Access Bank Plc

Unaudited Consolidated and separate financial statements for the period ended 30 September 2015

ACCESS BANK PLC
Index to the consolidated financial statements
For the period ended 30 September 2015

Directors, officers and professional advisors

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

Directors	
Mosun Belo-Olusoga	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
Ajoritsedere Josephine Awosika	Independent Non-Executive Director
Victor Okenyenbunor Etuokwu	Executive Director
Roosevelt Michael Ogbonna	Executive Director
Ojinika Nkechinyelu Olaghere	Executive Director
Elias Igbinakenzua	Executive Director
Titi Osuntoki	Executive Director

Company Secretary
Mr Sunday Ekwochi
FRC Number: FRC/2012/0000000000271

Corporate Head Office
Access Bank Plc
Plot 999c, Danmole Street,
Victoria Island, Lagos.
Telephone: +234 01 2621040-41
+234 01 2641517-72

Email: info@accessbankplc.com
Website: www.accessbankplc.com
Company Registration Number: RC125 384

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

Statement of Directors' Responsibilities in relation to the Consolidated Financial Statements for the period ended 30 September 2015

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

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

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

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

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

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

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

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

RISK MANAGEMENT FRAMEWORK

Responsible risk management remains one of Access Bank's critical success factors in achieving her strategic vision of being the world's most respected African Bank. The Bank's entrenched risk governance structure and management framework, manned by skilled risk team equips the Board and Management with the required information to take timely and informed decisions that maximize opportunities and mitigate against potential threats. The Bank is committed to its frontline position of conforming to international best practices and remains the reference point for effective and efficient risk management in the Nigerian banking space.

Access Bank's Bespoke Approach to Risk Management

As we connect customers to opportunities in Access Bank, we use our well-structured risk management framework and governance structure in identifying, assessing, monitoring, controlling, and reporting the inherent risks in these business activities for the Bank Plc and its subsidiary companies (the 'Bank' or the 'Group'). The Bank's overall risk tolerance is established in the context of its earnings power, capital and diversified business model. The Bank's organizational structure and business strategy is well-aligned with its risk management philosophy. In a bid to push the frontiers of our overall risk profile whilst remaining responsive to the ever-changing risk universe, Access Bank, during the period under review, upgraded the Group's Enterprise Risk Management Framework with the appointment of Head of Risk Management for each of the Strategic Business Units (SBUs) – Personal Banking, Corporate Banking, Business Banking and Commercial Banking Divisions, as well as the Subsidiaries. The Heads of Risk report to the Group Chief Risk Officer. This arrangement provides a comprehensive view of all risks affecting facilities approved in each SBU, thus providing a better and an integrated management of the risks. It also helps to maintain the culture of risk awareness and responsibility throughout the Bank.

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. The Bank uses periodic reviews of risk exposure limits and risk control to position itself against adverse scenarios. This is an invaluable tool with which the bank could predict and successfully manage the headwinds – local and global – that could disrupt the macroeconomy. 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.

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

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.

Access Bank Plc

Enterprise Risk Management Framework
September 2015

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 either or both of the following ways: via continuous self-evaluation and monitoring by the risk management and compliance functions in conjunction with internal audit; and through independent evaluation by external auditors, examiners and consultants.

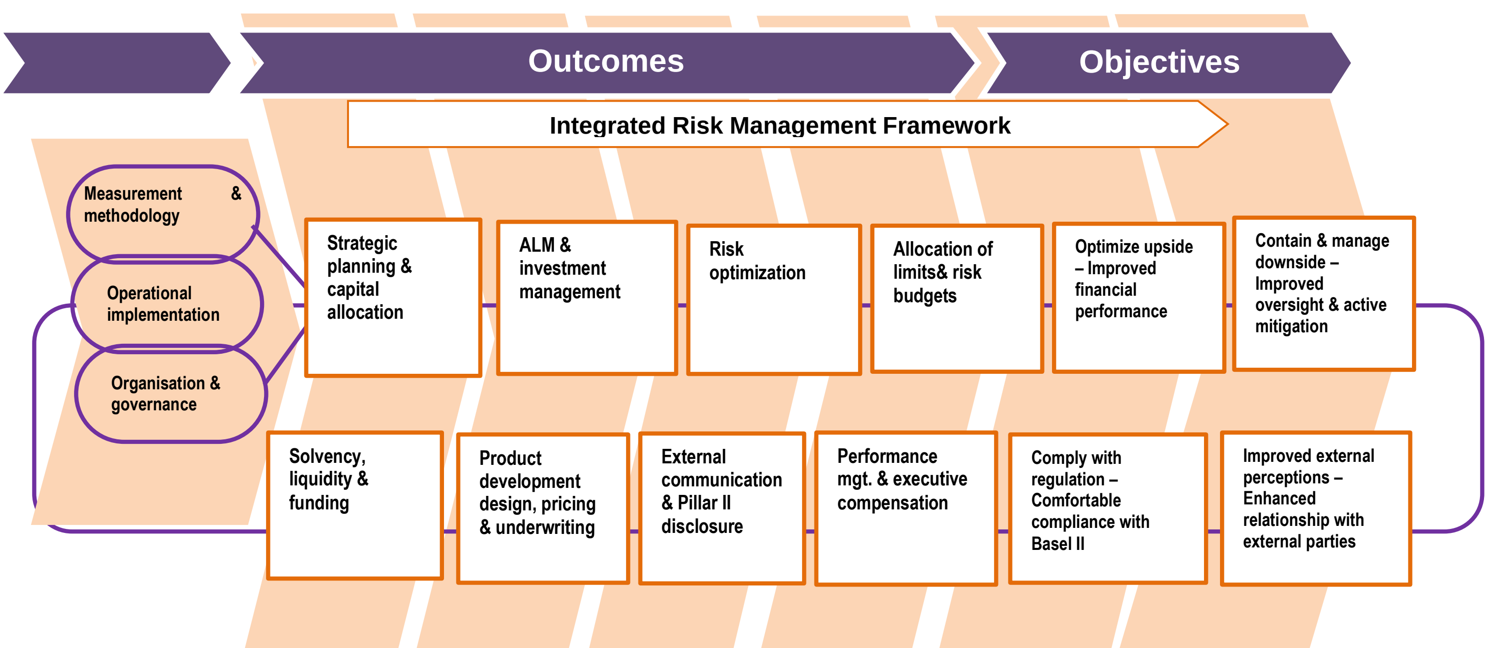
The role of the Group Chief Risk Officer in Access Bank is pivotal as he has the primary responsibility for the overall risk management and effective ERM Framework of both the Bank and its subsidiaries. He provides robust challenge to the management teams based on quantitative and qualitative metrics. 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.

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.

Risk Practice focused on the future



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

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

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

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

During the period under review, the Bank established The Risk Analytics and Reporting Group 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 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 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) 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).

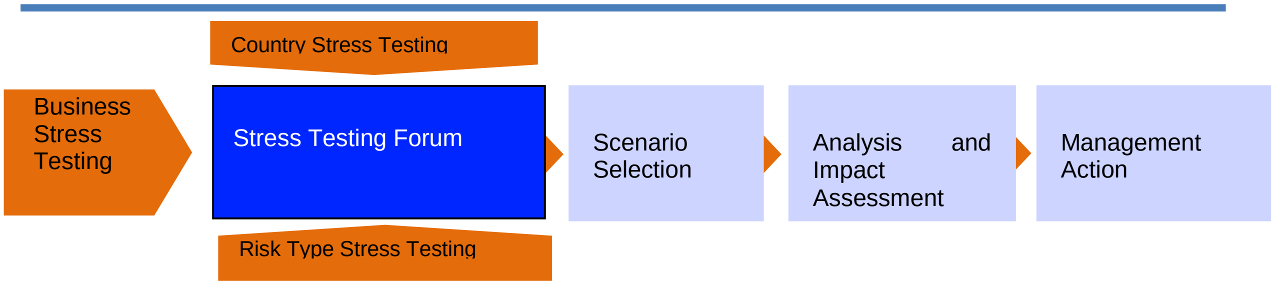
The group developed the Risk Embedded Performance Management Framework as part of the process of maintaining and aligning behaviours with the Bank's moderate risk appetite. Business performance will subsequently be monitored with a focus on financial performance and risk exposures being aligned with the Bank's risk appetite. The Budget of 2015 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 has also been enhanced by implementing an automated risk reporting system known as the Risk Management Report Portal and the subsequent inclusion of the Subsidiary Risk Management portal. This has led to easy and timely access to risk reports, provided early warning signals, better limit monitoring and better decision making for all units across risk management.

Stress testing framework



Our stress testing framework is designed to:

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

Economic Intelligence: Forward Thinking

Information and intelligence are a must-have feed in any productive business thought-process. In today's business space, information and intelligence are no longer seen as a side item in the Boardroom. They are now seen as a resource in the same vein as energy, human resources, raw materials etc by forward-looking businesses. The Economic Intelligence Unit of Access Bank is a dependable ally in achieving the Bank's goals and strategic objectives.

Economic Intelligence is all 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 Economic Intelligence Team is completely focused on our body-corporate, Access Bank Plc and every other stakeholder in the framework of the Bank's overall strategy. It is in the business of positioning information and intelligence as tools for risk reduction, brand promotion, strategy formulation/development and competitiveness.

Risk Management Philosophy, Culture, Appetite and Objectives

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

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

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

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

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

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

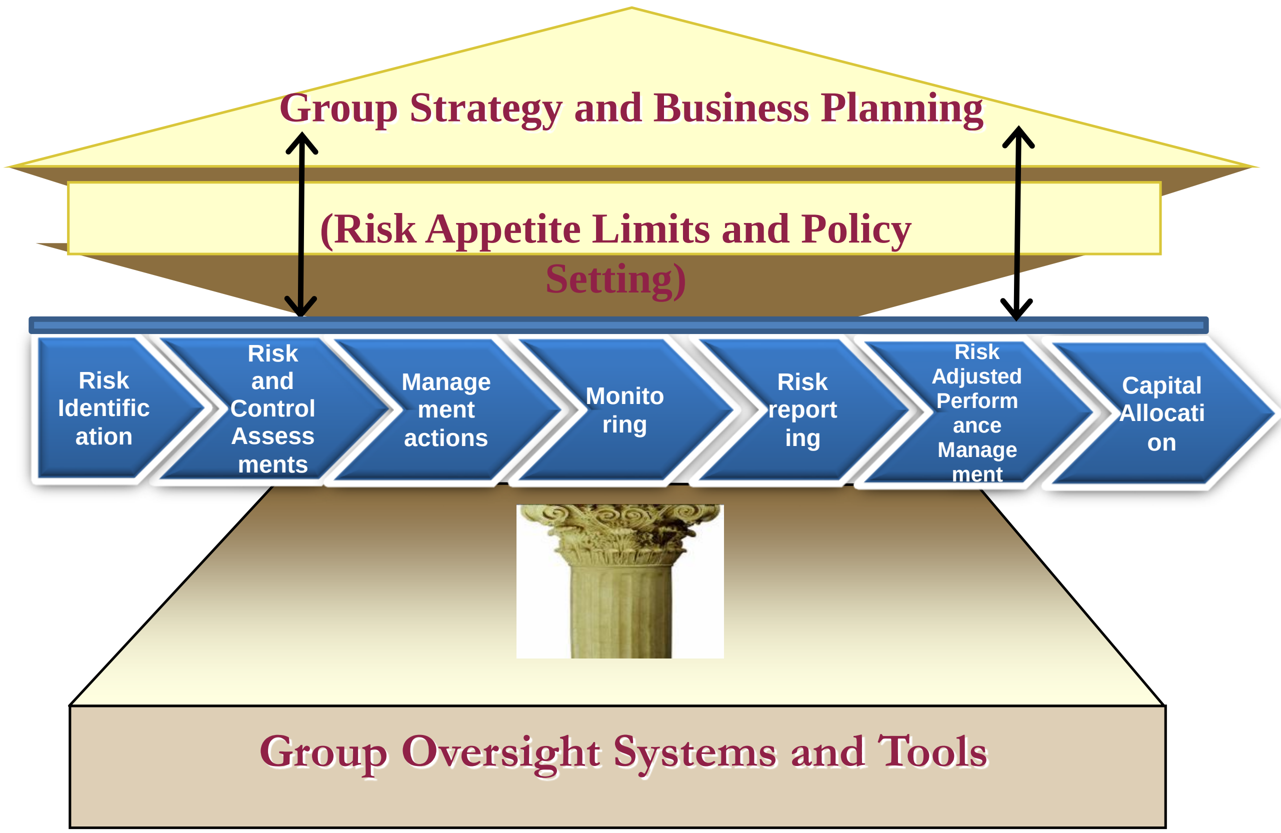
b) Risk officers work as allies and thought partners to other stakeholders within and outside the Bank and are guided in the exercise of their powers by a deep sense of responsibility, professionalism and respect for other parties.

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

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

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

Risk management process



Group risk oversight approach

Our 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 monitored by the executive committee and the Board, and integrated into our strategy, business, risk and capital plans. Risk appetite reflects the Group's capacity to sustain potential losses arising from a range of potential outcomes under different stress scenarios.

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

In 2015, 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) Collect, process, verify, monitor and distribute risk information across the Bank and other material risk issues to senior management, the Board and regulators.

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

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

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

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

j) Champion the implementation of Basel II.

k) Promote risk awareness and provide education on risk.

