016	**681,007**	**231,569**	**6,114,310**	**7,026,886**
Balance at 31 December 2015	681,007	-	5,759,609	6,440,616

Bank

In thousands of Naira	WIP	Purchased Software	Total
Cost			
June 2016			
Balance at 1 January 2016	-	10,348,678	10,348,678
Acquisitions	231,569	568,818	800,387
Reclassification	-	-	-
Transfers	-	-	-
Write off	-	-	-
Balance at 30 June 2016	231,569	10,917,496	11,149,065
December 2015			
Balance at 1 January 2015	740,711	8,255,600	8,996,311
Acquisitions	-	1,865,169	1,865,169
Reclassification	-	-	-
Transfers	(740,711)	740,711	-
Write off		(512,802)	(512,802)
Balance at 31 December 2015	-	10,348,678	10,348,678
Amortization and impairment losses			
Balance at 1 January 2016	-	5,370,770	5,370,770
Amortization for the period	-	817,351	817,351
Write off	-	-	-
Balance at 30 June 2016	-	6,188,121	6,188,121
Balance at 1 January 2015	-	4,559,497	4,559,497
Amortization for the period	-	1,324,075	1,324,075
Write off		(512,802)	(512,802)
Balance at 31 December 2015	-	5,370,770	5,370,770
Carrying amounts			
Balance at 30 June 2016	**231,569**	**4,729,375**	**4,960,944**
Balance at 31 December 2015	-	4,977,908	4,977,908

There were no capitalised borrowing costs related to the internal development of software during the period under review, 30 June 2016 (2015: nil). Computer software has a definite useful life of not more than five years in line with the Bank's accounting policy, while Goodwill has an indefinite useful life and is annually assessed for impairment.

The work in progress relates to the cost of the CR2 Omnichannel Banking solution aimed at providing a unique experience to customers at every touch point and empowering the bank to create, manage and deliver personalied product offerings and services to each customers or customer group across all channels.

Amortization method used is straight line.

29(b) Intangible assets

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

In thousands of Naira	June 2016	December 2015
Access Bank Rwanda	681,007	681,007
	681,007	681,007

The recoverable amount of Goodwill as at 30 June 2016 is greater than its carrying amount and is thus not impaired.

(ii) Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. Impairment assessment has been performed for the period, while no losses on goodwill were recognized during the period under review 30 June 2016 (31 December 2015: Nil)

The recoverable amount of Goodwill as at 30 June 2016 was greater than its carrying amount and is thus not impaired.
The recoverable amount was determined using a value-in-use computation as N5.25bn

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

	Access Bank Rwanda
Compound annual volume growth (i)	7.96%
Long term growth rate (ii)	2.80%
Discount rate (ii)	19.10%
Revenue Growth	17.10%

(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 period.
(ii) Pre-tax discount rate applied to the cash flow projections.

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

Discount Rate
Pre-tax discount rate of 19.10% was applied in determining the recoverable amounts for the only entity with goodwill (Access Bank Rwanda). This discount rate was estimated using the risk-free rate and the country risk premium for Rwanda.

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

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

Revenue Growth
Revenue growth were projected based on past growth, actual operating income and the company's 4 year strategic plan. The revenue growth of 17.1% represents the average revenue growth of 4 years. The revenue growth was used to project the cashflow for the business.

Sensitivity analysis of key assumptions used

	10% increase	10% decrease
Impact of change in discount rate on value-in-use computation	(563,166)	712,611
Impact of change in growth rate on value-in-use computation	60,273	(58,238)
Impact of change in revenue growth on value-in-use computation	288,817	(288,817)

30 Deferred tax assets and liabilities

(a) Group

Deferred tax assets and liabilities are attributable to the following:

In thousands of Naira	June 2016			December 2015		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property and equipment, and software	11,579,838		11,579,838	11,259,522	-	11,259,522
Allowances/(Reversal) for loan losses	9,742,955	-	9,742,955	10,791,440	-	10,791,440
Tax loss carry forward	331,135	-	331,135	9,385,122	-	9,385,122
Exchange gain/(loss) unrealised	-	(19,046,404)	(19,046,404)	-	(22,630,791)	(22,630,791)
Fair value gain on investment property	-	-	-	-	(13,349)	(13,349)
Employee benefits	11,522	(2,373)	9,149	4,452	(111,469)	(107,017)
Actuarial loss on retirement benefit obligation	1,894,041	-	1,894,041	1,894,041	-	1,894,041
Deferred tax assets (net)	23,559,491	(19,048,777)	4,510,714	33,334,577	(22,755,609)	10,578,968

(b) Bank

Deferred tax assets and liabilities are attributable to the following:

In thousands of Naira	June 2016			December 2015		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property and equipment, and software	11,586,704	-	11,586,704	11,092,769	-	11,092,769
Allowances/(Reversal) for loan losses	9,690,556	-	9,690,556	10,496,790	-	10,496,790
Tax loss carry forward	-	-	-	9,328,023	-	9,328,023
Exchange gain/(loss) unrealised	-	(19,390,243)	(19,390,243)	-	(22,630,791)	(22,630,791)
Fair value gain on investment property	-	-	-	-	-	-
Actuarial loss on retirement benefit obligation	1,894,040	-	1,894,040	1,894,041	-	1,894,041
Net deferred tax assets/(liabilities)	23,171,300	(19,390,243)	3,781,057	32,811,623	(22,630,791)	10,180,832

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 2016 (31 December 2015: nil)

