Access Bank Plc

Un-audited Interim Consolidated and Separate Financial Statements
1st Quarter Ended 31 March, 2014

Condensed Report

access

Consolidated interim statement of comprehensive income

For the three months period ended 31 March, 2014

In thousands of Naira	Notes	GROUP 3 MONTHS ENDED MARCH 2014	GROUP 3 MONTHS ENDED MARCH 2013	BANK 3 MONTHS ENDED MARCH 2014	BANK 3 MONTHS ENDED MARCH 2013
Gross Earnings		**57,270,398**	**52,342,200**	**51,351,691**	**45,293,405**
Continuing operations					
Interest Income	1	36,637,926	33,935,766	32,912,302	30,646,803
Interest Expense	2	(15,228,992)	(16,945,716)	(15,011,079)	(15,497,090)
Net Interest Income		**21,408,934**	**16,990,050**	**17,901,223**	**15,149,713**
Fee and commisison income	3	13,357,192	8,541,482	11,815,780	7,745,760
Fee and commisison expense		(3,372)		-	-
Net fee and commission income		**13,353,820**	**8,541,482**	**11,815,780**	**7,745,760**
Net trading income	4	3,101,106	2,555,230	2,608,265	2,099,755
other operating income	5	4,174,174	7,309,722	4,015,344	4,801,087
Fair value gain on Investment property		-	-	-	-
		7,275,280	9,864,952	6,623,609	6,900,842
Operating income before impairment gain/(loss)		**42,038,034**	**35,396,484**	**36,340,612**	**29,796,315**
Net impairment gain/ (loss) on financial assets	6	(1,513,706)	417,143	(1,474,079)	716,161
Operating income after impairment gain/(loss)		**40,524,328**	**35,813,627**	**34,866,533**	**30,512,476**
Personnel expenses	7	(7,450,531)	(7,650,374)	(6,103,534)	(6,122,459)
Depreciation and amortization		(2,085,767)	(2,669,015)	(1,874,625)	(2,407,530)
Other operating expenses	8	(17,611,584)	(14,539,400)	(16,001,989)	(13,116,240)
Total expenses		**(27,147,882)**	**(24,858,789)**	**(23,980,148)**	**(21,646,229)**
Share of profit of equity accounted investee		52,678	195,824	-	-
Profit before income tax		**13,429,124**	**11,150,662**	**10,886,385**	**8,866,247**
Income tax expense		(1,309,944)	(1,528,958)	(1,229,422)	(1,245,468)
Profit for the period from continuing operations		**12,119,180**	**9,621,704**	**9,656,963**	**7,620,779**
Discontinued operations					
Profit/(loss) from discontinued operations		(493,547)	(323,116)	-	-
Profit for the period		**11,625,633**	**9,298,588**	**9,656,963**	**7,620,779**
Profit attributable to :					
Equity holders of the parent entity		11,499,086	8,913,140	9,656,963	7,620,779
Non controlling interest		126,547	385,448	-	-
		11,625,633	**9,298,588**	**9,656,963**	**7,620,779**
Other comprehensive income					
Exchange differences on translation of foreign operations		285,761	(2,955,921)	-	-
Net change in fair value of available for sale financial assets		(494,137)	(283,111)	(372,746)	(263,292)
Share of OCI of equity accounted investee		(1,751)	15,676	-	-
Other comprehensive (loss)/gain for the year, net of tax		**(210,127)**	**(3,223,356)**	**(372,746)**	**(263,292)**
Total comprehensive income for the period		**11,415,506**	**6,075,232**	**9,284,217**	**7,357,487**
Basic EPS (kobo)		53	42	42	33
Diluted EPS (kobo)		53	42	42	33