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

Financial Control and Strategy

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

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

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

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

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

f) Prepare periodic management reports on subsidiaries and associates

g) Perform competitive analysis in comparison with industry peers

h) Conduct strategic/operational review of branches

Risk Management Governance Framework

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

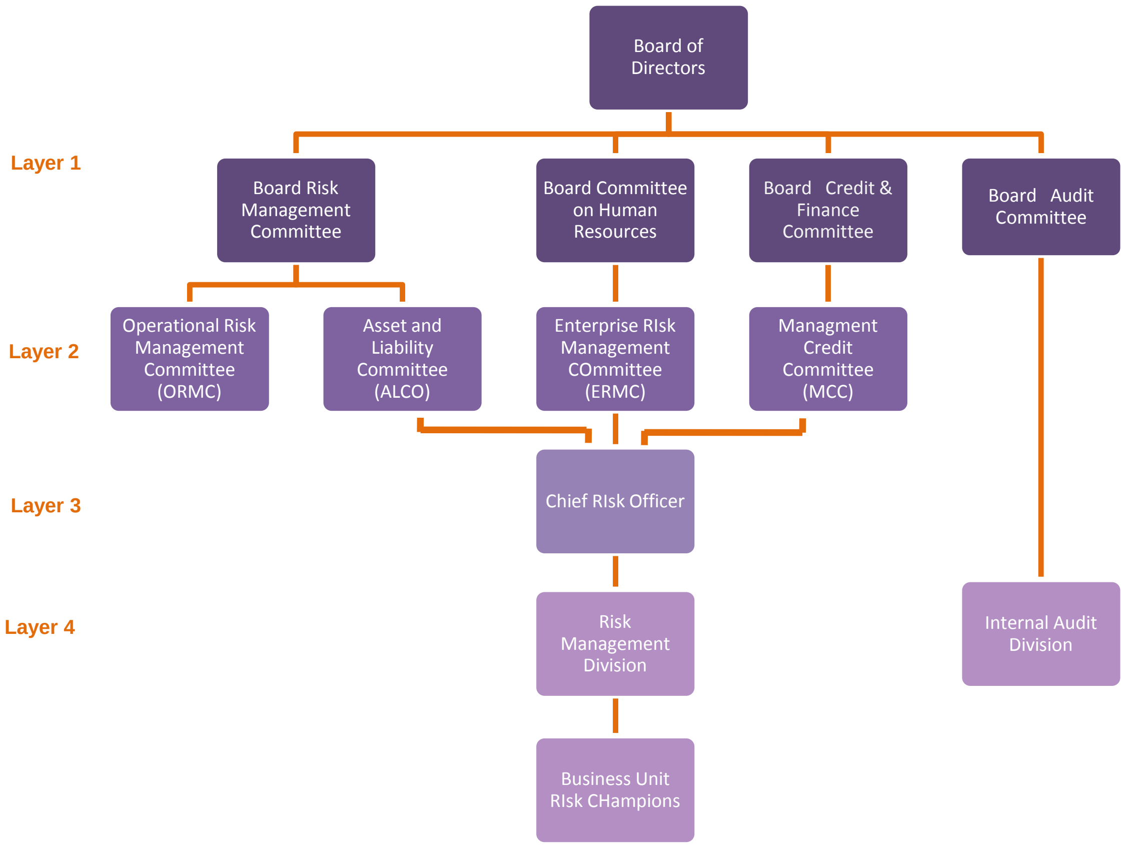
1. The enterprise-wide risk management and corporate governance committee forums;

2. The executive management committees; and

3. Risk management responsibilities per risk area.

Risk Management Governance Structure

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



Roles of the Board of Directors

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

Specific roles in these areas are further defined below:

General

a) Develop a formal enterprise-risk management framework;

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

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

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

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

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

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

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

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

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

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

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

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

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

Credit Risk

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

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

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

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

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

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

Market risk

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

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

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

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

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

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

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

Compliance risk

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

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

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

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

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

Operational risk

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

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

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

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

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

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

Reputational risk

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

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

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

d) Review all exception reports by external parties such as regulators and auditors; ensure that appropriate sanctions are applied to erring officers; demand from management appropriate explanations for all exceptional items; ensure that management puts in place effective and remedial actions and reports on progress to the Board on an 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 carries out its oversight function through its standing committees each of which has a charter that clearly defines its purpose, composition, structure, frequency of meetings, duties, tenure, and reporting lines to the Board.

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

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

The roles and membership of the committees

Committee	Key Objective	Membership
Board Risk Management Committee	The primary role of the committee is to report to the Board and provide appropriate advice and recommendations on matters relevant to risk management.	The Committee is made up of 8 members comprising 5 Non-Executive Directors and three Executive Directors. The Committee is chaired by Dr. Madmoud Isa-Dutse a Non-Executive Director
Board Audit Committee	The committee assists the Board in ensuring the independence of the Bank's Internal Audit function.	The Committee has 6 Non-Executive Directors as members inclusive of two Independent Directors. The Committee is chaired by Dr. Ernest Ndukwe - an Independent Director.
Board Credit & Finance Committee	The Committee considers and approves loan applications above certain limits (as defined by the Board from time to time) which have been approved by the Management Credit Committee. It also acts as a catalyst for credit policy changes.	The Committee consists of 14 members comprising 8, Non-Executive Directors and 6 Executive Directors. Mrs. Mosun Belo-Olusoga chairs the Committee.
Board 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 Committee is made up of 7 members comprising 6 Non-Executive Directors and 1 Executive Director
Board Remuneration Committee	The Committee advises the Board on its oversight responsibilities in relation to remuneration of the Bank's	The Committee consists of 6 Non-Executive Directors inclusive of 2

	directors and employees It is responsible for determining and executing the processes for recommending appropriate remuneration for directors and employees.	Independent Directors. It is chaired by Mr Oritsedere Otubu.
The Executive Committee	The committee is primarily responsible for the implementation of strategies approved by the Board and ensuring the efficient deployment of the Bank's resources.	The Committee consists of the Group Managing Director, as Chairman, Group Deputy Managing Director, all Executive Directors and such Heads of Strategic Business Units as appointed by the Group Managing Director.
Enterprise Risk Management Committee (ERMC)	The Committee is responsible for managing all risks with the exception of credit, market and liquidity risks. The risks within the committee's purview include (but are not limited to) strategic, reputational, compliance and operational risks.	The Group Managing Director (Chairman) The Group Deputy Managing Director All Executive Directors Chief Risk Officer Chief Compliance Officer Chief Financial Officer All ERM Division Group Heads Head, Corporate Affairs Head, Legal Department Head, Information Technology
Management Credit Committee	This Committee is responsible for managing Bank's credit risks.	The membership of the committee is as follows: Group Managing Director/Chief Executive Officer – Chairman Group Deputy Managing Director – Vice Chairman All Executive Directors Chief Risk Officer Heads of Risk, Credit Risk Management Team Leads, Credit Risk Management Group Heads, Commercial Banking Group Heads, Corporate and Investment Banking Group Heads, Business Banking Group Heads, Personal Banking Group Heads, Operations & IT Group Head, Compliance and Internal Controls Group Head, Internal Audit Group Head Corporate Counsel (or his/her nominee)
Group Asset & Liability Committee	The Committee is responsible for the optimum management of the Bank's balance sheet and taking relevant decisions as well as recommending to the Board of Directors' prudent	The Group Managing Director/Chief Executive Officer – Chairman The Group Deputy Managing Director The Group Executive Directors Chief Risk Officer

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

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

Specific roles of the Board and management committees

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

Board risk management committee

Specifically, the committee performs the following functions:

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

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

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

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

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

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

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

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

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

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

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

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

Board audit committee

The committee performs the following functions:

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

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

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

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

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

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

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

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

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

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

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

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

m) Review the internal audit reporting lines and independence.

Board credit committee

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

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

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

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

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

e) Approve credit risk appetite and portfolio strategy;

f) Approve lending decisions and limit setting;

g) Approve new credit products and processes;

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

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

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

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

l) Review credit risk reports on a periodic basis;

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

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

Board committee on human resources

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

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

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

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

Specific roles of management committees

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

Enterprise risk management committee (ERMC)

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

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

Management credit committee (MCC)

The committee has the following responsibilities:

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

The committee is assisted by the credit risk management function, whose responsibilities are to:
Establish and maintain effective credit risk management environment in the Bank;

- Review proposals in respect of credit policies and standards and endorse to the Board of Directors for approval;
- Define the Bank's risk and return preferences and target risk portfolio;
- Monitor on an ongoing basis the Bank's risk quality and performance, review periodic credit portfolio reports and assess portfolio performance;
- Define credit approval framework and assign credit approval limits in line with bank policy;
- Review defined credit product programs on recommendation of the head of the credit risk management and endorse to the Board of Directors for approval;

- Review credit policy changes initiated by management and endorse to the Board of Directors for approval;
- Ensure compliance with the Bank's credit policies and statutory requirements prescribed by the regulatory/supervisory authorities;
- Approve credit facility requests within limits defined by Access Bank's credit policy guideline (CPG), and within the statutory requirements set by the regulatory/ supervisory authorities;
- Review and endorse credits approved by SBU heads;
- Review and recommend to the Board credit committee, credits beyond their approval; limits;
- Review periodic credit portfolio reports and assess portfolio performance; and
- Approve exceptions/write-offs, waivers and discounts on non-performing credit facilities within specified limit.

Group Asset & Liability Committee (Group ALCO)
The purpose of the Group ALCO is to:

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

- deposits, advances and investments;
- Non earning assets;
- foreign exchange activities and positions;
- market and liquidity management; and
- Capital management.

Responsibilities and Authorities

- The ultimate responsibility for the proper management of the Bank's assets and liabilities lies with the Board of Directors;
- The Board of Directors will delegate that responsibility to Group ALCO and Group ALCO, through this mandate, shall be responsible for the establishment of appropriate policies and limits across the Group;
- Group ALCO will be responsible for the implementation and monitoring of these Policies and for the development of appropriate procedures and guidelines for adoption at Country ALCOs and specific ratification by the subsidiaries' Board of Directors;

- Country ALCO will be responsible for providing the information input to Group ALCO to enable it to perform its function;
- Country ALCO will be responsible for proposing amendments to Policies for approval and ratification by Group ALCO, such amendments having been first approved at the Country ALCO;
- Group ALCO will report to the Board of Directors through the Board Risk Management Committee detailing strategies, risk positions since the last report received. Any excesses during the period under review must be supported by details quoting the relevant authority for the excess i.e. Central Bank, ALCO etc;
- Group ALCO will delegate limits/authorities to line management to enable the smooth functioning of the Bank's day to day operations; and
- In the event of a vote, majority will prevail with the Group ALCO chairman casting the deciding vote in the event of a tie.

Other responsibilities include:

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

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

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

- Prudent margin management:

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

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

Roles of senior management

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

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

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

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

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

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

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

Operational Risk Management Committee (ORMC)

The committee has the following responsibilities:

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

Roles of risk champions in the business units

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

Risk Management Division – relationship with other units

- The relationships between risk management division (RMD) and other units are highlighted below:
- RMD sets risk policies and defines risk limits for other units in the Bank;

- RMD performs bank-wide risk monitoring and reporting;
- Other units provide relevant data to RMD for risk monitoring and reporting and identify potential risks in their line of business and RMD provides a framework for managing such risks;

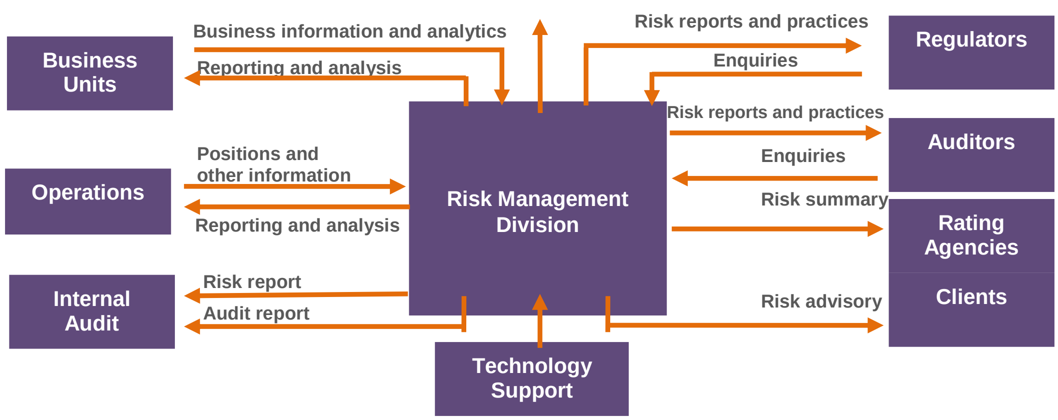
- RMD and market facing units collaborate in designing new products;

- RMD and internal audit co-ordinate activities to provide a holistic view of risks across the Bank;

- RMD makes recommendations with respect to capital allocation, pricing and reward/sanctions based on risk reports; and

- Information technology support group provides relevant user support to the RMD function in respect of the various risk management software.

Risk Management Division – relationship with other units



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 our 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.

<u>For Retail Exposures:</u>

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)

<u>For Non – Retail Exposures:</u>

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.

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:

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	N20Bn	N10Bn
2^{+}	AA	N20Bn	N7.5bn
2	A	N10Bn	N2Bn
2^{-}	BBB	N10Bn	N1Bn
3^{+}	BB+	N10n	N500Mn
3	BB	N10n	N500Mn
3^{-}	BB^{-}		Above N100Mn
4	B		
5	B^{-}		

Collateral Policies

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

In Access Bank, strategies for risk reduction at the transaction level differ from that at the portfolio level. At transaction level, the most common technique used by the bank is the collateralization of the exposures, by first priority claims or obtaining a third party guarantee. Other techniques include buying a credit derivative to offset credit risk at transaction level. At portfolio level, asset securitisation, credit derivatives etc. are used to mitigate risks in the portfolio.

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

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

The range of collaterals acceptable to the Bank includes:

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

Master Netting Arrangements

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

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

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

Market Risk Management
Definition

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

Market risk policy, management and control

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

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

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

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

The risk reporting mechanism in the Bank comprises disclosures and reporting to the various management committees viz. Enterprise Risk Management Committee, Asset Liability Committee and the Board Risk Management Committee. The Risk Committees receive 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.

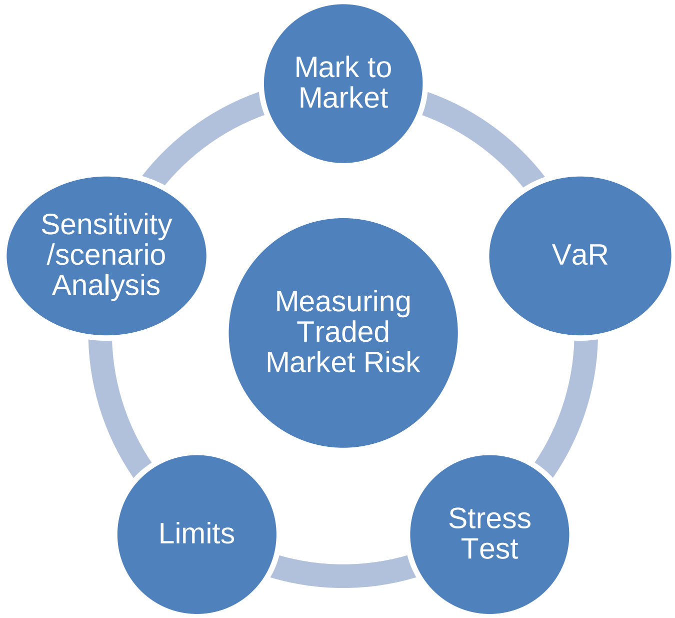
Sensitivity Analysis and Stress Testing

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.