	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Deferred income tax assets				
– Deferred income tax asset to be recovered after more than 12 months	10,074,090	20,176,562	9,690,556	19,824,813
– Deferred income tax asset to be recovered within 12 months	13,485,401	13,158,015	13,480,744	12,986,810
	23,559,491	33,334,578	23,171,300	32,811,623
Deferred income tax liabilities				
– Deferred income tax liability to be recovered after more than 12 months	(19,046,404)	(22,630,791)	(19,390,243)	(22,630,791)
– Deferred income tax liability to be recovered within 12 months	(2,373)	(124,818)	-	-
	(19,048,777)	(22,755,609)	(19,390,243)	(22,630,791)

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

In thousands of Naira	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Balance, beginning of year	10,578,968	10,822,946	10,180,831	10,128,537
Tax charge	(6,466,457)	(684,222)	(6,399,774)	(402,545)
Translation adjustments	398,202	(14,595)	-	-
Items included in OCI	-	454,839	-	454,839
Net deferred tax assets/(liabilities)	4,510,713	10,578,968	3,781,057	10,180,831
Out of which				
Deferred tax assets	23,559,491	33,334,577	23,171,300	32,811,623
Deferred tax liabilities	(19,048,777)	(22,755,609)	(19,390,243)	(22,630,791)

Temporary difference relating to the Group's Investment in subsidiaries as at June 2016 is Nxxxbillion (Dec 2015: N3.0 billion). As the Group exercises control over the subsidiaries, it has the power to control the timing of the reversals of the temporary difference arising from its investments in them. The group has determined that the subsidiaries' profits and reserves will not be distributed in the foreseeable future and that the subsidiaries will not be disposed of. Hence, the deferred tax arising from the temporary differences above will not be recognised.

Items included in Other Comprehensive Income

In thousands of Naira	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Actuarial gain/loss on retirement benefit obligation				
Gross loss on retirement benefit obligation	-	1,516,131	-	1,516,131
Deferred tax @ 30%	-	(454,839)	-	(454,839)
Net balance loss after tax	-	1,061,292	-	1,061,292

31 Assets classified as held for sale

In 2013, Access Bank Plc took over collateral of some customers and these were recorded in the books as Investment properties, as the Bank had no intention to make use of the property for administrative use. Management initiated a plan to dispose of these assets to willing buyers to comply with the CBN directive to dispose of its non-core assets and thus has been classified as assets held for sale. Management expects to have completed the transaction before the end of the next financial period. This amount has been presented in Note 7 as unallocated segment in accordance with IFRS 8. These Assets have been valued by reputable estate surveyors and valuers using the comparable transactions method of valuation to arrive at the open market value. The valuers used bythe bank are Azuka Iheabunike & Partners and the Valuation was done in 2013
The Valuation Technique used by the valuer is Market Approach using Level 2 Inputs
The Bank’s Asset which is located in Lagos State, include Flats at Salvador and Eric Moore Towers. The Bank's intention is to systematically dispose of the Flats at Eric Moore towers, Salvador towers within 12months

Assets held for sale

In thousands of Naira	**Group June 2016**	**Group December 2015**	**Bank June 2016**	**Bank December 2015**
Balance at 1 January 2016	179,843	23,438,484	179,843	23,438,484
Transfer from investment properties	-	-	-	-
Disposals	(39,116)	(23,258,641)	(39,116)	(23,258,641)
Fair value gain on assets held for sale	-	-	-	-
Balance at 30 June 2016	**140,727**	**179,843**	**140,727**	**179,843**

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

32 Deposits from financial institutions

In thousands of Naira	**Group June 2016**	**Group December 2015**	**Bank June 2016**	**Bank December 2015**
Money market deposits	149,874,136	35,923,012	62,241,706	1,522,968
Trade related obligations to foreign banks	59,108,522	36,991,409	55,219,040	61,820,817
	208,982,658	**72,914,421**	**117,460,746**	**63,343,785**

33 Deposits from customers

In thousands of Naira	**Group June 2016**	**Group December 2015**	**Bank June 2016**	**Bank December 2015**
Term deposits	794,485,671	706,327,211	705,864,471	632,818,563
Demand deposits	1,021,490,528	838,954,263	880,644,584	767,609,081
Saving deposits	154,447,507	137,962,846	139,518,398	127,786,239
	1,970,423,706	**1,683,244,320**	**1,726,027,453**	**1,528,213,883**

34 Other liabilities

In thousands of Naira	**Group June 2016**	**Group December 2015**	**Bank June 2016**	**Bank December 2015**
Financial liabilities				
Certified and bank cheques	3,325,126	1,780,404	2,117,012	1,676,220
E-banking payables	5,892,421	8,925,439	5,767,262	8,920,286
Collections account balances	18,924,101	28,271,575	18,788,411	28,249,768
Due to subsidiaries	-	-	252,604	914,789
Accruals	4,762,409	2,214,382	3,013,362	747,829
Creditors	5,667,268	1,904,665	3,185,008	1,622,762
Customer deposits for foreign exchange	22,174,824	7,973,447	21,431,256	7,973,447
Agency services	76,393	9,506	32,089	9,506
Unclaimed dividend	10,976,875	10,350,486	10,976,875	10,350,486
Security deposit on Swap deal	8,490,000	-	8,490,021	-
Other financial liabilities	9,846,421	3,847,417	6,867,122	2,406,392
	90,135,838	65,277,321	80,921,022	62,871,485
Non-financial liabilities				
Litigation claims provision (see (i)below)	613,886	1,220,780	613,886	1,220,780
Other current non-financial liabilities	1,211,696	2,857,846	623,613	2,093
Total other liabilities	**91,961,420**	**69,355,947**	**82,158,521**	**64,094,358**

Increase in customer deposits for foreign exchange is attributable to the change in the Bank's process which requires all customers with foreign obligations to deposit foreign currency to back these transactions due to the prevailing FX environment.