Consolidated statement of financial position
As at 31 March, 2014

In thousands of Naira	Notes	Group March 2014	Group December 2013	Bank March 2014	Bank December 2013
Assets					
Cash and cash equivalents	10	493,909,871	439,459,541	443,526,798	395,808,747
Non pledged trading assets	11	18,643,807	3,877,969	18,643,807	3,877,969
Pledged assets	12	76,413,951	63,409,851	76,350,860	63,347,823
Derivative financial instruments		126,057	102,123	72,675	72,675
Loans and advances to customers	13	838,770,926	786,169,704	800,257,815	735,300,741
Loans and advances to banks		33,060,750	24,579,875	18,209,376	13,048,651
Investments in equity accounted investee	14	3,678,385	3,623,326	1,521,812	1,521,812
Investment in subsidiaries		-	-	37,149,525	38,029,992
Investment securities	15	273,179,914	353,811,348	220,358,745	309,071,801
Investment properties	16	23,894,483	23,974,789	23,894,483	23,974,789
Property and equipment	17	66,507,821	67,243,303	62,811,529	63,203,244
Intangible assets	18	3,594,498	3,659,071	2,626,249	2,661,553
Deferred tax assets		10,917,636	10,687,634	9,794,910	9,847,852
Other assets	19	65,483,679	52,019,723	58,053,884	44,326,360
Assets classified as held for sale		-	2,847,741	-	-
Total assets		**1,908,181,777**	**1,835,465,999**	**1,773,272,468**	**1,704,094,009**
Liabilities					
Due to other banks	20	71,517,169	72,147,955	67,507,994	61,295,352
Deposits from customers	21	1,403,588,654	1,331,418,659	1,277,573,008	1,217,176,793
Derivative financial instruments		24,283	32,955	-	-
Debt securities issued	22	56,854,474	55,828,248	-	-
Retirement benefit obligations	23	2,182,232	1,933,021	2,179,670	1,929,695
Current tax liabilities	24	6,239,702	6,899,558	6,876,415	6,075,590
Other liabilities	25	50,021,209	56,847,216	44,777,314	52,092,559
Interest-bearing loans and borrowings	26	62,085,256	64,338,982	119,863,656	120,342,026
Deferred tax liabilities		142,099	37,861	-	-
Liabilities classified as held for sale		-	1,499,495	-	-
Total liabilities		**1,652,655,078**	**1,590,983,950**	**1,518,778,057**	**1,458,912,014**
Equity					
Share capital and share premium	27	172,477,671	172,477,671	172,477,671	172,477,671
Retained earnings	28	33,672,944	22,232,375	32,752,354	23,095,392
Other components of equity	29	47,880,465	48,003,894	49,264,385	49,608,934
Total equity attributable to owners of the Bank		**254,031,080**	**242,713,940**	**254,494,410**	**245,181,997**
Non controlling interest	30	1,495,618	1,768,109	-	-
Total equity		**255,526,698**	**244,482,049**	**254,494,410**	**245,181,997**
Total liabilities and equity		**1,908,181,776**	**1,835,465,999**	**1,773,272,467**	**1,704,094,011**

Notes to the Consolidated Financial Statements
For the period ended 31 March, 2014

In thousands of Naira

For the period ended 31 March, 2013	Group March 2014	Group March 2013	Bank March 2014	Bank March 2013
1 Interest income				
Cash and cash equivalents	846,693	626,804	662,052	491,342
Loans and advances to banks and customers	25,810,380	21,013,572	23,416,239	18,586,645
Investment securities	9,980,853	12,295,391	8,834,011	11,568,816
	36,637,926	**33,935,766**	**32,912,302**	**30,646,803**

2 Interest expense	Group March 2014	Group March 2013	Bank March 2014	Bank March 2013
Deposit from banks	347,754	213,700	272,902	230,994
Deposit from customers	13,407,568	15,499,721	13,458,970	14,044,688
Securities dealing	4,014	-	1,538	-
Interest bearing loans and borrowings	1,257,600	1,232,295	1,277,669	1,221,409
Other borrowed funds	212,056	-	-	-
	15,228,992	**16,945,716**	**15,011,079**	**15,497,090**

3 Fee and commission income	Group March 2014	Group March 2013	Bank March 2014	Bank March 2013
Credit related fees and commissions	5,984,760	3,808,225	5,646,421	2,608,118
Commission on turnover and handling commission	1,357,607	1,156,379	1,248,941	1,660,122
Other fees and commissions	6,014,825	3,576,878	4,920,418	3,477,520
	13,357,192	**8,541,482**	**11,815,780**	**7,745,760**

4 Net trading income	Group March 2014	Group March 2013	Bank March 2014	Bank March 2013
Fixed income securities	25,795	579,564	16,024	579,564
Foreign exchange	3,075,311	1,975,666	2,592,241	1,520,191
Net trading income	**3,101,106**	**2,555,230**	**2,608,265**	**2,099,755**

5 Other operating income	Group March 2014	Group March 2013	Bank March 2014	Bank March 2013
Dividends on available for sale equity securities	2,070,127	2,252,749	2,070,127	2,243,189
Gain on disposal of property and equipment	44,288	738,708	34,215	131,897
Rental income	48,490	122,998	48,490	97,669
Bad debt recovered	216,139	610,997	176,920	610,997
Other income	1,795,130	3,584,269	1,685,592	1,717,335
	4,174,174	**7,309,722**	**4,015,344**	**4,801,087**