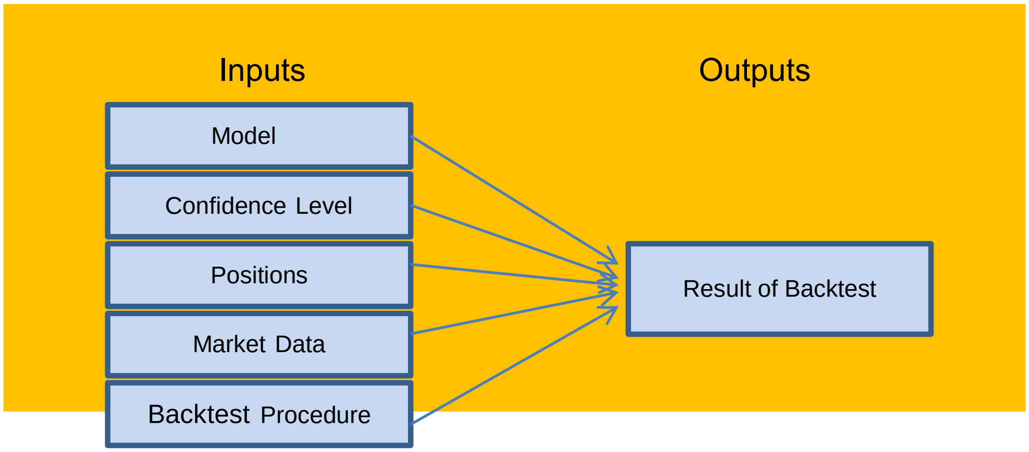
These risk limits are set and reviewed at least annually to control Access Bank's trading activities in line with the defined risk appetite of the Group. Criteria for setting risk limits include relevant market analysis, market liquidity and business strategy. Trading risk limits are set at an aggregate, 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 contingency funding plan which incorporate early warning indicators to monitor market conditions. The Bank monitors its liquidity position and funding strategies on an ongoing basis, but recognizes that unexpected events, economic or market conditions, earnings problems or situations beyond its control could cause either a short or long-term liquidity crisis. It reviews its contingency funding plan in the light of evolving market conditions and stress test results.

To monitor liquidity and funding, the Group Treasury prepares a liquidity worksheet that project sources and uses of funds. The worksheet incorporates the impact of moderate risk and crisis situations. The worksheet is an integral component of the contingency funding plan. Although it is unlikely that a funding crisis of any significant degree could 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.

Operational Risk Management

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

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

This framework includes:

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

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

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

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

- Reduce the likelihood of occurrence of expected events and related cost by managing the risk factors and implementing loss prevention or reduction techniques to reduce variation to earnings;
- Minimise the impact of unexpected and catastrophic events and related costs through risk financing strategies that will support the Bank's long term growth, cash flow management and balance sheet protection;

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

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

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

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

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

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

The role of the 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 introduced by the current framework is the financial quantification and modelling of operational risks. This functionality has significantly improved the Group's operational risk measurement and management capabilities.

Management and control responsibilities

The first line of governance for managing operational risk rests with business and operational risk management forms part of the day-to-day responsibilities of all business unit management. Business unit staff 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 recognises the significance of operational risk and is committed to enhancing the measurement and management thereof. Within the Group's operational risk framework, qualitative and quantitative methodologies and tools are applied (Group-wide) to identify and assess operational risks and to provide management information for determining appropriate mitigating measures.

Risk event data collection and reporting

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

Risk and control self-assessments (RCSA)

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

Key risk indicators (KRIs)

A comprehensive set of 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.

Expected loss (EL) budgeting mitigation

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

Insurance mitigation

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

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

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

Information Security and Continuity of Business

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

The Bank mitigates business continuity risks by reviewing and testing recovery procedures. The Bank 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.

Compliance Risk Management

Compliance risk is the risk of impairment to the organization's business model, reputation and financial condition from failure to comply with laws, regulations and internal standards and policies, and expectations of key stakeholders such as regulators, customers, employees and society as a whole. It is the risk that the procedures implemented by the Bank to ensure compliance to relevant statutory, regulatory and supervisory requirements, are not adhered to and/or are inefficient and ineffective. Compliance risk consists of two elements; namely a regulatory and a reputational element.

Regulatory risk is the risk that financial institutions do not comply with applicable laws and regulations or supervisory requirements as defined by the regulatory body while Reputational risk is the risk that the Bank might be exposed to negative publicity due to the contravention of applicable statutory, regulatory and supervisory requirements by the Group as well as staff members during the conduct of business. Compliance Risk can expose financial institutions to fines, civil/criminal penalties, and payment of damages, court orders and suspension or revocation of licenses. A failure (or perceived failure) can adversely impact customers, staff and shareholders of the Bank.

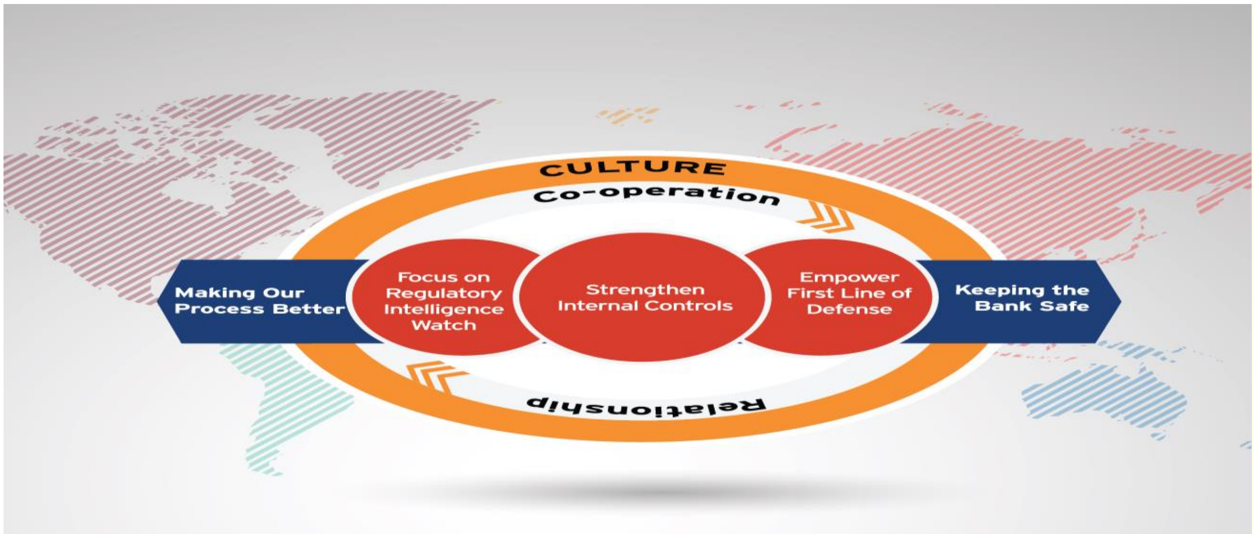
The Bank believes that fully embedded Compliance Risk Management preserves the trust its customers, shareholders and staff have in the Bank and is important for the way Access Bank does business. Managing Compliance Risk is fundamental to driving value. The pursuit of long term business sustainability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

Ongoing changes and the continuous introduction of new legislation have placed greater emphasis on the formal and structured monitoring of compliance with legal, regulatory, supervisory and internal requirements.

An efficient infrastructure has been put in place to enable management to track current and emerging Compliance Risk issues, to communicate these to internal and external stakeholders, and to drive continuous improvement. Access Bank understands that good Compliance Risk Management involves understanding and delivering on the expectations of customers and other stakeholders, thereby improving the quality of key relationships based on honesty, integrity and fairness.
The Conduct & Compliance Function has been created to ensure protection of stakeholders not only from regulatory infractions but also a good business practice perspective. The bank recognises its accountability to all its stakeholders under the legal and regulatory requirements applicable to its business. 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.

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.

We approach Compliance Risk Management on an enterprise and line of business level. The Conduct & Compliance function provides oversight of significant compliance risk issues. The function also develops and guides the strategies, policies and practices for assessing and managing compliance risks across the organization.



We established Compliance Resource Officers Meeting to develop, manage and integrate a compliance culture that meets global standards within the organization. Through education and communication efforts, a culture of compliance is emphasized across the organization.

The Compliance Resource Officers, working in conjunction with senior line of business executives, have developed key tools to address and measure compliance risks and to ensure compliance with laws and regulations in each line of business

Compliance Risk Management Framework

Strategic Risk Management

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:

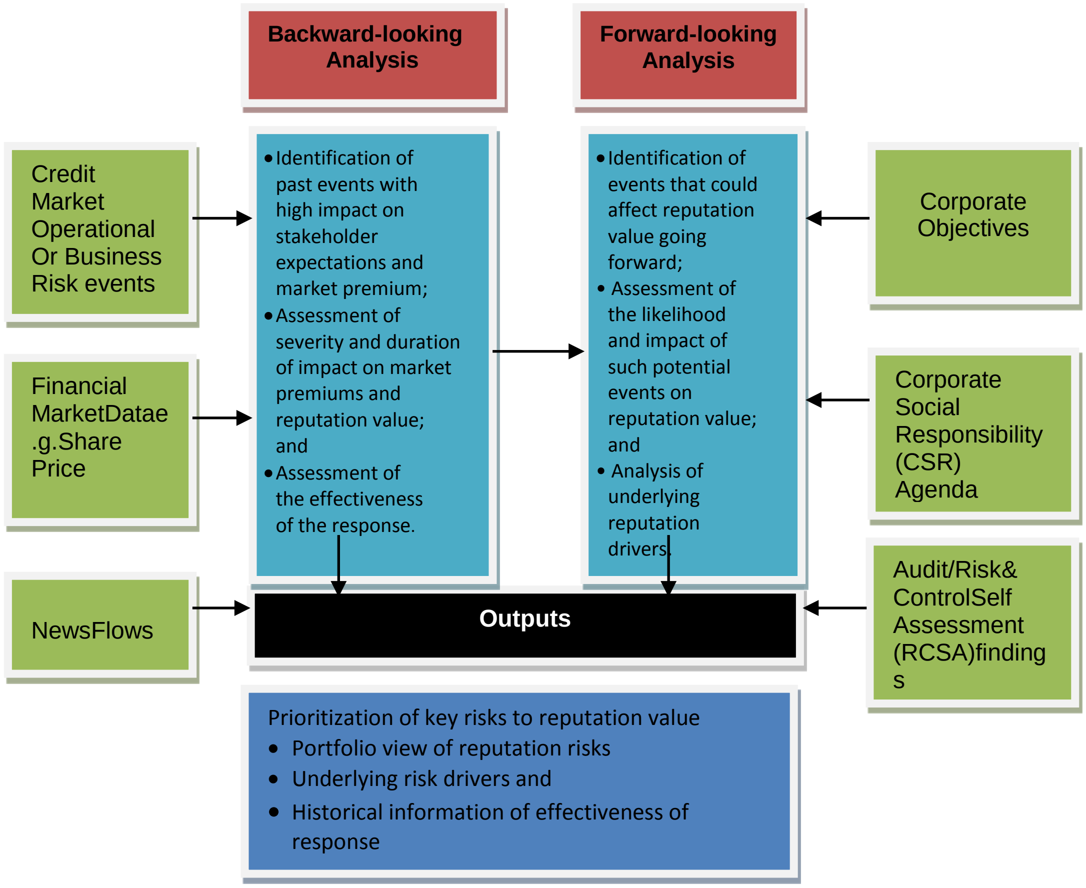
- Loss of current or future customers;
- Loss of public confidence;
- Loss of employees leading to an increase in hiring costs, or staff downtime;
- Reduction in current or future business partners;
- Increased costs of capitalization via credit or equity markets;
- Regulatory sanctions;
- Increased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

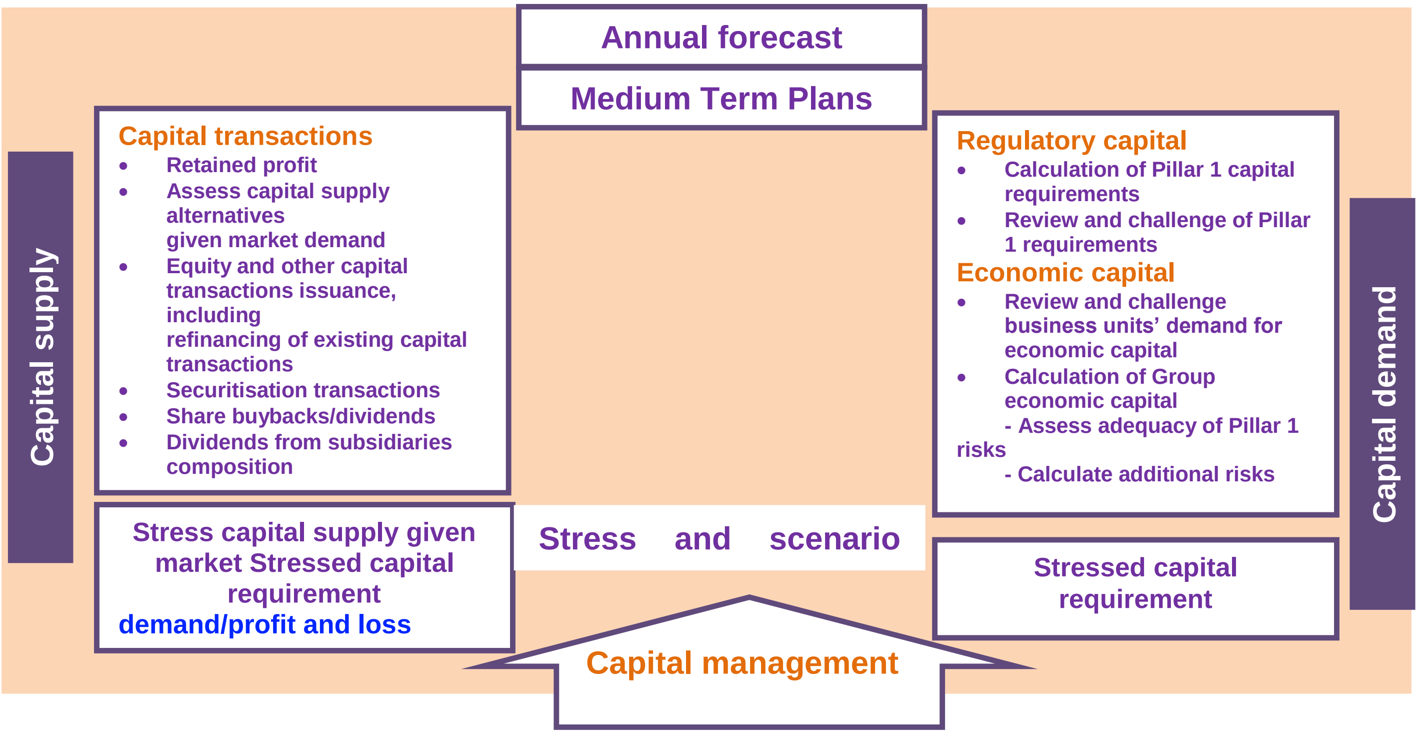
The Group has a number of capital management objectives:

- 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.