(i) Movement in litigation claims provision	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Opening balance	1,220,780	311,120	1,220,780	311,120
Additions	49,496	920,200	49,496	920,200
Payment	(656,390)	-	(656,390)	-
Provision no longer required	-	(10,540)	-	(10,540)
Closing balance	**613,886**	**1,220,780**	**613,886**	**1,220,780**

35 Debt securities issued

In thousands of Naira	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Debt securities at amortized cost:				
Eurobond debt from Access Bank B.V (see (i) below)	100,974,039	71,336,985	-	-
Eurobond debt security (see (ii) below)	111,510,594	78,516,655	111,510,594	78,516,655
	212,484,633	**149,853,640**	**111,510,594**	**78,516,655**

(i) This refers to US$350,000,000 guaranteed notes with amortized cost of N101,720,453 as at 30 June 2016 issued on 25 July 2012 by Access Finance B.V., Netherlands with a maturity date of 25 July 2017;

(ii) This refers to US$400,000,000 subordinate notes with amortized cost of N111,510,594 of 9.25% resettable interest issued on 24 June 2014 by Access Bank Nigeria with a maturity date of 24 June 2021.

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

36 Interest bearing borrowings

In thousands of Naira	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
African Development Bank (see note (a))	30,883,605	18,920,425	30,883,605	18,920,425
Netherlands Development Finance Company (see note (b))	1,671,071	1,363,990	1,671,071	1,363,990
French Development Finance Company (see note (c))	12,605,954	10,212,950	12,605,954	10,212,950
European Investment Bank (see note (d))	27,227,162	14,237,242	27,227,162	14,237,242
International Finance Corporation (see note (e))	4,732,955	4,997,286	4,732,955	4,997,286
Central Bank of Nigeria under the Commercial Agriculture Credit Scheme (see note (f))	5,388,789	5,544,920	5,388,789	5,544,920
Bank of Industry-Intervention Fund for SMEs (see note (g))	6,679,273	7,193,737	6,679,273	7,193,737
Bank of Industry-Power & Airline Intervention Fund (see note (h))	14,128,072	15,188,861	14,128,072	15,188,861
Access Finance B.V. (see note (i))	-	-	101,720,734	71,523,252
Special Refinancing & Restructuring Intervention fund (SRRIF) see note	6,844,633	6,844,633	6,844,633	6,844,633
Central Bank of Nigeria - Salary Bailout facilities (see note (k))	66,062,201	56,442,213	66,062,201	56,442,213
Central Bank of Nigeria - Excess Crude Account (see note (l))	127,136,233	90,000,000	127,136,233	90,000,000
Other loans and borrowings	710,243	520,904	549,546	450,478
	304,070,191	**231,467,161**	**405,630,228**	**302,919,987**

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

(a) The amount of N30,883,604,577 (USD 109, 140,915) represents the outstanding balance in the on-lending facility granted to the Bank by ADB (Africa Development Bank) in two tranches one in August 2007 (USD 35m)for a period of 9 years, another in August 2014 (USD 90m) for a period of 10years and the other in June 2016 (USD 10m) . The principal amount is repayable semi-annually from February 2010 for the first tranche and February 2017 for the second and third tranche. Interest is paid semi annually at 3% above 6 months LIBOR. The annual effective interest rate is 4.28% ,2.00% and 2.04% respectively. From this creditor, the bank has nil undrawn balance as at 30 June 2016.

(b) The amount of N1,671,070,878 (USD 5,905,470) represents the outstanding balance in the on-lending facility granted to the Bank by the Netherlands Development Finance Company effective from 15 December 2012 and disbursed in February 2013 (USD 10m) for a period of 6.5 years. The principal amount is repayable semi-annually from December 2015 while interest is paid semi annually at 3% above 6 months LIBOR. The annual effective interest rate is 5.16%. From this creditor, the bank has nil undrawn balance as at 30 June 2016.

(c) The amount of N12,605,954,079 (USD 44,548,730) represents the outstanding balance in the on-lending facility granted to the Bank by the French Development Finance Company effective from 15 December 2012 and disbursed in four tranches; February 2013 (USD 6m) , October 2013 (USD 15m) , October 2013 (USD 9m) and November 2014 (USD 30m) for a period of 6.5 years each and 5 years respectively. The principal amount is repayable semi-annually from December 2014 with the latter repayable from January 2016 while interest is paid semi annually at 3% above 6 months LIBOR. The annual effective interest rate is 4.36% for the first tranche, 4.04% for the second tranche, 4.06% for the third tranche and 3.57% for the fourth tranche. From this creditor, the bank has nil undrawn balance as at 30 June 2016.

(d) The amount of N22,227,162,311 (USD 96,219,254) 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 29.75m) and March 2016 (USD 27.1m) for a period of 6 years each for the first three and period of 8 years each for the last two. The average annual effective interest rates are 3.48%, 2.97% , 3.18%, 2.97% and 2.97% respectively. From this creditor, the bank has nil undrawn balance as at 30 June 2016.

(e) The amount of N4,732,955,078 (USD 16,725,996) represents the outstanding balance on the on-lending facilities granted to the Bank by the International Finance Corporation (IFC) in November 2013 (USD 50m) for a period of 5 years. The principal amount is repayable semi-annually from December 2014 while interest is paid semi annually at 4% above 6months LIBOR. The annual effective interest rate is 4.80%.From this creditor, the bank has nil undrawn balance as at 30 June 2016.

(f) The amount of N5,388,788,828 represents the outstanding balance in the on-lending facility granted to the Bank by Central Bank of Nigeria in collaboration with the Federal Government of Nigeria (FGN) in respect of Commercial Agriculture Credit Scheme (CACS) established by both CBN and the FGN for promoting commercial agricultural enterprises in Nigeria. The facility is for a maximum period of 7 years at a zero percent interest rate to the Bank. The Bank did not provide security for this facility.From this creditor, the bank has nil undrawn balance as at 31 December 2015.