In thousands of Naira

6 Net impairment loss on financial assets

	Group March 2014	Group March 2013	Bank March 2014	Bank March 2013
Collective impairment charges on loans	578,649	340,395	204,184	82,323
impairment charge on available for sale	(130,001)	-	(130,001)	-
Specific impairment charges on loans and advances	(771,982)	632,235	(31,441)	417,619
Specific impairment on other assets	(1,190,372)	(555,487)	(1,516,821)	216,218
	(1,513,706)	**417,143**	**(1,474,079)**	**716,161**

7 Personnel expenses

	Group March 2014	Group March 2013	Bank March 2014	Bank March 2013
Wages and salaries	7,270,058	7,517,284	5,976,052	5,989,369
Restricted Share Performance Plan	28,196	29,955	28,196	29,955
Contributions to defined contribution plans	152,277	103,135	99,286	103,135
	7,450,531	**7,650,374**	**6,103,534**	**6,122,459**

8 Other operating expenses

	Group March 2014	Group March 2013	Bank March 2014	Bank March 2013
AMCON surcharge (see note (a) below)	2,125,000	2,029,120	2,125,000	**2,029,120**
Deposit insurance premium	1,500,000	1,136,780	1,500,000	1,136,780
General administrative expenses	9,648,290	7,712,018	8,632,179	6,334,138
Insurance	174,905	138,359	142,441	59,525
Business travel expenses	707,558	477,086	666,427	454,196
Other premises and equipment costs	1,957,422	1,473,165	1,794,503	1,294,464
Professional fees	955,929	1,206,074	657,908	1,441,220
Auditor's renumeration	83,617	-	73,850	-
Operating lease expenses	458,863	366,798	409,681	366,798
	17,611,584	**14,539,400**	**16,001,989**	**13,116,240**

(a) This represents the Group’s contribution to AMCON’s sinking fund for the period ended 31 March, 2014. Effective 1 January 2013, the Bank was required to contribute 0.5% of its total assets as at the preceding year end to AMCON's sinking fund in line with the guideline.

9 Share of profit of equity accounted investee

	Group March 2014
Associated Discount House (38%)	48,787
Magnate Technology and Associate (40%)	3,480
	52,267

In thousands of Naira

10 Cash and cash equivalents

	Group March 2014	Group December 2013	Bank March 2014	Bank December 2013
Cash and balances with Other banks	116,532,215	114,541,529	118,078,744	109,655,119
Money market placements	179,759,944	121,368,581	133,480,036	89,433,649
Unrestricted balances with central banks	25,431,810	31,143,134	19,782,116	24,775,442
Restricted deposits with central banks	172,185,902	172,406,297	172,185,902	171,944,537
	493,909,871	**439,459,541**	**443,526,798**	**395,808,747**

11 Non pledged trading assets

	Group March 2014	Group December 2013	Bank March 2014	Bank December 2013
Equities	104,918	104,918	104,918	104,918
Treasury bills	18,538,889	2,370,725	18,538,889	2,370,725
Trading bonds	-	1,402,326	-	1,402,326
	18,643,807	**3,877,969**	18,643,807	**3,877,969**

12 Pledged assets

	Group March 2014	Group December 2013	Bank March 2014	Bank December 2013
Treasury bills	4,473,659	4,774,503	4,410,568	4,712,475
Government bonds	71,940,292	58,635,348	71,940,292	58,635,348
	76,413,951	**63,409,851**	76,350,860	**63,347,823**

(i) All pledged assets are held to maturity government bonds.

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

The Assets pledged as collateral were pledged to third parties under secured borrowing with the related liabilities. In addition, there were assets pledged as collateral for security deposit for clearing house and payment agencies of N22.6bn (N26.7bn:December 2013) and Federal Inland Revenue Services collection of N8bn for which there is no related liability.
To the extent that the counterparty is permitted to sell and/or repledge the assets in the absence of default, the assets are classified in the statement of financial position as pledged assets.

As at 31 March 2014, the Bank held no collateral, which it was permitted to sell or repledge in the absence of default by the owner of the collateral (December 2013: nil).

In thousands of Naira

13 Loans and advances to customers

	Group March 2014	Group December 2013	Bank March 2014	Bank December 2013
Loans and Advances to customers	853,072,311	800,664,423	813,679,986	748,540,833
Specific Impairment	(7,172,128)	(7,944,110)	(6,781,070)	(6,812,512)
Collective impairment	(7,129,257)	(6,550,609)	(6,641,101)	(6,427,580)
	838,770,926	786,169,704	**800,257,815**	735,300,741

14 Investments in equity accounted investee

	Group March 2014	Group December 2013
Balance, beginning of year	3,623,325	2,774,647
Share of Profit for the period	52,678	1,465,814
Share of OCI for the period	(1,765)	(17,215)
Dividends received	-	(96,041)
Disposal during the period	-	(503,879)
Others	4,147	-
	3,678,385	**3,623,326**

	Percentage holding	Group's share of operating profit	share of OCI
Associated Discount House	38%	48,787	(1,751)
Magnate Technology and Associate	40%	3,480	-
Total		**52,267**	(1,751)

All associates are incorporated in Nigeria except Magnate Technology and Services Limited, which was incorporated in Ghana.