Statement of comprehensive income

In thousands of Naira	*Notes*	Group September 2015	Group September 2014	Bank September 2015	Bank September 2014
Continuing operations					
Interest income	8	155,360,879	131,724,494	137,147,514	119,824,716
Interest expense	8	(79,464,366)	(55,779,040)	(72,070,335)	(51,938,601)
Net interest income		75,896,513	75,945,454	65,077,179	67,886,115
Net impairment charge	9a	(11,551,295)	(6,959,090)	(11,130,085)	(5,181,359)
Net interest income after impairment charges		64,345,218	68,986,364	53,947,094	62,704,756
Fee and commission income	10	26,728,182	24,322,308	21,202,646	18,850,158
Fee and commission expense		(31,748)	(28,806)	-	-
Net fee and commission income		26,696,434	24,293,502	21,202,646	18,850,158
Net gains on investment securities	11a,b	50,657,803	2,303,715	50,650,201	2,292,057
Net foreign exchange income	12	18,052,011	10,793,431	15,487,601	6,626,687
Other operating income	13	6,791,532	12,243,039	6,406,138	11,944,332
Personnel expenses	14	(29,547,312)	(21,734,390)	(24,586,031)	(17,675,288)
Operating lease expenses		(1,454,003)	(1,588,995)	(1,123,797)	(1,075,111)
Depreciation	28	(6,301,965)	(5,712,532)	(5,685,877)	(5,116,778)
Amortization	29	(1,042,712)	(866,849)	(925,843)	(787,562)
Other operating expenses	15	(67,825,151)	(46,972,438)	(62,545,105)	(42,878,430)
Share of profit of equity accounted investee	16c	-	411,109	-	-
Profit before tax		60,371,855	42,155,957	52,827,028	34,884,821
Income tax	17,30	(12,279,300)	(6,323,394)	(9,214,400)	(5,581,571)
Profit from continuing operations		48,092,555	35,832,563	43,612,628	29,303,250
Loss from discontinued operations	16a,b	-	(486,827)	-	-
Profit for the period		**48,092,555**	**35,345,736**	**43,612,628**	**29,303,250**
Other comprehensive income (OCI) for the period:					
Items that will not be subsequently reclassified to the income statement:					
Items that may be subsequently reclassified to the income statement:					
Foreign currency translation differences for foreign subsidiaries					
- Unrealised losses		(505,852)	(1,522,730)	-	-
- Realised gains arising		-	-	-	-
Net changes in fair value of AFS financial instruments					
-Fair value changes arising		2,841,089	357,333	2,875,246	146,746
Fair value changes on AFS financial instruments from associates	29	-	(96)	-	-
Other comprehensive gain/(loss), net of related tax effects:		2,335,237	(1,165,493)	2,875,246	146,746
Total comprehensive income for the period		**50,427,792**	**34,180,243**	**46,487,874**	**29,449,996**
Profit attributable to:					
Owners of the bank		47,549,367	34,925,087	43,612,628	29,303,250
Non-controlling interest		543,188	420,649	-	-
Profit for the period		**48,092,555**	**35,345,736**	**43,612,628**	**29,303,250**
Total comprehensive income attributable to:					
Owners of the bank		50,073,311	33,759,594	46,487,874	29,449,996
Non-controlling interest		354,480	420,649	-	-
Total comprehensive income for the period		**50,427,792**	**34,180,243**	**46,487,874**	**29,449,996**
Total comprehensive income for the period attributable to parent:					
Continuing operations		50,427,792	34,667,070	46,487,874	29,449,996
Discontinued operations		-	(486,827)	-	-
		50,427,792	**34,180,243**	**46,487,874**	**29,449,996**
Earnings per share (adjusted)					
Basic/Diluted (kobo)	18	201	152	185	128
Continuing operations					
Basic (kobo)	18	201	150	185	128
Discontinuing operations					
Basic (kobo)	18	-	2	-	-

Statement of financial position
As at 30 September 2015

In thousands of Naira	*Notes*	Group September 2015	Group December 2014	Bank September 2015	Bank December 2014
Assets					
Cash and balances with banks	19	420,181,809	405,014,793	337,239,553	351,174,879
Non pledged trading assets	20	20,660,702	28,411,644	20,627,551	28,411,644
Derivative financial assets	21	74,340,676	24,866,681	74,340,676	24,831,145
Loans and advances to banks	22	31,295,919	12,435,659	54,689,854	55,776,837
Loans and advances to customers	23	1,280,917,492	1,110,464,442	1,163,070,678	1,019,908,848
Pledged assets	24	247,407,451	87,072,147	247,407,451	85,183,353
Investment securities	25	157,022,118	270,211,388	130,744,227	226,137,983
Other assets	26	86,537,601	56,310,620	81,285,948	48,246,307
Investment in subsidiaries	27	-	-	45,520,959	40,120,572
Property and equipment	28	73,209,017	69,659,707	65,943,388	64,160,327
Intangible assets	29	6,078,966	5,592,991	4,774,608	4,436,814
Deferred tax assets	30	4,124,836	10,881,984	4,285,082	10,128,537
		2,401,776,587	2,080,922,056	2,229,929,973	1,958,517,246
Assets classified as held for sale	31	179,948	23,438,484	179,948	23,438,484
Total assets		**2,401,956,535**	**2,104,360,540**	**2,230,109,921**	**1,981,955,730**
Liabilities					
Deposits from financial institutions	32	159,284,854	119,045,423	168,095,636	134,509,662
Deposits from customers	33	1,557,926,291	1,454,419,052	1,392,052,781	1,324,800,611
Derivative financial liabilities	21	4,089,462	1,989,662	4,089,462	1,737,791
Current tax liabilities	17	6,540,365	8,180,969	5,047,429	7,113,226
Other liabilities	34	33,167,583	21,689,079	28,495,722	16,870,132
Deferred tax liabilities	30	-	59,038	-	-
Debt securities issued	35	152,172,863	138,481,179	80,155,222	73,155,391
Interest-bearing borrowings	36	132,852,496	79,816,309	202,597,070	146,345,767
Retirement benefit obligations	37	3,960,271	3,269,100	3,899,610	3,267,364
Total liabilities		**2,049,994,185**	**1,826,949,811**	**1,884,432,932**	**1,707,799,944**
Equity					
Share capital and share premium	38	212,468,908	172,477,671	212,468,909	172,477,671
Retained earnings		65,229,795	34,139,453	62,425,165	36,499,779
Other components of equity		70,418,013	67,262,761	70,782,915	65,178,336
Total equity attributable to owners of the Bank		**348,116,716**	**273,879,885**	**345,676,990**	**274,155,786**
Non controlling interest	38	3,845,633	3,530,843	-	-
Total equity		**351,962,350**	**277,410,728**	**345,676,990**	**274,155,786**
Total liabilities and equity		**2,401,956,535**	**2,104,360,540**	**2,230,109,921**	**1,981,955,730**

Consolidated statement of changes in equity

In thousands of Naira
Group

	Attributable to owners of the Bank													
	Share capital	**Share premium**	**Regulatory risk reserve**	**Other regulatory reserves**	**Share Scheme reserve**	**Treasury Shares**	**Capital Reserve**	**Fair value reserve**	**Contingency reserve**	**Foreign currency translation reserve**	**Retained earnings**	**Total**	**Non Controlling interest**	**Total Equity**
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											47,549,367	47,549,367	543,188	48,092,555
Other comprehensive income, net of tax														
Unrealised foreign currency translation difference	-	-	-	-	-	-	-	-	-	(317,144)	-	(317,144)	(188,708)	(505,852)
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	-	2,841,089	-	-	-	2,841,089	-	2,841,089
Total other comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,841,089**	**-**	**(317,144)**	**-**	2,523,945	(188,708)	**2,335,237**
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,841,089**	**-**	**(317,144)**	**47,549,367**	50,073,311	354,480	**50,427,792**
Transactions with equity holders, recorded directly in equity:														
Transfers during the period	-	-	(5,086,736)	6,334,078	-	-	-	-	-	-	(1,247,342)	-	-	-
Scheme shares	-	-	-	-	317,129	(933,163)	-	-	-	-	-	(616,034)	-	(616,034)
Proceed from right issue	3,022,527	36,968,712										39,991,238		39,991,238
Dividend paid to equity holders	-	-	-	-	-	-	-	-	-	-	(15,211,683)	(15,211,683)	(39,690)	(15,251,373)
Total contributions by and distributions to equity holders	**3,022,527**	**36,968,712**	**(5,086,736)**	**6,334,078**	**317,129**	**(933,163)**	**-**	**-**	**-**	**-**	**(16,459,025)**	**24,163,521**	**(39,690)**	**24,123,831**
Balance at 30 September 2015	**14,463,987**	**198,004,923**	**16,118,295**	**43,412,682**	**612,548**	**(1,909,290)**	**3,489,080**	**12,722,491**	**-**	**(4,027,792)**	**65,229,795**	**348,116,718**	**3,845,633**	**351,962,350**

Consolidated statement of changes in equity

In thousands of Naira
Group

	Attributable to owners of the Bank													
	Share capital	**Share premium**	**Regulatory risk reserve**	**Other regulatory reserves**	**Share Scheme reserve**	**Treasury Shares**	**Capital Reserve**	**Fair value reserve**	**Contingency reserve**	**Foreign currency translation reserve**	**Retained earnings**	**Total**	**Non Controlling interest**	**Total Equity**
Balance at 1 January 2014	**11,441,460**	**161,036,211**	**13,074,749**	**30,365,408**	**112,783**	**(460,580)**	**3,489,080**	**6,237,939**	**-**	**(4,815,485)**	**22,232,374**	**242,713,940**	**1,768,110**	**244,482,050**
Total comprehensive income for the period:														
Profit for the period											34,925,087	34,925,087	420,649	35,345,736
Other comprehensive income, net of tax														
Unrealised foreign currency translation difference	-	-	-	-	-	-	-	-	-	(413,589)	-	(413,589)	-	(413,589)
Realised foreign currency translation difference										-	-	-	-	-
Actuarial loss on remeasurement of retirement benefit	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	-	168,720	-	-	-	168,720	-	168,720
Fair value changes on AFS financial instruments from associates	-	-	-	-	-	-	-	337	-	-	-	337	-	337
Cancelled fair value reserve from associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive (loss)/income	**-**	**-**	**-**	**-**		**-**	**-**	**169,057**	**-**	**(413,589)**	**-**	(244,532)	-	**(244,532)**
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**169,057**	**-**	**(413,589)**	**34,925,087**	34,680,555	420,649	**35,101,204**
Transactions with equity holders, recorded directly in equity:														
Transfers during the period	-	-	4,584,110	3,664,971	-	-	-	-	-	-	(8,249,081)	-		-
Scheme shares	-	-	-	-	98,449	(515,547)	-	-	-	-	-	(417,098)		(417,098)
Deemed disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	(652,668)	(652,668)	652,668	-
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	670,740	670,740
Transfer from disposed subsidiaries	-	-	-	(27,762)	-	-	-	-	-	-	27,762	-	-	-
Dividend paid to equity holders	-	-	-	-	-	-	-	-	-	-	(8,052,541)	(8,052,541)	-	(8,052,541)
Total contributions by and distributions to equity holders	**-**	**-**	**4,584,110**	**3,637,209**	**98,449**	**(515,547)**	**-**	**-**	**-**	**-**	**(16,926,528)**	**(9,122,307)**	**1,323,408**	**(7,798,899)**
Balance at 30 September 2014	**11,441,460**	**161,036,211**	**17,658,859**	**34,002,617**	**211,232**	**(976,127)**	**3,489,080**	**6,406,996**	**-**	**(5,229,074)**	**40,230,932**	**268,272,189**	**3,512,167**	**271,784,356**

Statement of changes in equity
In thousands of Naira

Bank	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Share Scheme reserve	Capital Reserve	Fair value reserve	Merger Reserve	Retained earnings	Total Equity
Balance at 1 January 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	-	-	-	-	-	-	-	-	43,612,628	**43,612,628**
Other comprehensive income, net of tax										
Actuarial loss on remeasurement of retirement benefit	-	-	-	-	-	-	-	-	-	-
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	2,875,246	-	-	**2,875,246**
Total other comprehensive (loss)	**-**	**-**	**-**	**-**	**-**	**-**	**2,875,246**	**-**	**-**	**2,875,246**
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**2,875,246**	**-**	**43,612,628**	**46,487,874**
Transactions with equity holders, recorded directly in equity:										
Transfers for the period	-	-	(4,095,666)	6,541,894	-	-	-	-	(2,446,228)	-
Dividend paid to equity holders	-	-			-	-	-	-	(15,241,014)	**(15,241,014)**
Proceed from rights issue	3,022,527	36,968,712								**39,991,238**
Scheme shares	-	-	-	-	283,105	-	-	-	-	**283,105**
Total contributions by and distributions to equity holders	**3,022,527**	**36,968,712**	**(4,095,666)**	**6,541,894**	**283,105**	**-**	**-**	**-**	**(17,687,242)**	**25,033,330**
Balance at 30 September 2015	**14,463,987**	**198,004,923**	**12,906,315**	**41,100,331**	**578,524**	**3,489,081**	**12,708,664**	**-**	**62,425,165**	**345,676,990**