(g) The amount of N6,679,272,729 represents an outstanding balance on the intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria for the purpose of refinancing or restructuring existing loans to Small and Medium Scale Enterprises (SMEs) and manufacturing companies. The total has a 15 year tenor. A management fee of 1% deductible at source is paid by the Bank under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. Though the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 30 June 2016.

(h) The amount of N14,128,072,432 represents the outstanding balance on intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria, to be applied to eligible power and airline projects. The total facility has a maximum tenor of 15 years. A management fee of 1% deductible at source is paid by the Bank under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. Though the facility is meant for on-lending to borrowers within the power and aviation sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 30 June 2016.

(i) The amount of N101,720,734,353 (USD350,000,000) represents the borrowings of Access Bank Plc from Access Finance BV in respect of the dollar guaranteed notes issued by Access Finance B.V., Netherlands which is due on 25 July 2017. The notes were issued on 25 July 2012 for a period of 5 years with the principal amount repayable at the end of the tenor while interest on the Notes is payable semi-annually at 7.34%, in arrears on 25 January and 25 July in each year. The annual effective interest rate is 7.65%. From this creditor, the bank has nil undrawn balance as at 30 June 2016.

(j) The amount of N6,844,633,258 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 2016.

(k) The amount of N66,062,200,500 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 2016.

(l) The amount of N127,136,232,842 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 2016.

37 Retirement benefit Obligation

In thousands of Naira	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Recognised liability for defined benefit obligations (see note (a) below)	6,164,500	5,567,800	6,157,427	5,567,800
Liability for defined contribution obligations	-	-	-	-
	6,164,500	**5,567,800**	**6,157,427**	**5,567,800**

(a) Defined benefit obligations

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

In thousands of Naira	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Post employment benefit plan (see note (i) below)	6,164,500	5,567,800	6,157,427	5,567,800
Recognised liability	**6,164,500**	**5,567,800**	**6,157,427**	**5,567,800**

(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 2016	Group December 2015	Bank June 2016	Bank December 2015
Deficit on defined benefit obligations at 1 January	5,567,800	3,267,364	5,567,800	3,267,364
Charge for the period:				
-Interest costs	344,336	466,121	337,263	466,121
-Current service cost	252,364	318,184	252,364	318,184
-Past service cost	-		-	
-Benefits paid	-	-	-	-
Net actuarial loss for the period remeasured in OCI	-		-	
Remeasurements - Actuarial gains and losses arising from changes in demographic assumptions	-	(415,090)	-	(415,090)
Remeasurements - Actuarial gains and losses arising from changes in financial assumption	-	1,931,221	-	1,931,221
Balance, end of period	**6,164,500**	**5,567,800**	**6,157,427**	**5,567,800**

Expense recognised in income statement:

	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Current service cost	252,364	318,184	252,364	318,184
Interest on obligation	344,336	466,121	337,263	466,121
Total expense recognised in profit and loss (see Note 14)	**596,700**	**784,305**	**589,627**	**784,305**

The weighted average duration of the defined benefit obligation is 10.86years. The information on the maturity profile of the defined benefit plan includes the maturity analysis and the distribution of the timing of payment. The estimated contribution to the plan for the next annual reporting period is: N1.2Bn

30 June 2016

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 7.7%	6,631,981	474,554
Effect of changes in assumption to the salary growth	Decrease in liability by 6.75%	5,744,433	(412,994)
Effect of changes in assumption to the mortality rate	Decrease in liability by 6.75%	6,155,756	(1,671)

	Impact on defined benefit obligation Increase in assumption by 1%	Liability changes to	Total comprehensive income
Effect of changes in the assumption to the discount rate	Increase in liability by 6.9%	5,729,532	(427,895)
Effect of changes in assumption to the salary growth	Increase in the liability by 7.3%	6,608,778	451,351
Effect of changes in assumption to the mortality rate	Increase in the liability by 0.03%	6,159,275	1,848

31 December 2015

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 7.7%	5,996,911	429,111
Effect of changes in assumption to the salary growth	Decrease in liability by 6.75%	5,194,354	(373,446)
Effect of changes in assumption to the mortality rate	Decrease in liability by 6.75%	5,566,289	(1,511)

	Impact on defined benefit obligation Increase in assumption by 1%	Liability changes to	Total comprehensive income
Effect of changes in the assumption to the discount rate	Increase in the liability by 6.9%	5,180,880	(386,920)
Effect of changes in assumption to the salary growth	Increase in the liability by 7.3%	5,975,830	408,030
Effect of changes in assumption to the mortality rate	Increase in the liability by 0.03%	5,569,471	1,671

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous 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 30 June 2016.