The Group holds an equity interest of 1,067,117,591 ordinary shares of N 1.00 each in Associated Discount house as at 31 December 2013, representing 38% equity participation in the company (31 December 2012 - 1,388,972,704 ordinary shares, 45%).

The Group holds an equity interest of 40% in Magnate Technology and Services Limited (MTSL) as at 31 December 2013 (31 December 2012 - 40%).
The company was incorporated in February, 2003 with the principal activities being the provision of security and communication services to its numerous clients via the use of

There were no published price quotations for any associate. There are no significant restrictions on the ability of the associates to transfer funds to the group in the form of cash dividends, or repayments of loans or advances. Both associates were accounted for using the equity method.

The Group exercises significant influence in Associated Discount House and Magnate Technologies Limited respectively by virtue of its more than 20% shareholding in each of the entities and the representation of at least one director on the board of the companies and significant participation in the companies' operating and financial policies.

There are SME investments of N3.2billion of which the Bank has shareholdings of more than 20% but less than 50%. These investments were classified as available for sale rather than as investment in associates or subsidiaries because the company does not have the power to excercise any influence or control over the entity. The Company's determination that it does not have any influence over these entities through it's shareholding has been based on the following factors in particular:

i. Access Bank Plc does not have any representation on the Board of these companies, nor does it have a right to appoint a director
ii Access Bank Plc does not participate in the policy-making decisions, nor does it have a right to participate in such policy-making decisions of these companies
iii There are no material transactions between Access Bank Plc and these companies, there is no interchange of personnel between the two companies and there is no sharing of
iv Access Bank Plc has deemed these investments as fully impaired and thus has a nil carrying value in their books.

In thousands of Naira

15 Investment Securities

	Group March 2014	Group December 2013	Bank March 2014	Bank December 2013
Available for sale investment	93,104,279	193,005,844	63,915,640	171,750,690
Held to maturity investment	183,091,332	163,951,202	159,458,802	140,466,809
Specific impairment for unquoted equity securities	(3,015,697)	(3,145,698)	(3,015,697)	(3,145,698)
	273,179,914	**353,811,348**	**220,358,745**	**309,071,801**

16 Investment Properties

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

	Group March 2014	Group December 2013	Bank March 2014	Bank December 2013
Balance, beginning of year	23,974,789	14,360,567	23,974,789	14,072,673
Additions during the year	-	5,159,830	-	5,159,830
On disposal of subsidiary	-	(287,894)	-	-
Fair value gain/(loss)	-	4,850,286	-	4,850,286
Disposals during the period	(80,306)	(108,000)	(80,306)	(108,000)
	23,894,483	23,974,789	23,894,483	23,974,789
Allowances for impairment	-	-		
Balance, end of period	**23,894,483**	**23,974,789**	**23,894,483**	**23,974,789**

17 Property and equipment

Group	Group March 2014	Group December 2013	Bank March 2014	Bank December 2013
Property and equipment- cost	105,381,882	104,784,436	97,963,167	97,071,874
Accumulated depreciation	(38,874,061)	(37,541,133)	(35,151,637)	(33,868,631)
	66,507,821	**67,243,303**	**62,811,529**	**63,203,244**

In thousands of Naira

18	Intangible assets Group	Group March 2014	Group December 2013	Bank March 2014	Bank December 2013
a	Goodwill	681,007	681,007	-	-
b	Cost- Purchased software	8,191,229	7,978,802	6,227,418	6,002,340
	Accum. Amortization	(4,596,731)	(4,319,731)	(3,601,169)	(3,340,787)
	Total	**3,594,498**	**3,659,071**	**2,626,249**	**2,661,553**

19	Other Assets	Group March 2014	Group December 2013	Bank March 2014	Bank December 2013
	Accounts receivable	58,216,186	43,158,075	52,799,842	37,235,693
	Cash collateral receivable on letters of credit transactic	2,288,796	16,330,068	1,915,510	15,976,057
	Receivable from AMCON (see note (a) below)	5,780,566	5,780,565	5,780,566	5,780,566
	Prepayments	21,801,887	8,381,805	19,416,000	6,232,228
	Subscription for investment	937,221	925,030	1,682,943	1,657,636
	Allowance for impairment on other assets	(23,540,977)	(22,555,820)	(23,540,977)	(22,555,820)
		65,483,679	**52,019,723**	**58,053,884**	**44,326,360**