Statement of changes in equity
In thousands of Naira

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

Consolidated statement of cash flows
For the period 30 September 2015

In thousands of Naira	Group September 2015	Group September 2014	Bank September 2015	Bank September 2014
Cash flows from operating activities				
Profit before income tax and discontinued operations	**60,371,855**	**42,155,957**	**52,827,028**	**34,884,821**
Adjustments for:				
Depreciation of property and equipment	6,301,965	5,712,532	5,685,877	5,116,778
Amortization of intangible assets	1,042,712	866,849	925,843	787,562
Gain on disposal of property and equipment	(127,786)	(928,194)	(122,776)	(896,717)
Gain on disposal of investment properties	-	-	-	-
Gain on disposal of investment securities	(3,506,143)	(455,746)	(3,498,541)	(444,087)
Unrealised gains on derivative financial instruments	(47,151,660)	(1,847,970)	(47,151,660)	(1,847,970)
Impairment on financial assets	11,551,295	6,959,090	11,130,085	5,181,359
Additional gratuity provision	632,246	328,884	632,246	328,884
Loss on disposal of subsidiaries	-	-	-	104,266
Equity share-based payment expense	317,130	147,674	283,105	147,674
Property and equipment written off	51,476	-	51,476	-
Share of profit of equity accounted investee	-	(411,109)	-	-
Net interest income	(75,896,513)	(75,945,454)	(65,077,179)	(67,886,115)
Unrealised foreign exchange loss/(gain) on revaluation	9,814,516	(642,041)	9,904,469	(398,331)
Dividend income	(3,602,567)	(3,765,987)	(4,058,999)	(4,245,027)
	(40,201,474)	(27,825,516)	(38,469,028)	(29,166,902)
Increase/(decrease) in operating assets:				
Change in non-pledged trading assets	7,750,942	(18,884,858)	7,784,093	(18,688,090)
Change in pledged assets	(160,335,304)	(15,238,773)	(162,224,098)	(15,300,801)
Change in restricted deposits	41,950,254	(34,475,011)	41,662,743	(33,647,571)
Change in loans and advances to banks and customers	(189,313,310)	(294,584,924)	(142,074,846)	(213,514,067)
Change in other assets	(9,815,002)	(41,527,636)	(48,553,429)	(28,761,528)
Change in deposits from banks	40,239,431	43,618,649	33,585,974	17,859,930
Change in deposits from customers	103,507,239	147,601,556	67,252,170	139,434,754
Change in other liabilities	11,478,503	(30,244,612)	11,625,590	(23,569,886)
Interest paid on deposits to banks and customers	(68,148,245)	(50,544,645)	(60,960,596)	(46,733,127)
Interest received on loans and advances and non-pledged trading assets	128,736,438	109,286,832	115,239,354	100,294,534
	(134,150,528)	(212,818,939)	(175,132,074)	(151,792,754)
Income tax paid	(4,482,674)	(7,281,679)	(3,038,642)	(5,032,445)
Net cash used in operating activities	(138,633,202)	(220,100,618)	(178,170,716)	(156,825,199)
Cash flows from investing activities				
Cash payments to acquire investment securities	(384,807,357)	(107,286,423)	(369,342,086)	(104,646,909)
Interest received on investment securities	19,425,666	19,759,897	16,696,029	17,377,524
Dividend received	3,602,567	3,765,987	4,058,999	4,245,027
Acquisition of property and equipment	(12,236,698)	(6,450,007)	8,620,826	(5,297,971)
Proceeds from the sale of property and equipment and intangible assets	2,076,299	1,223,611	1,155,963	931,956
Acquisition of intangible assets	(1,368,759)	(553,067)	(1,196,408)	(511,992)
Proceeds from matured investment securities	217,949,632	84,304,576	196,571,241	65,521,691
Proceeds from sale of subsidiary and associates	-	543,340	-	543,340
Increase in investment in subsidiaries	-	-	5,400,387	(2,101,710)
Cash lost on disposal of subsidiary	-	(956,473)	-	-
Cash received from sale of assets and liabilities held for sale	5,000,000	1,343,207	5,000,000	1,343,207
Cash lost on disposal of subsidiary				
Proceeds from sale of investment securities	283,533,276	127,448,334	271,954,799	114,642,150
Net cash generated from investing activities	133,174,626	123,142,982	138,919,750	92,046,313
Cash flows from financing activities				
Interest paid on borrowings and debt securities issued	(11,292,215)	(4,492,284)	(11,109,739)	(2,731,931)
Proceeds from new interest bearing borrowings	70,378,662	2,396,220	70,378,662	2,396,220
Repayment of interest bearing borrowings	(14,127,359)	(7,157,378)	(14,127,359)	(5,536,580)
Proceeds from rights issued	39,991,238	-	39,991,238	-
Purchase of own shares	(1,007,903)	(515,547)	-	-
Dividends paid to owners	(7,231,993)	(8,052,541)	(7,231,993)	(8,009,048)
Debt securities issued		63,990,609	-	63,990,609
Net cash provided (used in)/by financing activities	76,710,430	46,169,079	77,900,809	50,109,269
Net (decrease)/increase in cash and cash equivalents	71,251,855	(50,788,557)	38,649,844	(14,669,617)
Cash and cash equivalents at beginning of year	152,748,398	277,033,693	100,897,058	223,567,707
Effect of exchange rate fluctuations on cash held	(559,294)	1,167,046	(847,384)	2,740,802
Cash and cash equivalents at end of year	223,440,959	227,412,182	138,699,517	211,638,893
Net (decrease)/increase in cash and cash equivalents	71,251,855	(50,788,557)	38,649,844	(14,669,617)

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 September 2015 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 20th October 2015.

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 IAS34 (Interim Financial Report) issued by the International Accounting Standards Board (IASB). Additional information required by national regulations is included where appropriate.

3.0 Summary of significant accounting policies

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

3.1 Basis of preparation

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

(a) Functional and presentation currency

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

(b) Basis of measurement

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

- derivative financial instruments are measured at fair value.
- non-derivative financial instruments at fair value through profit or loss are measured at fair value.
- available-for-sale financial assets are measured at fair value.
- investment property is measured at fair value.
- the liability for defined benefit obligations is recognised as the present value of the defined benefit obligation and related current service cost
- non-current assets held for sale measured at fair value less costs to sell. 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 judgements

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

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

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

3.2 Changes in accounting policy and disclosures

(a) 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 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] Ammendments to IFRS 8, 'Operating segments' effective for annual periods after 01 July 2014

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

Ammendments 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.

Ammendments 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.

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

As at 30 September 2015, a number of standards and interpretations, and amendments thereto, had been issued by the IASB which are not yet effective for these consolidated financial statements. Details are set out below.

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

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

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

Other IFRS that are relevant to the group include:

IFRS	Effective Date	Subject of amendment
Ammendments 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 to IFRS 15, ‘Revenue from contracts with customers’	Annual periods beginning on or after 1 January 2017	The Standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers to improve comparability within industries, across industries, and across capital markets. The revenue standard contains principles that an entity will apply to determine the measurement of revenue and timing of when it is 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. Early adoption is permitted.
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.
Amendments IFRS 14, Regulatory deferral accounts	Effective 01 January 2016	This standard describes the regulatory deferral account balances as amounts of expense or income that would not be recognised as assets or liabilities in accordance with other standards, but that qualify to be deferred in accordance with this standard because the amount is included or expected to be included by the rate regulator in establishing the price (s) that an entity can charge to customers for rate regulated goods or services

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 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:

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

(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 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.

(c) 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.

(d) 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.

(e) 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.

(f) 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.

(g) 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.

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

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

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

(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.

(c) Net gains/losses on financial instuments classified held for trading

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

(d) Foreign exchange income

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

(e) Dividends

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

3.7 Lease payments

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

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

3.8 Income tax expense

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

(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 derviative financial insturments) have to be reocognised in the consolidated statement of financial position and measured in accordance with their assigned category.

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

	Category (as defined by IAS 39)		**Class (as determined by the Group)**	**Sub classes**
Financial assets	Financial assets at fair value through profit or loss		Non pledged trading assets	Equity securities
				Derivative financial assets
				Debt securities
	Loans and receivables		Cash and balances with banks	Cash on hand and balances with banks
				Unrestricted balances with central banks
				Restricted balances with central banks
				Money market placements and other cash equivalents
			Loans and advances to banks	Loans and advances to banks
			Loans and advances to customers	Loans to individuals
				Loans to corporate entities and other organisations
			Other assets	Receivables
	Held to maturity		Investment securities - debt securities	Listed
	Available for sale financial assets		Investment securities - debt securities	Listed
				Unlisted
			Investment securities - equity securities	Listed
				Unlisted

	Category (as defined by IAS 39)		Class (as determined by the Group)	Sub classes
Financial liabilities	Financial liabilities at fair value through		Derivatives	
	Financial liabilities at amortised cost		Deposits from banks	
			Deposits from customers	Demand deposits
				Savings deposits
				Term deposits
			Interest bearing 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 cash consideration to originate or purchase the loan including any transaction costs – and measured subsequently at amortised cost using the effective interest rate method. Loans and receivables are reported in the consolidated statement of financial position as loans and advances to banks or customers or as investment securities. Interest on loans is included in the consolidated income statement and is reported as 'Interest income'. In the case of an impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognised in the consolidated income statement under "net impairment loss on financial assets"

[iii] Held-to-maturity

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

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

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

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

[iv] Available-for-sale

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

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

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

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

Availabe for sale instruments include investment seccurities.

(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 impairment.

[ii] Fair value measurement

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

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

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

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

(g) Identification and measurement of impairment

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

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

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

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

[ii] Available for sale securities

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

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

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

(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 seperately 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 veviewed for impairment whenever events or changed in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

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

(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 goodwil impairment testing, CGUs to which goodwill has been allcated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to the groups of CGUs that are expected to benefit from the synergies of the combination.

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

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

3.19 Employee benefits

(a) Defined contribution plans

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

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

(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 immidiately 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

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

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

3.20 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 avergae number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

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.

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

Statement of prudential adjustments

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

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

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

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

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

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

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

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 adjusted fair value comparison approach. Quoted price per earning or price per book value, enterprise value to EBITDAratios 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. Below is a table showing sensitivity analysis of material unquoted investments categorised as Level 2 fair values.\

Description	Fair value at 30 September 2015	Valuation Technique	Unobservable Inputs	Fair value if inputs increased by 5%	Fair value if inputs decreased by 5%	Relationship of unobservable inputs to fair value
Investment in African Finance Corpooration	30,101,935	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	31,607,032	28,596,838	The higher the P/B ratio of similar trading companies, the higher the fair value
Investment in Unified Payment System	2,384,009	Adjusted fair value comparison approach	Median of Enterprise value to EBITDA ratio (EV/EBITDA) of similar comparable companies	2,503,209	2,264,809	The higher the EV/EBITDA ratio of similar trading companies, the higher the fair value
Investment in CSCS	2,171,115	Adjusted fair value comparison approach	Median of Enterprise value to EBITDA ratio (EV/EBITDA) of similar comparable companies	2,279,671	2,062,559	The higher the EV/EBITDA ratio of similar trading companies, the higher the fair value
Investment in Stanbic IBTC Pension managers	1,284,239	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	1,348,451	1,220,027	The higher the P/B ratio of similar trading companies, the higher the fair value
Investment in NIBSS	1,055,709	Adjusted fair value comparison approach	Weighted Price to earnings (P/E) ratio of similar comparable companies	1,108,494	1,002,924	The higher the P/E ratio of similar trading companies, the higher the fair value

(iii) ***Determination of fair value of investment property classified as asset held for sale***
Management employed the services of estate surveyors and valuers expert to value its investment properties. The estimated open market value is deemed to be the fair value based on the assumptions that there will be willing buyers and sellers. Recent market prices of neighborhood properties were also considered in deriving the open market values. A variation of -/+5% will result in N37.5Mn fair value loss/gain respectively.

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

(v) ***Assessment of impairment of goodwill on acquired subsidiaries***
Goodwill on acquired subsidiaries was tested for impairment using discounted cash flow valuation method. Projected cash flows were discounted to present value using a discount rate of 15.18% and a cash flow growth rate of 10.32% over a period of five years. The Group determined the appropriate discount rate at the end of the reporting period. See note 31b for further details.

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

8 Interest income

In thousands of Naira	Group September 2015	Group September 2014	Bank September 2015	Bank September 2014
Interest income				
Cash and balances with banks	3,698,380	2,677,766	2,622,125	2,152,658
Loans and advances to banks and customers	120,377,644	98,975,220	106,880,560	90,456,093
Investment securities				
-Available for sale	10,555,520	3,580,799	9,706,901	3,280,883
-Held for trading	8,358,795	6,730,813	8,358,795	6,557,558
-Held to maturity	12,370,540	19,759,897	9,579,135	17,377,524
	155,360,879	**131,724,494**	**137,147,514**	**119,824,716**
Interest expense				
Deposit from financial institutions	7,149,538	2,352,252	5,834,342	1,984,622
Deposits from customers	60,998,707	48,192,393	55,126,254	44,748,505
Securities dealing	23,906	4,628	-	4,628
Interest bearing borrowings and other borrowed funds	11,292,215	5,229,768	11,109,739	5,200,846
	79,464,366	**55,779,040**	**72,070,335**	**51,938,601**
Net interest income	**75,896,513**	**75,945,454**	**65,077,179**	**67,886,115**

Interest income for the period ended 30 September 2015 includes interest accrued on impaired financial assets of Group: N2.98Bn (30 September 2014: N5.5Bn) and Bank: N2.57Bn (30 September 2014: N3.5Bn).

9a (Impairment)/writeback on financial assets

In thousands of Naira	Group September 2015	Group September 2014	Bank September 2015	Bank September 2014
Additional collective impairment charges on loans and advances to banks	52,855	2,247	-	2,247
Additional collective impairment charges on loans and advances to customers	5,579,669	(208,416)	5,517,135	(3,187,022)
Additional specific impairment charges on loans and advances to customers	3,611,838	(6,274,768)	3,310,125	(1,529,552)
Additional impairment allowance on financial assets in other assets	2,237,121	(478,153)	2,233,011	(467,032)
Specific allowance for impairment on Bonds(See note 25)	69,813	-	69,813	
Reversal of impairment on other assets (see note 27)	-	-	-	-
	11,551,295	**(6,959,090)**	**11,130,085**	**(5,181,359)**

10 Fee and commission income

In thousands of Naira	Group September 2015	Group September 2014	Bank September 2015	Bank September 2014
Credit related fees and commissions	13,939,738	9,873,064	10,655,371	7,843,732
Commission on turnover and handling commission	2,507,169	3,274,474	2,222,359	3,274,474
Commission on bills and letters of credit	1,180,027	1,164,032	1,045,170	929,197
Commissions on collections	94,191	144,604	75,931	130,379
Commission on other financial services	1,384,261	4,956,758	313,382	3,003,528
Commission on virtual products	1,778,167	1,815,809	1,333,286	1,077,613
Commission on foreign currency denominated transactions	1,480,862	846,905	1,299,138	461,129
Card related commissions	4,101,114	1,822,104	4,029,980	1,734,071
Retail account charges	262,653	424,558	228,029	396,034
	26,728,182	**24,322,308**	**21,202,646**	**18,850,158**

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.

11 Net gains on investment securities

a Net gains on financial instruments classified as held for trading

In thousands of Naira	Group September 2015	Group September 2014	Bank September 2015	Bank September 2014
Fixed income securities	1,390,265	301,564	1,382,663	289,906
Derivative instruments	47,151,660	1,847,970	47,151,660	1,847,970
	48,541,925	**2,149,534**	**48,534,323**	**2,137,876**

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.

b Net gains on financial instruments held as available for sale

In thousands of Naira	Group September 2015	Group September 2014	Bank September 2015	Bank September 2014
Fixed income securities	2,115,879	154,181	2,115,879	154,181
	2,115,879	**154,181**	**2,115,879**	**154,181**
Total	**50,657,803**	**2,303,715**	**50,650,201**	**2,292,057**

12 Net foreign exchange income

In thousands of Naira	Group September 2015	Group September 2014	Bank September 2015	Bank September 2014
Foreign exchange net trading income	27,866,527	10,151,390	25,392,070	6,228,356
Unrealised foreign exchange (loss)/gains on revaluation	(9,814,516)	642,041	(9,904,469)	398,331
	18,052,011	**10,793,431**	**15,487,601**	**6,626,687**

13 Other operating income

In thousands of Naira	Group September 2015	Group September 2014	Bank September 2015	Bank September 2014
Dividends on available for sale equity securities	3,602,567	3,765,987	4,058,999	4,245,027
Gain on disposal of property and equipment	127,786	928,194	122,776	896,717
Rental income	107,860	186,080	77,760	127,248
Bad debt recovered	753,110	638,697	301,611	455,675
Other income	2,200,208	6,724,081	1,844,992	6,219,665
	6,791,532	**12,243,039**	**6,406,138**	**11,944,332**

14 Personnel expenses

In thousands of Naira	Group September 2015	Group September 2014	Bank September 2015	Bank September 2014
Wages and salaries	27,490,045	20,827,508	22,863,177	17,067,033
Increase in liability for long term incentive plan (see note 40 (a) (i))	632,246	375,000	632,246	375,000
Contributions to defined contribution plans	1,107,891	433,433	807,503	134,805
Restricted Share Performance Plan (a)	317,130	98,449	283,105	98,449
	29,547,312	**21,734,390**	**24,586,031**	**17,675,288**

(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 fair value of RSPP shares purchased was obtained from Nigeria Stock Exchange quotation.