	June 2016	December 2015
Discount rate	11.40%	11.40%
Future salary increases	10.00%	10.00%
Retirement age for both male and female	60 years	60 years
Retirement rate: 50 – 59 (average rate)	3.40%	3.40%
Withdrawal rate: 16 – 29	4.50%	4.50%
Withdrawal rate: 30 – 44	6.00%	6.00%
Withdrawal rate: 45 – 50	5.00%	5.00%
Withdrawal rate: 51 – 55 (average rate)	3.50%	3.50%

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 11.4% as at 30 June 2016. 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 2016	Bank December 2015
(a) Authorised:		
Ordinary shares:		
38,000,000,000 Ordinary shares of 50k each	19,000,000	19,000,000
(2013: 24,000,000,000 ordinary share of 50k each)		
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 2016	Bank December 2015
(b) Issued and fully paid-up :		
28,927,971,631 Ordinary shares of 50k each	14,463,986	14,463,986

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

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

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

In thousands of Naira	Bank June 2016	Bank December 2015
Balance, beginning of year	14,463,986	11,441,460
Additions through issuance of rights	-	3,022,526
Balance, end of period	14,463,986	14,463,986

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

In thousands of units	Group June 2016	Group December 2015
Balance, beginning of year	28,927,972	22,882,919
Additions through issuance of rights	-	6,045,053
Balance, end of year	28,927,972	28,927,972

B Share premium

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

In thousands of Naira	Group June 2016	Group December 2015
Balance, beginning of year	197,974,816	161,036,211
Additions through issuance of rights	-	36,938,605
Balance, end of year	197,974,816	197,974,816

C Reserves

(i) Other Reserves
Other regulatory reserves

Statutory reserves

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

SMEEIS Reserves

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

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

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

(ii) Share scheme reserve

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

(iii) Treasury shares

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

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

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

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

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

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

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

In thousands of Naira	Group June 2016	Group December 2015
Access Bank, Gambia	1,014,610	735,523
Access Bank, Sierra Leone	42,537	42,848
Access Bank Zambia	233,855	156,847
Access Bank, Rwanda	969,018	617,765
Access Bank, Congo	1,254,609	868,669
Access Bank, Ghana	2,183,169	1,478,314
	5,697,798	**3,899,966**

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

In thousands of Naira	Group June 2016	Group December 2015
Access Bank, Gambia	39,421	106,232
Access Bank, Sierra Leone	1,728	1,876
Access Bank Zambia	1,989	1,140
Access Bank, Rwanda	40,315	25,066
Access Bank, Congo	56,873	68,906
Access Bank, Ghana	110,812	333,013
	251,138	**536,233**

	Group June 2016	Group December 2015
Proportional Interest of NCI in subsidiaries	%	%
Access Bank, Gambia	19%	19%
Access Bank, Sierra Leone	1%	1%
Access Bank Zambia	4%	4%
Access Bank, Rwanda	16%	16%
Access Bank Congo	22%	22%
Access Bank, Ghana	38%	38%

E Dividends

In thousands of Naira	Bank June 2016	Bank December 2015
Interim dividend paid (2016: 25k, 2015: 25k)	-	7,231,993
Final dividend paid (2015: 30k)	8,678,392	-
	8,678,392	7,231,993
Number of shares	28,927,972	28,927,972

The Directors proposed a interim dividend of N0.25 for the period ended 30 June 2016

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. A provision of N614mn has been made for the period ended 30 June 2016

Contingent liability and commitments

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

Nature of instruments

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

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

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

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

a. These comprise:

In thousands of Naira	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Contingent liabilities:				
Transaction related bonds and guarantees	203,127,570	221,127,530	165,432,166	218,067,025
Financial guarantees	98,215,929	94,135,927	53,540,881	91,640,933
Commitments:				
Clean line facilities for letters of credit, unconfirmed letters of credit and other commitments	782,105,112	657,586,492	685,633,718	600,895,192
	1,083,448,611	**972,849,949**	**904,606,765**	**910,603,150**

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 period amounted to N1.797Bn (31 Dec 2015: N330.9Bn)

40 Cash and cash equivalent

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

In thousands of Naira	Group June 2016	Group December 2015	Bank June 2016	Bank December 2015
Cash on hand and balances with banks	106,092,926	80,060,004	54,933,310	52,307,364
Unrestricted balances with central banks	24,764,193	90,721,388	6,262,913	74,158,434
Money market placements	147,627,901	52,433,982	19,914,222	26,111,216
Investment under management	11,403,713	10,403,608	11,403,713	10,403,608
Treasury bills with original maturity of 90days	-	425,128	-	425,128
	289,888,733	**234,044,110**	**92,514,158**	**163,405,750**

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

41 Contraventions of the Banks and Other Financial Institutions Act of Nigeria and CBN circulars

There were no contraventions during the period ended 30 June 2016, therefore no penalties were paid.

42 Events after reporting date

Subsequent to the end of the reporting period, the Board of Directors proposed an interim dividend of N0.25k each payable to shareholders on register of shareholding at the closure date.
There are no other post balance sheet event that require disclosure in these consolidated financial statements.

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 2016	**Directors and other key management personnel (and close family members)**	**Subsidiaries**	**Total**
In thousands of Naira			
Balance, beginning of year	3,473,640	59,780,277	**63,253,917**
Net movement during the period	(2,294,935)	25,159,307	**22,864,372**
Balance, end of period	1,178,705	84,939,584	86,118,289
Interest income earned	94,066	229,204	323,270
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 2016 of N1.17Bn are repayable in various cycles ranging from monthly to annually over the tenor, and have average interest rates of 7.98% and a tenor of 4 years. The loans advanced to the directors during the year are collateralised by a combination of lien on shares of quoted companies, fixed and floating debentures, corporate guarantee, negative pledge, domiciliation of proceeds of company's receivables, legal mortgages and cash.

The loan to subsidiaries relates to a foreign interbank placements of USD299M granted during the period. It is a non-collateralised placement advanced at an average interest rate of 1.02% and a tenor less than 12 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 the period end.

(b) Deposits from related parties

	Directors (and close family members and related entities)	Subsidiaries	Total
Period Ended 30 June 2016			
In thousands of Naira			
Balance, beginning of year	1,011,482	60,994,350	**62,005,832**
Net movement during the period	732,191	22,134,779	**22,866,970**
Balance, end of period	1,743,673	83,129,129	**84,872,802**
Interest expenses on deposits	35,219	3,047,904	**3,083,123**

The deposits are majorly term deposit with an average approximately 2.02% and a tenor of 6months while average rate on deposit from subsidiaries are majorly demand deposits was approximately3.67% and a tenor of 3 months.