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

		Group March 2014	Group December 2013	Bank March 2014	Bank December 2013
20	**Due to other banks**				
	Money market deposits	4,359,586	17,953,459	4,359,586	8,191,490
	Other deposits from banks	67,157,583	54,194,496	63,148,408	53,103,862
	Total	**71,517,169**	**72,147,955**	**67,507,994**	**61,295,352**

In thousands of Naira

21 Deposit from customers

	Group March 2014	Group December 2013	Bank March 2014	Bank December 2013
Demand	746,138,779	711,561,291	664,783,412	655,747,608
Savings	113,093,340	118,211,706	106,029,987	106,197,345
Term and Call	544,356,535	501,645,662	506,759,609	455,231,840
Total	**1,403,588,654**	**1,331,418,659**	**1,277,573,008**	**1,217,176,793**

22 Debt securities issued

	Group March 2014	Group December 2013
Debt securities at amortized cost:		
Eurobond debt security (see Note (a) below)	56,854,474	55,828,248
	56,854,474	**55,828,248**

(a) The amount of N 56,854,474,000 (USD350,000,000) represents the net of balances held by Group entities in respect to dollar guaranteed notes issued by Access Finance B.V., Netherlands, which is due on 25 July 2017. The principal amount is repayable at the end of the tenor while interest on the notes is payable semi-annually at 7.25% per annum issued on 25 July 2012.

The net proceeds from the issue of the Notes, was used by the Issuer for the sole purpose of providing a loan to Access Bank, which was in turn be used by the Bank to support its existing trade finance business, serve as a source of long term foreign currency funding and could be used to support the business of its customers, especially those active in the Nigerian oil and gas and power sector.

Access Bank in the Trust Deed, unconditionally and irrevocably guaranteed the due and punctual payment of all sums by the Issuer (Access Finance B.V.) in respect of the Notes.

23 Retirement benefits obligations

	Group March 2014	Group December 2013	Bank March 2014	Bank December 2013
Recognised liability for defined benefit obligations (see note (a) below)	2,182,232	1,929,695	2,179,670	1,929,695
Liability for defined contribution obligations	-	3,326	-	
	2,182,232	**1,933,021**	**2,179,670**	**1,929,695**

In thousands of Naira

(a) **Defined benefit obligations**

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

	Group March 2014	Group December 2013	Bank March 2014	Bank December 2013
Long term incentive plan (see note (i) below)	2,182,232	1,929,695	2,179,670	1,929,695
Recognised liability for defined benefit obligations	**2,182,232**	**1,929,695**	**2,179,670**	**1,929,695**

(i) **Long term incentive plan**

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

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.

	Group March 2014	Group December 2013	Bank March 2014	Bank December 2013
24 **Current tax liabilities**				
Current Tax Liabilities	6,239,702	6,899,558	6,876,415	6,075,590
	6,239,702	**6,899,558**	**6,876,415**	**6,075,590**

	Group March 2014	Group December 2013	Bank March 2014	Bank December 2013
25 **Other Liabilities**				
Certified cheques	2,174,134	3,250,467	2,091,722	3,180,643
Collections	7,851,723	17,698,448	7,683,797	17,635,882
Creditors and accruals	6,530,873	3,857,265	4,915,839	786,401
Customer deposits for foreign trade	16,435,908	20,968,920	16,449,324	20,705,859
Litigation claims provision	477,087	477,087	477,087	477,087
Other Current Liabilities	16,551,484	10,595,029	13,159,545	9,306,687
Total	**50,021,209**	**56,847,216**	**44,777,314**	**52,092,559**

In thousands of Naira

26 Interest bearing loans and borrowings

	Group March 2014	Group December 2013	Bank March 2014	Bank December 2013
On-lending	62,085,256	64,338,982	62,085,256	63,321,438
Loan from Access Finance BV	-	-	57,778,400	57,020,588
	62,085,256	**64,338,982**	**119,863,656**	**120,342,026**

27 Equity

	Group March 2014	Group December 2013	Bank March 2014	Bank December 2013
Share Capital	11,441,460	11,441,460	11,441,460	11,441,460
Share Premium (a)	161,036,211	161,036,211	161,036,211	161,036,211
	172,477,671	**172,477,671**	**172,477,671**	**172,477,671**

28 Retained earnings

	Group March 2014	Group December 2013	Bank March 2014	Bank December 2013
Balance as at January	22,232,375	17,856,630	23,095,392	18,880,711
Transfers for the period	11,440,569	4,375,744	9,656,963	4,214,681
	33,672,944	**22,232,375**	**32,752,354**	**23,095,392**