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

		September 2015		December 2014	
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;	83,200,358	10.46	38,196,543	11.50
(ii)	Shares purchased during the period	166,253,298	7.22	58,240,538	10.67
(iii)	Unallocated shares during the period	nil	nil	9,398,371	9.76
(iv)	Forfeited during the period;	3,340,291	nil	3,838,352	nil
(v)	Exercised during the period;	nil	nil	nil	nil
(vi)	Shares allocated to staff at end of the period;	246,113,365	7.33	83,200,358	10.46
		Naira	**Price per Share - Naira**	**Naira**	**Price per Share - Naira**
Share based expense recognised during the period		317,429,646	10.03	182,649,117	10.46

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	2013 - 2015	31 Dec 2015	32,820,442
Outstanding allocated shares for the 2014 - 2016 vesting period	2014 - 2016	31 Dec 2016	59,948,242
Outstanding allocated shares for the 2015 - 2017 vesting period	2015 - 2017	31 Dec 2017	153,344,681
			246,113,365

Bank

		September 2015		December 2014	
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;	77,782,273	10.51	38,196,543	11.50
(ii)	Shares purchased during the period	153,344,766	7.22	52,822,453	9.76
(iii)	Unallocated shares during the period	nil	nil	9,398,371	9.76
(iv)	Forfeited during the period;	3,340,291	nil	3,838,352	nil
(v)	Exercised during the period;	nil	nil	nil	nil
(vi)	Shares allocated to staff at end of the period;	283,105,224	7.33	77,782,273	10.51
		Naira	**Price per Share - Naira**	**Naira**	**Price per Share - Naira**
Share based expense recognised during the period			229,054,224	182,636,342	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 2013 - 2015 vesting period	2013 - 2015	31 Dec 2015	27,402,357
Outstanding allocated shares for the 2014 - 2016 vesting period	2014 - 2016	31 Dec 2016	47,039,625
Outstanding allocated shares for the 2015 - 2017 vesting period	2015 - 2017	31 Dec 2017	153,344,681
			227,786,663

ii. The average number of persons in employment at the Group level during the period comprise:

	Group September 2015	Group September 2014	Bank September 2015	Bank September 2014
	Number	**Number**	**Number**	**Number**
Managerial	341	223	264	201
Other staff	3,440	3,271	2,548	2,374
	3,781	**3,494**	**2,812**	**2,575**

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 September 2015	Group September 2014	Bank September 2015	Bank September 2014
	Number	Number	Number	Number
Below N900,000	232	134	-	-
N900,001 - N1,990,000	388	108	-	-
N1,990,001 - N2,990,000	113	138	-	-
N2,990,001 - N3,910,000	849	918	797	626
N3,910,001 - N4,740,000	14	21	-	-
N4,740,001 - N5,740,000	673	645	646	563
N5,740,001 - N6,760,000	31	51	-	-
N6,760,001 - N7,489,000	511	567	492	548
N7,489,001 - N8,760,000	338	323	320	314
N8,760,001 - N9,190,000	4	3	-	
N9,190,001 - N11,360,000	186	188	173	168
N11,360,001 - N14,950,000	138	135	120	119
N14,950,001 - N17,950,000	126	115	121	107
N17,950,001 - N21,940,000	64	57	57	50
N21,940,001 - N26,250,000	44	40	41	36
N26,250,001 - N30,260,000	6	3	-	
N30,261,001 - N45,329,000	36	33	32	31
Above N45,329,000	17	15	13	13
	3,770	3,494	2,812	2,575

15 Other operating expenses

In thousands of Naira	Group September 2015	Group September 2014	Bank September 2015	Bank September 2014
Premises and equipment costs	4,976,720	4,457,214	4,057,823	4,339,559
Professional fees	1,472,579	1,506,112	1,249,101	1,051,671
Insurance	686,263	640,730	560,655	546,155
Business travel expenses	4,990,915	2,304,667	4,654,708	2,003,605
Asset Management Corporation of Nigeria (AMCON) surcharge (see note (a) below)	8,770,267	6,225,000	8,770,267	6,225,000
Loss on disposal of investments	-	17	-	17
Deposit insurance premium	4,016,666	4,320,073	4,016,666	4,320,073
Auditor's renumeration	292,820	242,742	241,085	221,650
Administrative expenses	17,274,298	10,172,505	15,721,479	7,543,295
Board expenses	372,907	263,021	292,217	223,714
Communication expenses	1,886,824	1,346,097	1,344,566	1,230,239
Consultancy and IT expenses	9,581,645	5,030,840	9,230,394	4,945,452
Outsourcing costs	4,242,605	4,625,992	4,203,465	4,593,239
Public relations and marketing expenses	3,033,992	1,484,050	2,659,876	1,367,834
Recruitment and training	2,450,860	1,088,101	2,054,250	1,078,005
Events, charities and sponsorship	1,171,376	921,373	1,085,925	890,442
Periodicals and subscriptions	502,310	429,487	480,017	425,752
Security expenses	2,102,103	1,914,418	1,922,612	1,872,728
	67,825,151	46,972,438	62,545,105	42,878,430

(a) This represents the Group's contribution to AMCON's sinking fund for the period ended 30 September 2015. 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.

16a Discontinued operations
For the period ended 30 September 2015

In thousands of Naira	Access Bank Burundi
	Subsidiary
Up to date:	**February 2014**
Interest income	33,228
Interest expense	(10,177)
Net interest income	23,051
Fee and commission income	12,923
Net fee and commission income	12,923
Other operating income	4,853
Total operating income	**40,827**
Personnel expenses	(16,060)
Other operating expenses	(31,487)
Total expenses	(47,547)
Loss before tax	(6,720)
Income tax expense	-
Loss after tax	**(6,720)**
Loss after tax attributable to:	
Owners of the bank	(5,847)
Share of profit attributable to Access Bank:	-
Non-controlling interests	(873)
Loss after tax for the period	**(6,720)**
Basic loss per share (kobo)	(0.12)

16b The aggregate book value of the net assets for the subsidiary and associate disposed at the date of disposal is as follows:

Group	
Cash and balances with banks	956,473
Loans and advances to customers	1,400,651
Investment securities	546,762
Other assets	94,593
Property, plant and equipment	225,883
Total assets	**3,224,362**
Deposits from banks and customers	(2,031,040)
Deposit from customers	-
Other liabilities	(166,526)
Total liabilities	**(2,197,566)**
Net assets of disposal group	**1,026,796**

Group	
Proceeds on disposal	776,200
Less:	
Share of other components of net assets exluding translation reserve	(983,780)
Share of foreign exchange gain arising from disposal	97,187
Goodwill	(369,714)
Loss on disposal of subsidiary and associate	**(480,107)**
Post tax loss of discontinued operations	**(6,720)**
Loss from discontinued operations	**(486,827)**
Bank	
Proceeds on disposal	776,200
Cost of investments	(1,141,875)
Allowance for impairment	261,409
Gain on disposal of subsidiary and associate	**(104,266)**

17 Income tax expense

The movement in the current income tax liability is as follows:

	Group September 2015	Group December 2014	Bank September 2015	Bank December 2014
Balance at the beginning of the year	8,180,969	6,899,558	7,113,226	6,075,590
Tax paid	(4,482,674)	(7,187,505)	(3,038,642)	(5,070,239)
Income tax charge	5,678,700	8,067,080	3,370,944	5,305,755
Prior year's under provision	-	751,307	-	751,307
Witholding tax utilisation	(2,368,135)	-	(2,398,099)	-
Reclassifications	-	50,813	-	50,813
Translation adjustments	(452,180)	(373,157)	-	-
Income tax receivable	(16,315)	(27,127)	-	-
Balance at the end of the period	**6,540,365**	**8,180,969**	**5,047,429**	**7,113,226**

Income tax liability is to be settled within one period

18 Earnings per share

(a) Basic from continuing operations

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the company and held as treasury shares.

In thousands of Naira	Group September 2015	Group September 2014	Bank September 2015	Bank September 2014
Profit for the period from continuing operations	47,549,367	34,925,087	43,612,628	29,303,250
Loss for the period from discontinued operations	-	(486,827)	-	-
Weighted average number of ordinary shares in issue	23,554,592	22,882,919	23,554,592	22,882,919
In naira per share				
Basic earnings per share from continuing operations	2.01	1.52	1.85	1.28
Basic (loss) per share from discontinued operations	-	(0.02)	-	-

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has no debt with a convertible option. The are no diluted earnings

19 Cash and balances with banks

In thousands of Naira	Group September 2015	Group December 2014	Bank September 2015	Bank December 2014
Cash on hand and balances with banks (see note (i))	104,308,610	49,549,044	66,714,339	36,343,757
Restricted deposits with central banks (see note (ii))	215,641,679	257,591,933	213,940,618	255,603,361
Unrestricted balances with central banks	67,446,914	32,060,575	56,584,595	22,262,582
Money market placements	32,784,605	65,813,241	-	36,965,179
	420,181,809	**405,014,793**	**337,239,553**	**351,174,879**

(i) Included in cash in hand and balances with other banks is an amount of N1.032Bn (31 Dec 2014: N5.030Bn) 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.

20 Non pledged trading assets

In thousands of Naira	Group September 2015	Group December 2014	Bank September 2015	Bank December 2014
Government bonds	385,373	3,786,172	352,222	3,786,172
Treasury bills	20,130,360	24,546,032	20,130,360	24,546,032
Equity securities	79,440.04	79,440	79,440	79,440
Eurobond	65,528.95	-	65,528.95	-
	20,660,702	**28,411,644**	**20,627,551**	**28,411,644**

21 Derivative financial instruments

In thousands of Naira	Notional amount	Fair Value Assets/ (Liabilities)	Notional amount	Fair Value Assets/ (Liabilities)
	September 2015		December 2014	
Group				
Foreign exchange derivatives				
Total derivative assets	435,514,551	74,340,676	226,641,589	24,866,681
Total derivative liabilities	134,926,352	(4,089,462)	49,836,860	1,989,662

	Notional amount	Fair Value Assets/ (Liabilities)	Notional amount	Fair Value Assets/ (Liabilities)
	September 2015		December 2014	
Bank				
Foreign exchange derivatives				
Total derivative assets	435,514,551	74,340,676	224,496,226	24,831,145
Total derivative liabilities	134,926,352	(4,089,462)	25,458,938	(1,737,791)

Derivative financial instruments consist of short term forward and swap contracts. These are held for day to day cash management rather than for trading purposes and are held at fair value. All derivative contracts are considered to be valued using level two i.e. are priced with reference to observable market data.

22 Loans and advances to banks

In thousands of Naira	Group September 2015	Group December 2014	Bank September 2015	Bank December 2014
Loans and advances to banks	31,304,116	12,442,000	54,698,051	55,783,178
Less collective allowances for impairment	(8,197)	(6,341)	(8,197)	(6,341)
	31,295,919	**12,435,659**	**54,689,854**	**55,776,837**

23 Loans and advances to customers
a Group

September 2015 *In thousands of Naira*	Gross amount	Specific impairment allowance	Collective impairment allowance	Total impairment allowance	Carrying amount
Loans and advances to customers	1,308,618,957	(11,169,306)	(16,532,159)	(27,701,465)	1,280,917,492

23 Loans and advances to customers
b Bank

September 2015 *In thousands of Naira*	Gross amount	Specific impairment allowance	Collective impairment allowance	Total impairment allowance	Carrying amount
Loans and advances to customers	1,188,894,024	(9,650,284)	(16,173,062)	(25,823,346)	1,163,070,678

24 Pledged assets

In thousands of Naira	Group September 2015	Group December 2014	Bank September 2015	Bank December 2014
Treasury bill	112,503,620	15,125,322	112,503,620	13,236,528
Government bond	134,903,831	71,946,825	134,903,831	71,946,825
	247,407,451	**87,072,147**	**247,407,451**	**85,183,353**
The related liability for assets pledged as collateral include:				
Bank of Industry (BOI)	**24,747,218**	**23,479,759**	**24,747,218**	**23,479,759**

(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 N25.78Bn (31 December 2014: N24.3Bn) for which there is no related liability.

25 Investment securities

Available for sale investment securities *In thousands of Naira*	Group September 2015	Group December 2014	Bank September 2015	Bank December 2014
Debt securities				
Government bonds	23,495,349	37,048,459	20,300,522	37,048,459
Treasury bills	14,410,156	92,046,032	10,264,920	61,656,952
Eurobonds	3,949,338	10,700,919	3,949,338	8,495,425
Corporate Bonds	3,599,755	-	3,599,755	-
Equity securities				
Equity securities with readily determinable fair values (i)	46,921,154	45,087,422	46,921,154	45,052,274
Unquoted equity securities at cost	3,145,697	3,145,697	3,145,697	3,145,697
	95,521,451	188,028,529	88,181,387	155,398,807
Specific allowance for impairment on equity securities	(3,145,697)	(3,145,697)	(3,145,697)	(3,145,697)
Specific allowance for impairment on Bonds	(69,813)	-	(69,813)	-
	92,305,941	**184,882,832**	**84,965,877**	**152,253,110**

(i) Equity securities with readily determinable fair values (carrying amount)

MTN Nigeria	10,449,753	10,226,687	10,449,753	10,226,687
Central securities clearing system limited	2,157,574	1,847,493	2,157,574	1,847,493
Nigeria interbank settlement system plc.	1,055,709	1,026,992	1,055,709	1,026,992
IBTC pension managers limited	1,284,239	1,452,636	1,284,239	1,452,636
Unified payment services limited	2,384,009	2,384,009	2,384,009	2,384,009
Africa finance corporation	28,461,517	26,891,794	28,461,517	26,891,794
Juli pharmacy plc	11,358	12,526	11,358	12,526
E-Tranzact	729,738	777,928	729,738	777,928
African export-import bank	3,100	2,291	3,100	2,291
FMDQ OTC Plc	30,000	30,000	30,000	30,000
Nigerian mortage refinance company plc.	200,000	200,000	200,000	200,000
Credit reference company	154,157	199,919	154,157	199,918
Others	-	35,147	-	-
	46,921,154	45,087,422	46,921,154	45,052,274

Held to maturity investment securities
In thousands of Naira

Debt securities				
Treasury bills	18,506,073	23,495,446	2,947,080	15,963,009
Federal government bonds	36,278,332	39,519,702	33,196,335	37,947,206
State government bonds	6,363,321	7,504,536	6,363,321	7,504,536
Corporate bonds	2,244,913	5,079,686	2,244,913	3,335,218
Eurobonds	1,323,539	1,551,167	1,026,701	956,885
Local contractors bonds	-	8,178,019	-	8,178,019
	64,716,177	**85,328,556**	**45,778,350**	**73,884,873**
Total	**157,022,118**	**270,211,388**	**130,744,227**	**226,137,983**

Specific allowance for impairment on available for sale investment securities at cost

In thousands of Naira	**Group September 2015**	**Group December 2014**	**Bank September 2015**	**Bank December 2014**
Balance, beginning of year	3,145,697	3,145,697	3,145,697	3,371,603
Addition	69,813	-	69,813	(155,906)
Amount written off	-	-	-	(70,000)
Exchange difference	-	-	-	-
Balance, end of period	**3,215,510**	**3,145,697**	**3,215,510**	**3,145,697**

26 Other assets

In thousands of Naira	Group September 2015	Group December 2014	Bank September 2015	Bank December 2014
Financial assets				
Accounts receivable	59,465,621	52,828,011	55,934,818	46,508,768
Receivable from AMCON	5,498,909	5,498,909	5,498,909	5,498,909
Subscription for investment	25,001	25,001	860,965	826,653
	64,989,531	58,351,921	62,294,692	52,834,330
Non-financial assets				
Prepayments	22,971,792	19,518,711	20,425,462	17,026,257
Inventory	820,686	761,159	810,202	706,891
	23,792,478	20,279,870	21,235,664	17,733,148
Gross other assets	88,782,009	78,631,791	83,530,356	70,567,478
Allowance for impairment on financial assets	(2,244,408)	(22,321,171)	(2,244,408)	(22,321,171)
	86,537,601	**56,310,620**	**81,285,948**	**48,246,307**

Movement in allowance for impairment on other assets:

In thousands of Naira	Group	Bank
Balance as at 1 January 2014	22,555,820	22,555,820
Impairment loss for the year:		
- Additional provision	882,369	882,369
- Provision no longer required	(169,348)	(169,348)
Net impairment	713,021	713,021
Allowance written off	(947,670)	(947,670)
Balance as at 31 December 2014/1 January 2015	22,321,171	22,321,171
Impairment loss for the year:		
- Additional provision	2,237,121	2,301,806
- Provision no longer required	(68,795)	(68,795)
Net impairment	2,168,326	2,233,011
Allowance written off	(22,245,089)	(22,309,774)
Balance as at 30 September 2015	2,244,408	2,244,408

27(a) Subsidiaries (with continuing operations)
(i) Group entities

Set out below are the group's subsidiaries as at 30 September 2015. Unless otherwise stated, the subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the group and the proportion of ownership interests held equals to the voting rights held by the group. The country of incorporation is also their principal place of business.