(c) Borrowings from related parties

In thousands of Naira	Subsidiaries	Total
Borrowings at 1 January 2016	71,523,252	71,523,252
Net movement during the period	29,450,787	29,450,787
Borrowings at 30 June 2016	100,974,039	100,974,039
Interest expenses on borrowings	2,672,926	2,672,926

The borrowings from subsidiaries represent the borrowings of Access Bank Plc from Access Finance BV in respect of the dollar guaranteed notes issued by Access Finance B.V, Netherlands which is due on 25 July 2017. The notes were issued on 25 July 2012 for a period of 5 years with the principal amount repayable at the end of the tenor while interest on the Notes is payable semi-annually at 7.34%, in arrears on 25 January and 25 July in each year. The annual effective interest rate is 7.65%.

(d) Other balances and transactions with related parties

In thousands of Naira	Directors (and close family members and related entities)	Subsidiaries	Total
Cash and cash equivalent	-	25,960,671	25,960,671
Derivative financial instruments	-	23,962	23,962
Deposit for Investments	-	1,755,341	1,755,341
Deposit from financial institutions	-	30,553,083	30,553,083
Receivables	-	968,993	968,993
Payables	-	287,196	287,196
Other Liabilities	-	606,120	606,120
Fee and commission expense	-	157,289	157,289
Off balance sheet exposures	-	50,477,046	50,477,046

(e) Key management personnel compensation for the period comprises:

Directors' remuneration

In thousands of Naira	June 2016	June 2015
Non-executive Directors		
Fees	25,938	29,063
Other emoluments:		
Allowances	177,127	156,257
	203,065	185,320
Executive directors		
Short term employee's benefit	340,218	340,218
Defined contribution plan	20,025	20,025
Share based payment	-	-
Long term incentive plan	500,000	500,000
	860,243	**860,243**
Total compensation to key management personnel	**1,063,308**	**1,045,563**

(f) Directors remuneration:

Remuneration paid to Directors of the Bank (excluding pension contributions and other benefits) was as follows:

In thousands of LCY	June 2016	June 2015
Fees as Directors	25,938	29,063
Other emoluments	-	-
Executives Directors	132,110	132,110
Allowances	177,127	156,257

The Directors remuneration show above includes

	June 2016	June 2015
Chairman	20,053	17,384
Highest paid Director	42,580	42,580

The emoluments of all other directors fell within the following ranges:

	June 2016	June 2015
N1,000,000 -N9,000,000	-	-
N9,000,001 - N13,000,000	-	-
N13,000,001 -N20,000,000	6	6
N20,000,001 - N37,000,000	10	10
Above N37,000,000	-	-
	16	16

44 Director-related exposures

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

a. Complete adherence to the requirements for granting insider-related exposure as stated in the Bank's Credit Policy Guidelines, the Insider-related Policy as well as the Bank's duly approved Standard Operating Procedure for managing insider-related exposures.
b. Full compliance with the relevant CBN policies on insider-related lending.
c. All affected Directors are precluded from taking part in the approval process of credit request wherein they have interest.
d. The related Director is required to execute a document authorizing the Bank to use their accruable dividends to defray any related-obligor's delinquent exposures.
e. The Directors are required to execute documents for the transfer of their shares to the Bank's nominated broker to ensure effective control as required by the CBN policy to enhance the bank's Corporate Governance structure.
f. Section 89 of the Bank's Article of Association also reiterated that "a related Director shall vacate office or cease to be a Director, if the Director directly or indirectly enjoys a facility from the Bank that remains non-performing for a period of more than 12months."

The Bank's gross exposure to all its directors as at 30 June 2016 is N2.78bn. 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	Combined Industrial Agro	Ex-Chairman	Mr. Gbenga Oyebode	Overdraft	143,750,000	Performing	Corporate Guarantee of Assets Management Group Limited.
2	Asset Management Group Limited	Ex-Chairman	Mr. Gbenga Oyebode	Time loan	1,437,292,099	Performing	1. Pledged properties at Ikoyi Lagos 2. Personal guarantee
4	Sic Property And Investment Company Ltd	Non-executive director	Mr Ortisedere Otubu	Term Loan	496,466,538	Performing	1. Pledged properties (being constructed) at Ikoyi Lagos.
				Time loan	552,500,000	Performing	2. Lien on property under construction
5	Paul Usoro & Company	Non-executive director	Mr Paul Usoro	Overdraft	145,917,832	Performing	Cash collateral
				Credit Card	14,279	Performing	Cash collateral
	Balance, end of period				**2,775,940,748**		

45 Non-audit services

During the period, the bank's auditor, PricewaterHouseCoopers, rendered non-audit services to the bank. Below are the details of the services

	Service	Description	Contractual sum N'000	Amount Paid N'000
1	Recovery and resolution plan	Advisory services on development of recovery and resolution plan to be submitted to the Central Bank of Nigeria and Nigeria Deposit Insurance Corporation as part of regulatory requirements for systemically important financial institutions.	60,000	30,000
2	Feasibility study on Custodian Bank Business	Feasibility study on Custodian Banking Business in Nigeria, operating in Money Market and Fixed Income securities.	35,000	21,000
			95,000	**51,000**

In the bank's opinion, the provision of these services to the bank did not impair the independence and objectivity of the external auditor.