29 Other components of equity

	Group March 2014	Group December 2013	Bank March 2014	Bank December 2013
Capital Reserve	3,489,080	3,489,080	3,489,081	3,489,081
Fair Value Reserves	5,742,036	6,237,939	5,889,394	6,262,140
Other Regulatory Reserves	30,210,735	30,365,409	11,177,662	28,567,268
Other Reserves	12,968,338	12,726,951	28,708,247	11,290,445
Translation reserve	(4,529,724)	(4,815,485)	-	-
	47,880,465	**48,003,894**	**49,264,384**	**49,608,934**

30 Non- controlling interest

	Group March 2014	Group December 2013
Balance at January, 2013	1,768,110	8,099,594
Profit for the period	126,547	195,762
New issue of shares	-	-
Loss of control	-	-
(Decrease)/Increase in non-controlling interest	(399,039)	(6,527,247)
	1,495,618	**1,768,109**

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 March, 2014

Accounting policies
Same accounting policies as stated in the annual accounts have been adopted in preparing this interim financial report

Related party transactions
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.

The Bank's gross exposure to insiders as at March 31, 2014 is N27.3bn. All transactions are done at market rate and are at arm's length.

Seasonality of operations
No cyclical or occasional revenues have been recongised in preparing this interim financial statements

Changes in estimates
The measurement procedures adopted are consistent with that of the annual financial statements

Changes in accounting policy and disclosures

New and amended standards adopted by the group
Below are the IFRSs and International Financial Reporting Interpretations Commitee (IFRIC) interpretations that are effective for the first time for the financial year beginning on or after 1 January 2013 that would be expected to have an impact on the group

(a) Amendments to IFRS 7 on offsetting financial assets and financial liabilities (2011)
Disclosures- Offsetting Financial Assets and Financial Liabilities (amendments to IFRS 7) introduces disclosures about the impact of right of offsets and related arrangements for financial instruments under a master netting or similar arrangements. The amendments are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The amendments are applied restrospectively, the Group does not have offsetting arrangements in place as at December 2013. The application of the amendments had no material impact on the disclosures or the amount recognised in the consolidated financial statements.

(b) New and revised standards - IFRS 10 - Consolidated Financial Statement, IFRS 11 - Joint arrangements, IAS 27 - Separate financial statement, IAS 28 - Investment in Associates and IFRS 12 - Disclosures of Interest in Other Entities
Early adoption of IFRS 10, 11 and 12 is permitted but is required to take place simultaneously. Only IFRS 12 can be early adopted without IFRS 10 and 11. None of these standards were early adopted by the Group.

In the current year, the Group has applied for the first time IFRS 10, IFRS 11, IFRS 12 and IAS 28 (revised) together with the amendments to IFRS 10, 11 and 12 regarding the transition gudiance. IAS 27 (revised) is also applicable to the entity since a consolidated and separate financial statements are being presented.

(i) IFRS 10 Consolidated Financial Statements
IFRS 10 replaces all of the consolidation guidance of IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities. The new standard changes the definition of control such that it can only be present when there is (i) power, (ii) exposure to variability in returns and (iii) ability to use the power to affect returns. Consolidation will only be required when all the three criteria are met. IFRS 10 is effective for annual periods beginning on or after 1 January 2013. The amendments have been applied retrospectively, the Group does not have any entity which would result to a loss of controls or an existence of a control relationship based on the requirement of the new standard. The application of the amendments had no material impact on the disclosures or the amount recognised in the consolidated financial statements.

(ii) IFRS 11 Joint Arrangements

IFRS 11 overhauls the accounting for joint ventures and replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities - Non Monetary Contributions by Venturers. It uses the principles of control in IFRS 10 in defining joint control and whether joint control exists may change. Under IFRS 11, there are only two types of joint arrangements (i) Joint operations (ii) Joint ventures. The new standard does not allow proportional consolidation of joint ventures and the equity method must be applied. IFRS 11 is effective in annual periods beginning on or after 1 January 2013. The amendments have been applied retrospectively, the Group does not have any joint arrangement relationship. The application of the amendments had no material impact on the disclosures or the amount recognised in the consolidated financial statements.

(iii) IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 includes all of the disclosure requirements for subsidiaries, joint arrangements, associated entities, structured entities and other balance sheet vehicles. Changes include the requirement to disclose the judgements made to determine whether it controls another entity and other more extensive disclosures in the consolidated financial statements. IFRS 12 is effective in annual periods beginning on or after 1 January 2013. The application of IFRS 12 has resulted in more extensive disclosures in the consolidated financial statements

(iv) IAS 27 (revised 2011) – Separate financial statements

This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. The financial statement includes information relating to the stand alone parent and all relevant disclosures included.