There are no significant restrictions on the Group's ability to access or use the assets and settle the liabilities of any member of the Group to the extent that regulation does not inhibit the group from having access, and in liquidation scenario, this restriction is limited to its level of investment in the entity .

	Nature of business	Country of incorporation	Ownership interest	
			September 2015	December 2014
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. (see note (a) below)	Banking	Netherlands	100%	100%

(a) Access Finance B.V. was incorporated in 2011 and commenced operations in 2012. An obligation also exists between the Bank and Access Finance B.V., for which Access Finance B.V. 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	
			September 2015	December 2014
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.

(iii) Structured entities:

	Nature of business	Country of incorporation	Ownership interest	
			September 2015	December 2014
Restricted Share Performance Plan (RSPP)	Financial services	Nigeria	100%	100%

27(b) Investment in subsidiary

In thousands of Naira	Bank September 2015	Bank December 2014
Subsidiaries with continuing operations		
Access Bank, UK	18,501,269	13,928,819
Access Bank, Ghana	13,704,428	13,704,428
Access Bank Rwanda	1,578,825	1,578,825
Access Bank, Congo	2,779,650	2,779,650
Access Bank, Zambia	4,274,925	4,274,925
Access Bank, Gambia	1,853,756	1,853,756
Access Bank, Sierra Leone	1,019,952	1,019,952
Investment in RSPP scheme	1,804,062	976,125
Access Bank Finance B.V.	4,092	4,092
Subsidiaries undergoing liquidation		
Flexmore Technologies Limited	100,000	100,000
	45,620,959	40,220,572
Specific allowances for impairment on investment in subsidiaries	(100,000)	(100,000)
Balance, end of period	**45,520,959**	**40,120,572**

Specific allowances for impairment on investment in subsidiaries

In thousands of Naira	Bank September 2015	Bank December 2014
Balance, beginning of year	100,000	1,825,507
Allowance written off	-	(1,725,507)
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 subsidaries 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 September 2015, are as follows:

In thousands of naira	Access UK	Access Bank Ghana	Access Bank Rwanda	Access Bank Congo	Access Bank Zambia	Access Bank Gambia	Access Bank Sierra Leone
Operating income	4,183,580	10,673,538	1,385,360	1,312,144	1,008,344	758,207	557,383
Operating expenses	(2,473,807)	(4,877,736)	(1,206,406)	(1,065,342)	(951,215)	(394,391)	(451,831)
Net impairment on financial assets	(25)	(290,348)	18,293	-	(52,855)	758,207	(10,523)
Profit before tax	1,709,748	5,505,454	197,247	246,803	4,274	1,122,024	95,029
Taxation	(590,075)	(1,900,064)	(68,075)	(85,178)	(1,475)	(387,237)	(32,797)
Profit for the period	1,119,674	3,605,390	129,172	161,625	2,798	734,787	62,231
Assets							
Cash and balances with banks	52,338,436	31,564,582	7,223,508	4,094,181	4,343,069	1,647,062	2,230,516
Non pledged trading assets	-	190,689	-	-	-	-	-
Pledged assets	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	-	-	-
Loans and advances to customers	120,369,568	57,153,300	6,587,105	7,169,669	3,385,412	1,007,888	435,033
Investment securities	4,093,119	10,515,801	3,005,537	-	1,836,258	2,549,441	4,121,224
Other assets	934,261	3,694,288	319,798	240,291	1,100,233	834,893	268,307
Investment in associates	-	-	-	-	-	-	-
Investment in subsidiaires	-	-	-	-	-	-	-
Property and equipment	238,805	4,328,933	475,464	957,642	291,835	622,088	350,871
Intangible assets	32,988	316,839	-	43,337	108,139	83,355	38,692
Deferred tax assets	-	289,168	-	-	253,424	-	144,796
Assets classified as held for sale	-	-	-	-	-	-	-
	178,007,178	**108,053,599**	**17,611,412**	**12,505,120**	**11,318,370**	**6,744,727**	**7,589,439**
Financed by:							
Deposits from banks	104,768,340	11,072,365	-	-	(12,076)	-	9,652
Deposits from customers	49,038,437	75,206,979	13,943,417	8,406,493	9,269,519	4,503,109	5,564,329
Derivative Liability	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-
Retirement benefit obligations	54,173	-	-	-	1,064	-	-
Current income tax liability	263,815	(83,874)	54,517	68,791	726	53,984	16,155
Other liabilities	943,625	2,779,326	843,709	726,853	272,146	69,907	396,464
Borrowings	-	-	-	-	-	-	-
Deferred tax liability	-	101,854	-	-	-	-	-
Liabilities classified as held for sale	-	-	-	-	-	-	-
Equity	22,938,788	18,868,544	2,769,768	3,302,983	1,786,990	2,117,727	1,602,839
		-	-	-	-	-	-
	178,007,178	**107,945,193**	**17,611,412**	**12,505,120**	**11,318,370**	**6,744,727**	**7,589,439**

27 (d) Condensed results of consolidated entities
(i) The condensed financial data of the consolidated entities as at 31 December 2014, are as follows:

Condensed profit and loss *In thousands of naira*	The Access Bank UK	Access Bank Ghana	Access Bank Rwanda	Access Bank (R.D. Congo)	Access Bank Zambia	Access Bank Gambia	Access Bank Sierra Leone
Operating income	4,277,758	13,909,372	1,592,611	1,670,747	807,674	231,397	496,292
Operating expenses	(2,851,778)	(5,952,681)	(1,316,178)	(1,252,975)	(1,308,538)	(489,795)	(547,193)
Net impairment on financial assets	-	(909,901)	(18,300)	(26,395)	(25,460)	(62,915)	-
Profit before tax	1,425,980	7,046,790	258,133	391,377	(526,324)	(321,313)	(50,901)
Taxation	(302,389)	(2,171,532)	(93,146)	(150,665)	(18,793)	(16,973)	(14,983)
Profit for the year	1,123,591	4,875,258	164,987	240,712	(545,117)	(338,286)	(65,884)
Assets							
Cash and balances with banks	19,723,288	28,718,479	6,189,888	2,370,866	4,793,833	1,145,405	2,292,292
Derivative financial instruments	35,536	-	-	-	-	-	-
Loans and advances to banks	62,695,820	-	-	-	-	-	-
Loans and advances to customers	26,621,426	47,982,339	5,317,264	6,206,928	3,167,098	715,665	544,874
Pledged assets	-	-	-	-	-	1,888,794	-
Investment securities	21,347,150	11,948,616	2,784,897	1,142,760	3,912,586	-	2,937,395
Other assets	452,300	4,511,582	193,904	147,186	2,966,061	1,099,250	529,990
Investment in subsidiaires	-	-	-	-	-	-	-
Property and equipment	174,868	2,979,160	191,604	834,481	551,125	504,533	263,609
Intangible assets	30,524	249,613	53,396	37,378	33,816	42,137	28,305
Deferred tax assets	10,757	316,578	-	-	438,577		106,292
Assets classified as held for sale	-	-	-	-	-		-
	131,091,669	**96,706,367**	**14,730,953**	**10,739,599**	**15,863,096**	**5,395,784**	**6,702,757**
Financed by:							
Deposits from banks	91,176,538	9,700,939	-	-	95,215	-	7,831
Deposits from customers	22,934,317	67,486,781	11,873,269	7,468,618	11,592,695	3,291,879	4,992,832
Derivative Liability	251,871	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-
Retirement benefit obligations	-	-	-	-	-	-	1,736
Current income tax liability	-	867,940	-	170,714	-	-	-
Other liabilities	668,974	2,157,465	457,031	394,096	1,092,311	300,393	459,940
Contingent settlement provisions	-	-	-	-	-	-	-
Deferred tax liability	-	111,509	-	-	0	-	14,983
Equity	16,059,969	16,381,733	2,349,349	2,706,171	3,082,875	1,803,512	1,225,435
	131,091,669	**96,706,367**	**14,679,649**	**10,739,599**	**15,863,096**	**5,395,784**	**6,702,757**
Net cashflow from investing activities	2,391,557	(1,924,281)	909,928	(128,923)	(1,593,367)	(1,636,747)	598,429
Net cashflow from financing activities	-	3,840,427	-	-	2,762,382	765,254	-
Increase/(Decrease) in cash and cash equivalents	(81,883,511)	10,097,706	1,496,429	(841,950)	777,393	350,114	542,017
Cash and cash equivalent, beginning of year	101,279,783	18,573,352	4,095,830	4,353,919	1,843,604	812,938	1,750,275
Cash and cash equivalent, end of period	19,396,272	28,671,058	5,592,259	3,511,969	2,620,997	1,163,052	2,292,292

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 2015	54,681,146	15,712,421	25,564,194	8,366,282	7,016,360	111,340,403
Acquisitions	2,642,944	1,013,658	4,817,209	1,809,193	1,953,694	12,236,698
Disposals	(1,062,009)	(985,820)	(398,272)	(725,782)	(398,702)	(3,570,584)
Transfers	104,586	2,636	32,793	52,446	(192,461)	-
Reclassifications	-	-	-	-	(67,229)	(67,229)
Write-Offs	-	-	-	-	(51,476)	(51,476)
Translation difference	(299,874)	(450,200)	(397,285)	151,146	29,660	(966,553)
Balance at 30 September 2015	**56,066,792**	**15,292,696**	**29,618,639**	**9,653,285**	**8,289,847**	**118,921,259**
Balance at 1 January 2014	53,782,026	12,708,148	24,439,933	7,745,878	6,108,452	104,784,437
Acquisitions	2,895,060	3,291,206	3,885,644	1,794,534	1,729,108	13,595,552
Disposals	(2,750,769)	(416,496)	(1,439,907)	(939,616)	(127,340)	(5,674,129)
Transfers	607,901	15,483	23,228	4,848	(651,460)	-
Write offs	(1,407)	-	(1,139,194)	-	-	(1,140,601)
Translation difference	148,334	114,080	(205,510)	(239,362)	(42,399)	(224,857)
Balance at 31 December 2014	54,681,146	15,712,421	25,564,194	8,366,282	7,016,360	111,340,403

Depreciation and impairment losses	Leasehold improvement and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Balance at 1 January 2015	7,723,192	10,955,178	17,509,380	5,492,944	-	41,680,694
Charge for the period	1,237,480	1,357,831	2,614,705	1,091,949	-	6,301,965
Disposal	(782,977)	(465,096)	735,453	(1,109,452)	-	(1,622,071)
Translation difference	(299,880)	(390,504)	(47,168)	89,205	-	(648,347)
Balance at 30 September 2015	**7,877,815**	**11,457,409**	**20,812,371**	**5,564,646**	**-**	**45,712,241**
Balance at 1 January 2014	6,241,450	9,603,718	16,617,943	5,078,021	-	37,541,132
Charge for the year	1,589,332	1,848,403	3,192,072	1,293,034	-	7,922,841
Disposal	(167,198)	(352,812)	(1,163,919)	(727,268)	-	(2,411,197)
Write-Offs	(1,407)	-	(1,131,504)	-	-	(1,132,910)
Translation difference	61,015	(144,130)	(5,212)	(150,843)	-	(239,171)
Balance at 31 December 2014	7,723,192	10,955,178	17,509,380	5,492,944	-	41,680,694
Carrying amounts:						
Balance at 30 September 2015	**48,188,977**	**3,835,287**	**8,806,269**	**4,088,639**	**8,289,847**	**73,209,018**
Balance at 31 December 2014	46,957,954	4,757,243	8,054,814	2,873,339	7,016,360	69,659,707

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 2015	50,672,752	14,220,989	23,331,038	7,457,145	6,185,630	101,867,554
Acquisitions	2,456,190	915,921	2,987,083	1,598,111	663,522	8,620,826
Disposals	(629,390)	(598,118)	(398,230)	(670,059)	(398,702)	(2,694,500)
Transfers	45,979	2,636	30,012	52,446	(131,073)	-
Reclassifications					(67,229)	(67,229)
Write-Offs	-	-		-	(51,476)	(51,476)
Balance at 30 September 2015	**52,545,530**	**14,541,428**	**25,949,903**	**8,437,642**	**6,200,672**	**107,675,176**
Balance at 1 January 2014	50,375,733	11,531,838	22,442,381	6,708,380	6,013,544	97,071,876
Acquisitions	2,439,886	3,093,581	3,334,290	1,496,580	947,468	11,311,805
Disposals	(2,750,769)	(416,496)	(1,329,668)	(752,663)	(127,340)	(5,376,936)
Transfers	607,901	12,065	23,228	4,848	(648,042)	-
Write-Offs	-	-	(1,139,194)	-	-	(1,139,194)
Balance at 31 December 2014	50,672,751	14,220,988	23,331,037	7,457,145	6,185,630	101,867,551

Depreciation and impairment losses	**Leasehold improvement and buildings**	**Computer hardware**	**Furniture & fittings**	**Motor vehicles**	**Capital Work-in - progress**	**Total**
Balance at 1 January 2015	6,782,532	9,982,857	16,071,183	4,870,653	-	37,707,224
Charge for the period	1,110,088	1,201,898	2,396,619	977,272	-	5,685,877
Disposal	(51,824)	(595,826)	(391,109)	(622,555)	-	(1,661,313)
Balance at 30 September 2015	**7,470,206**	**10,221,585**	**17,380,501**	**5,111,630**	**-**	**41,731,788**
Balance at 1 January 2014	5,477,164	8,716,667	15,330,242	4,344,558	-	33,868,631
Charge for the year	1,472,566	1,619,002	2,929,841	1,097,522	-	7,118,930
Disposal	(167,198)	(352,812)	(1,057,394)	(571,428)	-	(2,148,832)
Write-Off	-	-	(1,131,506)	-	-	(1,131,506)
Balance at 31 December 2014	6,782,532	9,982,857	16,071,183	4,870,652	-	37,707,224
Carrying amounts:						
Balance at 30 September 2015	**45,075,324**	**4,319,843**	**8,569,402**	**3,326,012**	**6,200,672**	**65,943,388**
Balance at 31 December 2014	43,890,221	4,238,131	7,259,854	2,586,494	6,185,630	64,160,327

(a) Included in property and equipment is land under Nigerian law, all land vests with government and subject to a 99year lease. As such land has been accounted for as a finance lease in line with the amendment to IAS 17 *Leases* which deletes previous guidance stating that “a lease of land with an indefinite economic life is classified as an operating lease”.