OTHER NATIONAL DISCLOSURES

Value Added Statement

In thousands of Naira

	Group June 2016	%	Group December 2015	%
Gross earnings	174,069,317		337,404,230	
Interest expense				
Foreign	(4,757,519)		(2,448,292)	
Local	(32,641,777)		(86,104,533)	
	136,670,021		248,851,405	
Net impairment (loss) on financial assets	(9,305,372)		(10,839,793)	
Net impairment loss on other financial assets	(906,933)		(4,284,977)	
Bought-in-materials and services				
Foreign	(1,421,484)		(2,044,934)	
Local	(41,387,250)		(90,330,010)	
Value added	**83,648,982**		**141,351,691**	
Distribution of Value Added				
To Employees:				
Employees costs	22,068,132	26%	42,346,952	30%
To government				
Government as taxes	10,536,217	13%	9,169,344	6%
To providers of finance				
Interest on borrowings	6,442,591	8%	13,868,293	10%
Dividend to shareholders	8,678,391	10%	15,241,014	11%
Retained in business:				
For replacement of property and equipment and intangible assets	4,184,521	5%	10,098,330	7%
For replacement of equipment on lease	930,809	1%		
Retained profit (including Statutory and regulatory risk reserves	30,808,321	37%	50,627,759	36%
	83,648,982	**100%**	**141,351,691**	**100%**

OTHER NATIONAL DISCLOSURES

Value Added Statement

In thousands of Naira	Bank June 2016	%	Bank December 2015	%
Gross earnings	153,509,208		302,061,975	
Interest expense				
Foreign	(6,619,599)		(2,448,292)	
Local	(27,763,123)		(76,069,175)	
	119,126,486		223,544,508	
Net impairment (loss) on financial assets	(7,650,144)		(9,902,690)	
Net impairment loss on other financial assets	(906,933)		(4,284,977)	
Bought-in-materials and services				
Foreign	(1,421,484)		(2,044,934)	
Local	(37,740,388)		(81,863,745)	
Value added	**71,407,537**		**125,448,162**	
Distribution of Value Added				
To Employees:				
Employees costs	18,521,260	26%	35,699,471	28%
To government				
Government as taxes	9,380,476	13%	6,253,168	5%
To providers of finance				
Interest on borrowings	3,769,666	5%	15,484,411	12%
Dividend to shareholders	8,678,391	12%	15,241,014	12%
Retained in business:				
For replacement of property and equipment	3,663,050	5%	9,086,366	7%
For replacement of equipment on lease	817,351	1%		
Retained profit (including Statutory and regulatory risk reserves	26,577,343	37%	43,683,732	35%
	71,407,537	**100%**	**125,448,162**	**100%**

OTHER NATIONAL DISCLOSURES
Other financial Information
Five-year Financial Summary

IFRS

Group	June 2016	December 2015	December 2014	December 2013	December 2012
	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	612,253,609	478,409,336	405,014,793	439,459,541	405,292,241
Investment under management	11,403,713	10,403,608	-	-	-
Non pledged trading assets	23,778,607	52,298,422	28,411,644	3,877,969	27,906,803
Pledged assets	269,177,523	203,715,397	87,072,147	63,409,851	60,949,856
Derivative financial instruments	155,550,018	77,905,020	24,866,681	102,123	30,949
Loans and advances to banks	69,059,407	42,733,910	12,435,659	24,579,875	4,564,943
Loans and advances to customers	1,746,863,344	1,365,830,831	1,110,464,442	786,169,703	604,073,399
Trading properties	-	-	-	-	2,693,227
Investment securities	206,196,592	186,223,126	270,211,388	353,811,348	447,281,811
Insurance receivables	-	-	-	-	627,337
Other assets	91,048,323	83,014,503	56,310,620	52,019,723	67,935,352
Investment properties	-	-	-	23,974,789	14,360,567
Investments in equity accounted investee	-	-	-	3,623,326	2,774,647
Investment in subsidiary	-	-	-	-	-
Property and equipment	80,101,766	73,329,927	69,659,707	67,243,305	64,634,438
Intangible assets	7,026,886	6,440,616	5,592,991	3,659,072	3,404,945
Deferred tax assets	4,986,776	10,845,612	10,881,984	10,687,635	8,113,973
Assets classified as held for sale	140,727	179,843	23,438,484	2,847,740	30,827,257
Total assets	3,277,587,291	2,591,330,151	2,104,360,539	1,835,466,000	1,745,471,746
Liabilities					
Deposits from financial institutions	208,982,658	72,914,421	119,045,423	72,147,956	96,893,015
Deposits from customers	1,970,423,706	1,683,244,320	1,454,419,052	1,331,418,659	1,201,481,996
Derivative financial instruments	48,090,028	3,077,927	1,989,662	32,955	35,515
Claims payable	-	-	-	-	118,226
Current tax liabilities	6,317,489	7,780,824	8,180,969	6,899,558	8,937,964
Other liabilities	91,961,420	69,355,947	21,689,079	56,847,216	58,418,260
Deferred tax liabilities	476,062	266,644	59,038	37,861	-
Liabilities on investment contracts	-	-	-	-	65,591
Liabilities on insurance contracts	-	-	-	-	3,351,234
Debt securities issued	212,484,633	149,853,640	138,481,179	55,828,248	54,685,891
Interest-bearing borrowings	304,070,191	231,467,161	79,816,309	64,338,982	48,369,849
Retirement benefit obligations	6,164,500	5,567,800	3,269,100	1,933,021	2,487,589
Contingent settlement provisions	-	-	-	-	3,548,250
Liabilities classified as held for sale	-	-	-	1,499,495	25,793,512
Total liabilities	2,848,970,687	2,223,528,684	1,826,949,811	1,590,983,951	1,504,186,892
Equity					
Share capital and share premium	212,438,802	212,438,802	172,477,671	172,477,671	176,628,255
Retained earnings	70,691,647	51,730,369	34,139,453	22,232,374	17,856,630
Other components of equity	139,788,357	99,732,330	67,262,761	48,003,894	38,700,374
Non controlling interest	5,697,798	3,899,966	3,530,843	1,768,110	8,099,594
Total equity	428,616,605	367,801,467	277,410,728	244,482,049	241,284,853
Total liabiities and Equity	3,277,587,292	2,591,330,151	2,104,360,539	1,835,466,000	1,745,471,746
Gross earnings	174,069,317	337,404,230	245,383,536	206,891,219	197,081,930
Profit before income tax	50,022,929	75,038,117	52,022,290	44,996,410	46,534,979
Profit from continuing operations	39,486,712	65,868,773	43,063,479	36,101,830	44,839,636
Discontinued operations	-	-	(87,267)	265,760	(5,511,361)
Profit for the period	39,486,712	65,868,773	42,976,212	36,367,590	39,328,275
Non controlling interest	251,138	536,233	560,883	195,762	(191,904)
Profit attributable to equity holders	39,235,574	65,332,540	42,415,329	36,171,828	39,520,179
Dividend paid	8,678,391	15,910,384	13,729,777	13,729,777	12,588,538
Earning or (loss) per share -Basic	161k	265k	189k	159k	172k
- Adjusted	158k	262k	189k	159k	172k
Number of ordinary shares of 50k	28,927,971,631	28,927,971,631	22,882,918,908	22,882,918,908	22,882,918,908