(v) AS 28 (revised 2011) – Associates and joint ventures

This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. The revision hs no impact on the Group.

(c) IFRS 13 Fair Value Measurement

IFRS 13 provides a single source of guidance on how fair value is measured and disclosed, and replaces the fair value measurement guidance that is currently dispersed throughout IFRS. Subject to limited exceptions, IFRS 13 is applied when fair value measurements or disclosures are required or permitted by other IFRSs, this is applicable to both financial and non financial instruments. The exceptions include leasing transactions within the scope of IAS 17 - Leases, IFRS 2 - Share based payments and some measurements with similarities to fair value but are not fair value e.g value in use for impairment assessment purpose or net realisable value for measuring inventories. Although many of the IFRS 13 disclosure requirements regarding financial assets and financial liabilities are already required, the adoption of IFRS 13 will require the Group to provide additional disclosures. These include fair value hierarchy disclosures for non-financial assets/liabilities and disclosures on fair value measurements that are categorised in Level 3.

IFRS 13 requires prospective application from 1 January 2013, specific transition provision was also granted to entities such that they need not apply the disclosure requirements set out in the standard in comparative information provided for periods before the application of this standard. IFRS 13 is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted. In accordance

(d) IAS 1 Presentation of Financial Statements

IAS 1 addresses changes in the presentation of other comprehensive income. The amended standard retains the option to present either a single statement or as two separate statements. The amendments also includes new terminologies whose use is not mandatory. Under IAS 1 amended, the statement of comprehensive income is renamed as the statement of profit or loss account and other comprehensive income and the income statement is renamed as the statement of profit and loss. The Group continues to adopt the single statement approach.

The amendments to IAS 1 also require items of other comprehensive income be grouped into two categories (a) Items that may be subsequently reclassified in the profit and loss account when specific conditions are met (b) Items that will not be subsequently reclassified to profit and loss account. Income tax on items in other comprehensive income should also be allocated in the same manner. The amendment did not remove the option to report the items in other comprehensive income before or net of tax. This standard is applicable for annual periods beginning on or after 1 July 2012. The application of IAS 1 (amended) has resulted in split of other

(e) IAS 19 Employee benefits

The amended IAS 19 states that changes in the defined benefit obligation and fair value of plan assets are recognised in the period as they occur. The “corridor“ method is eliminated and actuarial gains and losses and unrecognised past service costs are recognised directly in other comprehensive income. Because actuarial gains and losses are no longer deferred, affecting both the net defined benefit

- Service cost (including past Service costs, curtailments and settlements) – in income statement
- Net interest costs (i.e. net interest on the net defined benefit liability) – income statement;
- Remeasurement of the defined benefit liability/asset – in other comprehensive income.

The amended IAS 19 is effective for periods beginning on or after 1 January 2013. The amendments have been applied restrospectively, therefore actuarial gains or losses previously recognised in income staement tshould be reclassed to other comprehensive income. The application of the amendments will impact the Group's previous treatment of recognising actuarial gains and losses in income statement.

(f) IAS 32 (amended) Financial instruments: Presentation

The amendment clarifies the treatment of income tax relating to distributions and transaction costs. The amendment clarifies that the treatment is in accordance with IAS 12. So, income tax related to distributions is recognised in the income statement, and income tax related to the costs of equity transactions is recognised in equity. The amended IAS 32 is effective for periods beginning on or after 1 January 2013. The amendments have been applied restrospectively. The application of the amendments had no material impact on the

New and amended standards and interpretations not yet adopted by the Group

As at 31 December 2013, 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. None of these standards is expected to have a significant effect on the consolidated financial statement of the group, except the following set out below.

IFRS 9 Financial Instruments: Classification and Measurement (effective 1 January 2015)

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.

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

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

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

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

Basis of consolidation

(i) Subsidiaries

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

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

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

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

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

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases. Subsidiaries are measured at cost less impairment in the separate financial statement.

(ii) Business combinations

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

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights. No business combinations occurred during the period under review

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

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

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

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

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

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

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

(iii) Acquisitions from entities under common control

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

(vi) Loss of control

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

(iv) Disposal of 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

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

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

(vi) Associates

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

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

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

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

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

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

(viii) Transactions eliminated on consolidation

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

FINANCIAL RISK MANAGEMENT

(i) Credit risk measurement

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

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

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

(ii) Foreign exchange risk

Foreign Exchange risk is the exposure of the Bank's financial condition to adverse movements in exchange rates. The Bank is exposed to foreign exchange risk primarily through its assets, managing customers' deposits and through acting as an intermediary in foreign exchange transactions between central and commercial banks.