OTHER NATIONAL DISCLOSURES

Other financial Information
Five-year Financial Summary

	IFRS				
	June 2016	**December 2015**	**December 2014**	**December 2013**	**December 2012**
Bank					
	6 months	**12 months**	**12 months**	**12 months**	**12 months**
In thousands of Naira	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Assets					
Cash and balances with banks	412,162,161	405,998,636	351,174,879	395,808,747	284,062,159
Investment under management	11,403,713	10,403,608	-	-	-
Non pledged trading assets	23,778,607	52,298,422	28,411,644	3,877,969	3,769,260
Pledged assets	264,035,594	200,464,624	85,183,353	63,347,823	60,949,856
Derivative financial instruments	155,306,292	77,852,349	24,831,145	72,675	-
Loans and advances to banks	100,992,370	60,414,721	55,776,837	13,048,651	3,054,520
Loans and advances to customers	1,569,741,806	1,243,215,309	1,019,908,848	735,300,741	554,592,199
Trading properties	-	-	-	-	-
Investment securities	157,705,218	155,994,798	226,137,983	309,071,802	420,346,295
Insurance receivables	-	-	-	-	-
Other assets	82,245,216	78,623,381	48,246,307	44,326,360	61,431,658
Investment properties	-	-	-	23,974,789	14,072,673
Investments in equity accounted investee	-	-	-	1,521,812	1,980,808
Investment in subsidiary	46,624,570	45,439,246	40,120,572	38,029,992	43,209,688
Property and equipment	68,944,999	65,900,384	64,160,327	63,203,245	58,938,450
Intangible assets	4,960,944	4,977,908	4,436,814	2,661,553	2,339,510
Deferred tax assets	3,781,057	10,180,832	10,128,537	9,847,853	7,007,387
Assets classified as held for sale	140,727	179,843	23,438,484	-	-
Total assets	2,901,823,274	2,411,944,061	1,981,955,730	1,704,094,012	1,515,754,463
Liabilities					
Deposits from banks	117,460,746	63,343,785	134,509,662	61,295,352	16,312,516
Deposits from customers	1,726,027,453	1,528,213,883	1,324,800,611	1,217,176,793	1,093,979,220
Derivative financial instruments	46,500,234	2,416,378	1,737,791	-	-
Debt securities issued	111,510,594	78,516,655	73,155,391	-	-
Claims payable		-	-	-	-
Current tax liabilities	5,328,917	6,442,311	7,113,226	6,075,590	7,686,568
Other liabilities	82,158,521	64,094,358	16,870,132	52,092,559	50,246,164
Retirement benefit obligations	6,157,427	5,567,800	3,267,364	-	2,485,093
Liabilities on investment contracts		-	-	-	-
Liabilities on insurance contracts	-	-	-	-	-
Interest-bearing borrowings	405,630,228	302,919,987	146,345,767	120,342,026	103,872,441
Contingent settlement provisions	-	-	-	1,929,695	3,548,250
Deferred tax liabilities	-	-	-	-	-
Liabilities classified as held for sale		-	-	-	-
Total liabilities	2,500,774,120	2,051,515,157	1,707,799,944	1,458,912,015	1,278,130,252
Equity					
Share capital and share premium	212,438,802	212,438,802	172,477,671	172,477,671	176,628,255
Retained earnings	70,748,085	49,459,102	36,499,779	23,095,392	18,880,711
Other components of equity	117,862,267	98,531,000	65,178,336	49,608,934	42,115,245
Total equity	401,049,154	360,428,904	274,155,786	245,181,997	237,624,211
Total liabilities and Equity	2,901,823,274	2,411,944,061	1,981,955,730	1,704,094,012	1,515,754,463
Gross earnings	153,509,208	302,061,975	221,610,769	182,888,906	172,719,708
Profit before income tax	44,636,210	65,177,914	46,142,422	31,365,396	36,259,530
Profit for the period	39,486,712	65,868,773	39,941,126	26,211,844	35,815,611
Dividend paid	8,009,022	15,910,384	13,729,777	13,729,777	12,588,538
Earning or (loss) per share -Basic	141k	237k	174k	114k	157k
- Adjusted	141k	237k	174k	114k	157k
Number of ordinary shares of 50k	28,927,971,631	28,927,971,631	22,882,918,908	22,882,918,908	22,882,918,908