The Bank's foreign exchange risk is considered at a Group level since an effective overview of such risk is a critical element of the Bank's asset/liability risk management. The Board of Directors defines its risk tolerance levels and expectations for foreign exchange risk management and ensures that the risk is maintained at prudent levels.

Foreign exchange risk is quantified using the net balance of assets and liabilities in each currency, and their total sum. The assets and liabilities include current positions, forward positions, commitments, and the market value of derivatives in foreign currency.
Our net total currency balance is always within specified regulatory limits which is currently 1% of shareholders' funds.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 March, 2014

(iii) Market risk management

Access Bank's ability to meet business objectives will be adversely affected by changes in the level or volatility of market rates or prices such as interest rates, foreign exchange rates, equity prices, commodity prices and credit spreads. Market risk mainly arises from trading activities and equity investments. Access Bank is also exposed to market risk through non-traded interest rate risk in its banking book:

Market risk policy, management and control

The Bank's ability to effectively identify, assess, monitor and manage market risks involved in its activities is critical to its soundness and profitability. It's strategy is to invest its own capital on a limited and carefully selected basis in transactions, underwritings and other activities that involve market risk. The Bank is exposed to market risk through adverse movements in equity prices, foreign exchange and interest rates.

The Bank's GMD/CEO is responsible for approving specific position limits, which are used for positions, which are sometimes specific medium-term investment cases and other times strategic (or have the potential of becoming strategic) in the medium term.

Each trading unit within the Bank adheres to the general rules set out by the Board of Directors. Moreover, each trading unit has its own set of working procedures and rules that further specify their targets, limits and scope in trading.

The position limits, or any changes to them, are proposed by the Bank's head of trading and then accepted by the Bank's Chief Risk Officer and reviewed by the Bank's CEO. The size of each position limit is based on, among other factors, underlying liquidity, the Bank's risk appetite, as well as legal limitations on individual positions imposed by authorities in Nigeria.

All market risks are reported to the Risk Committee daily (through a dashBoard) and quarterly with recommendations made concerning the risk profile including risk appetite, limits and utilization. The head of each business, assisted by the business risk management team, is accountable for all market risks associated with its activities, which are reported to business risk governance and control committees. Oversight and support is provided to the business by the central market risk team.

Access Bank has a dedicated market risk team with the sole responsibility of implementing the market risk control framework. Daily market risk and stress testing reports are produced for trading portfolios covering all risk categories including interest rate, equity and foreign exchange credit spread risk.

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, 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, at 99% confidence level. The Access Bank value-at-risk method incorporates the factor sensitivities of the trading portfolio, the volatilities and correlations of the market risk factors. The group uses the variance covariance method which derives likely future changes in market value from historical market volatility. Value at risks is estimated on the basis of exposures outstanding at the close of business and therefore might not factor in the intra-day exposures. However, the bank does not only based its risk estimates on Value at Risk, it uses sensitivity and what-if analysis to further complement it.

The trading book is made up of foreign currency, Bonds and Treasury bills instruments.

Sensitivity measures are used in addition to VaR as risk management tools. For example, interest rate sensitivity is measured in terms of exposure to a one basis point increase in yields, whereas foreign exchange, commodity and equity sensitivities are measured in terms of the underlying values or amounts involved.

Identifying the growing importance of market risks in the Bank's operations, management has continued to ensure adequate internal controls and capital resources to address these risks. Prominent among the steps taken by management is the documentation of Internal Capital Adequacy Assessment Process (ICAAP), for effective risk and capital management, and approving more stringent limits to ensure market risk exposures are within its appetite.

Cash flow and fair value interest rate risk

The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings 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.

At 31 March, 2014, the group's interest rate risk arises principally from risk asset and borrowings (deposit liabilities and long-term borrowings). Borrowings issued at variable rates expose the group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the group to fair value interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 March, 2014

(iv) Liquidity risk management

Liquidity risk arises when the Bank is unable to meet expected or unexpected current or future cash flows and collateral needs without affecting its daily operations or its financial condition. The Bank is managed to preserve a high degree of liquidity so that it can meet the requirements of its customers 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 above the minimum liquidity ratio and the requirements of its stress tests. Global funding and liquidity risk management activities are centralized within Corporate Treasury. We believe that a centralized approach to funding and liquidity risk management enhances our ability to monitor liquidity requirements, maximizes access to funding sources, minimizes borrowing costs and facilitates timely responses to liquidity events. We analyze and monitor our liquidity risk, maintain excess liquidity and access diverse funding sources including our stable deposit base.

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

For more information on the Bank's risk management framework, refer to the December 2013 Audited Financial Statements

(v) Reputational risk management

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

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

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

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

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

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