(b) 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				
September 2015				
Balance at 1 January 2015	681,007	740,711	9,946,474	11,368,192
Acquisitions		624,922	743,837	1,368,759
Reclassification			67,227	67,227
Translation difference	-	-	(443,992)	(443,992)
Balance at 30 September 2015	**681,007**	1,365,634	**10,313,546**	**12,360,186**
December 2014				
Balance at 1 January 2014	681,007	-	7,297,795	7,978,802
Acquisitions	-	740,711	2,617,984	3,358,695
Translation difference	-	-	30,695	30,695
On disposal of subsidiary	-	-	-	-
Balance at 31 December 2014	681,007	740,711	9,946,474	11,368,192
Amortization and impairment losses				
Balance at 1 January 2015	-	-	5,775,201	5,775,201
Amortization for the period	-	-	1,042,712	1,042,712
Translation difference	-	-	(536,693)	(536,693)
Balance at 30 September 2015	-	-	**6,281,220**	**6,281,220**
Balance at 1 January 2014	-	-	4,319,730	4,319,730
Amortization for the period	-	-	1,315,332	1,315,332
Translation difference	-	-	140,139	140,139
Balance at 31 December 2014	-	-	5,775,201	5,775,201
Net Book Value				
Balance at 30 September 2015	**681,007**	**1,365,634**	**4,032,326**	**6,078,966**
Balance at 31 December 2014	681,007	740,711	4,171,273	5,592,991

There were no capitalised borrowing costs related to the internal development of software during the period under review. 30 September 2015 (2014: 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.

Intangible assets
Bank

In thousands of Naira	WIP	Purchased Software	Total
Cost			
September 2015			
Balance at 1 January 2015	740,711	8,255,600	8,996,311
Acquisitions	621,022	575,386	1,196,408
Reclassification		67,229	67,229
Balance at 30 September 2015	1,361,733	8,898,216	10,259,948
December 2014			
Balance at 1 January 2014	-	6,002,340	6,002,340
Acquisitions	740,712	2,253,260	2,993,972
Balance at 31 December 2014	740,712	8,255,600	8,996,312
Amortization and impairment losses			
Balance at 1 January 2015	-	4,559,497	4,559,497
Amortization for the period	-	925,843	925,843
Balance at 30 September 2015	-	5,485,340	5,485,340
Balance at 1 January 2014	-	3,340,787	3,340,787
Amortization for the period	-	1,218,710	1,218,710
Balance at 31 December 2014	-	4,559,497	4,559,497
Carrying amounts			
Balance at 30 September 2015	**1,361,733**	**3,412,876**	**4,774,608**
Balance at 31 December 2014	740,712	3,696,103	4,436,815

Work in progress (WIP) represents the costs being incurred and captalised for the ugrade and subsequent deployment of the the Bank's core banking software.

29(b) Intangible assets

(i) Goodwill is attributable to the acquisition of following subsidiaries:

In thousands of Naira	September 2015	December 2014
Access Bank Rwanda	681,007	681,007
	681,007	681,007

There were no capitalised borrowing costs related to the internal development of software during the period ended 30 September 2015 (31 December 2014: nil). The recoverable amount of Goodwill as at 30 September 2015 is greater than its carrying amount and is thus not impaired.

(ii) Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. No impairment assessment has been performed for the period, while no losses on goodwill were recognized during the period under review 30 September 2015 (31 December 2014: Nil)

The recoverable amount of Goodwill as at 30 September 2015 was greater than its carrying amount and is thus not impaired.
The recoverable amount was determined using a value-in-use computation as N1.649Bn.

Goodwill is monitored by the Group on an entity by entity basis
The key assumption used in computing the value-in-use for goodwil in 2015 are as follows:

	Access Bank Rwanda
Compound annual volume growth (i)	10.31%
Long term growth rate (ii)	10.32%
Discount rate (ii)	15.18%

(i) Compound annual volume growth rate in the initial five-year period.
(ii) Weighted average growth rate used to extrapolate cash flows beyond the budget period.
(ii) Pre-tax discount rate applied to the cash flow projections.

Cash Flow Forecast
Cash flows were projected based on past experience, actual operating results and the 5-year business plan. These cashflows are based on the expected revenue growth for the entity over this 5-year period.

Discount Rate
Pre-tax discount rate of 15.18% was applied in determining the recoverable amounts for the only entity with goodwil (Access Bank Rwanda). This discount rate was estimated based on past experience, inflation rate, risk-free rate and the weighted average cost of capital allocated by the Group to these units.

The key assumptions described above may change as economic and market conditions change. The Group estimates that reasonably possible changes in these assumptions are not expected to cause the recoverable amount of the subsidiaries (from which the goodwill arose) to decline below their carrying amount.

Sensitvitiy analysis of key assumptions used

	10% increase	10% decrease
Impact of change in discount rate on value-in-use computation	(38,271)	19,721
Impact of change in growth rate on value-in-use computation	10,260	(10,167)

30 Deferred tax assets and liabilities

Movement on the net deferred tax assets / (liabilities) account during the period:

In thousands of Naira	Group September 2015	Group December 2014	Bank September 2015	Bank December 2014
Balance, beginning of year	10,822,945	10,649,774	10,128,538	9,847,853
Tax charge	(6,600,600)	(140,424)	(5,843,456)	(144,234)
Translation adjustments	(97,509)	(111,324)	-	-
Items included in OCI		424,919	-	424,919
Net deferred tax assets/(liabilities)	4,124,836	10,822,945	4,285,082	10,128,538
Out of which				
Deferred tax assets	4,124,836	12,821,605	4,285,082	12,068,160
Deferred tax liabilities	-	(1,998,661)	-	(1,939,622)

Temporary difference relating to the Group's Investment in subsidiaries as at September 2015 is N3.0billion (Dec 2014: N1.3 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 September 2015	Group December 2014	Bank September 2015	Bank December 2014
Actuarial gain/loss on retirement benefit obligation				
Gross loss on retirement benefit obligation	-	1,416,394	-	1,416,394
Deferred tax @ 30%	-	(424,919)	-	(424,919)
Net balance loss after tax	-	991,475	-	991,475

31 Non-current assets and non-current liabilities held for sale

(a) Non-current assets 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 this financial period. This amount has been presented in Note 7 as unallocated segment in accordance with IFRS 8.

Assets held for sale

In thousands of Naira	Group September 2015	Group December 2014	Bank September 2015	Bank December 2014
Transfer from investment properties	23,438,484	22,688,484	23,438,484	22,688,484
Fair value gain on assets held for sale	-	750,000	-	750,000
Disposal during the Period	(23,258,536)	-	(23,258,536)	-
		-		-
	179,948	**23,438,484**	**179,948**	**23,438,484**

32 Deposits from financial institutions

In thousands of Naira	Group September 2015	Group December 2014	Bank September 2015	Bank December 2014
Money market deposits	82,746,158	89,965,383	75,669,224	72,171,314
Trade related obligations to foreign banks	76,538,696	29,080,040	92,426,412	62,338,348
	159,284,854	**119,045,423**	**168,095,636**	**134,509,662**

33 Deposits from customers

In thousands of Naira	Group September 2015	Group December 2014	Bank September 2015	Bank December 2014
Term deposits	627,928,530	629,193,734	553,966,561	586,973,213
Demand deposits	799,483,883	695,850,419	717,455,579	616,476,341
Saving deposits	130,513,877	129,374,899	120,630,641	121,351,057
	1,557,926,291	**1,454,419,052**	**1,392,052,781**	**1,324,800,611**

34 Other liabilities

In thousands of Naira	Group September 2015	Group December 2014	Bank September 2015	Bank December 2014
Financial liabilities				
Certified and bank cheques	2,585,096	3,166,277	1,970,143	1,978,995
E-banking payables	5,473,322	2,769,805	5,454,286	1,830,591
Collections account balances	3,994,256	2,355,222	2,820,574	1,695,416
Due to subsidiaries	-	-	666,673	389,662
Accruals	663,986	104,309	638,541	32,438
Creditors	1,032,113	1,316,758	205,782	469,209
Customer deposits for foreign exchange	9,088,810	8,700,913	8,884,453	8,594,218
Agency services	10,789	289,769	9,460	253,264
Other financial liabilities	9,277,208	1,498,749	6,818,109	434,396
	32,125,579	20,201,802	27,468,021	15,678,189
Non-financial liabilites				
Litigation claims provision (see below)	320,780	311,120	320,780	311,120
Other current non-financial liabilties	721,223	1,176,157	706,920	880,823
Total other liabilities	**33,167,583**	**21,689,079**	**28,495,722**	**16,870,132**

(i)	**Movement in litigation claims provision**	**Group September 2015**	**Group December 2014**	**Bank September 2015**	**Bank December 2014**
	Opening balance	311,120	477,087	311,120	477,087
	Additions	20,200	134,033	20,200	134,033
	Provision no longer required	(10,540)	(300,000)	(10,540)	(300,000)
	Closing balance	**320,780**	**311,120**	**320,780**	**311,120**

35	**Debt securities issued**	**Group September 2015**	**Group December 2014**	**Bank September 2015**	**Bank December 2014**
	In thousands of Naira				
	Debt securities at amortized cost:				
	Eurobond debt from Access Bank B.V (see (i) below)	72,017,641	65,325,788	-	-
	Eurobond debt security (see (ii) below)	80,155,222	73,155,391	80,155,222	73,155,391
		152,172,863	**138,481,179**	**80,155,222**	**73,155,391**

(i) This refers to US$350,000,000 guaranteed notes with amortized cost of N72,017,641,000 as at 30 September 2015 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 N80,155,222,000 of 9.25% resettable interest issued on 24 June 2014 by Access Bank Nigeria with a maturity date of 24 June 2021.

The principal amount on 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 September 2015	Group December 2014	Bank September 2015	Bank December 2014
African Development Bank (see note (a))	18,904,687	18,597,477	18,904,687	18,597,477
Netherlands Development Finance Company (see note (b))	4,179,000	4,148,590	4,179,000	4,148,590
French Development Finance Company (see note (c))	6,408,025	8,066,584	6,408,025	8,066,584
Finnish Fund for Industrial Cooperation (FINFUND)(see note (d))	-	156,136	-	156,136
European Investment Bank (see note (e))	15,397,719	9,736,463	15,397,719	9,736,463
International Finance Corporation (see note (f))	6,718,156	7,716,067	6,718,156	7,716,067
Central Bank of Nigeria under the Commercial Agriculture Credit Scheme (see note (g))	3,032,118	3,943,692	3,032,118	3,943,692
Bank of Industry-Intervention Fund for SMEs (see note (h))	8,206,564	9,025,449	8,206,564	9,025,449
Bank of Industry-Power & Airline Intervention Fund (see note (i))	16,540,654	14,407,194	16,540,654	14,407,194
Access Finance B.V. (see note (j))	-	-	70,066,453	66,529,458
Special Refinancing & Restructuring Intervention fund (SRRIF) see note (k)	6,015,123	4,000,000	6,015,123	4,000,000
CBN bail Out Fund and Other loans and borrowings(l)	47,450,450	18,657	47,128,570	18,657
	132,852,496	**79,816,309**	**202,597,070**	**146,345,767**

There have been no defaults in any of the borrowings covenants during the period.

(a) The amount of N18,904,686,607 (USD 95,000,000) 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 12.5m)for a period of 9 years and the other in August 2014 (USD 90m) for a period of 10years. The principal amount is repayable semi-annually from February 2010 for the first tranche and February 2017 for the second. Interest is paid semi annually at 3% above 6 months LIBOR. The annual effective interest rate are 4.28% and 3.16% respectively.

(b) The amount of N4,179,000,000(USD 21,000,000) represents the outstanding balance in the on-lending facility granted to the Bank by the Netherlands Develoment Finance Company effective from 15 December 2012 and disbursed in two tranches; February 2013 (USD 10m) and October 2013 (USD 15m) for a period of 6.5 years. The principal amount is repayable semi-annually from December 2014 while interest is paid semi annually at 3.75% above 6 months LIBOR. The annual effective interest rate is 5.28% for the first tranche and 4.04% for the second tranche.

(c) The amount of N6,408,025,352 (USD 32,000,000) represents the outstanding balance in the on-lending facility granted to the Bank by the French Development Finance Company effective from 15 December 2012 and disbursed in three tranches; February 2013 (USD 6m) and October 2013 (USD 9m) and November 2014 (USD 30m) for a period of 6.5 years and 5 years respectively. The principal amount is repayable semi-annually from December 2014 and January 2014 while interest is paid semi annually at 3% above 6 months LIBOR. The annual effective interest rate is 4.43% for the first tranche, 4.15% for the second tranche and 4.58% for the third tranche.

(d) This represents the outstanding balance in the on-lending facility granted to the Bank by the Finnish Fund for Industrial Cooperation in July 2007 for a period of 8 years. The principal amount is repayable semi-annually from September 2012 while interest is paid semi annually at 3% above 6 months LIBOR. The annual effective interest rate is 4.45%. The facility was fully repaid on the 15th March 2015.

(e) The amount of N15,397,718,512 (USD 75,594,562.93) represents the outstanding balance on the on-lending facilities granted to the Bank by the European Investment Bank (EIB) in May 2013(USD 25m), September 2013 (USD 26.75m) and September 2014 (USD 14.7m) and for a period of 6 years each. The average annual effective interest rates are 3.6%, 3.05% and 3.18% for the latter.

(f) The amount of N6,718,156,263(USD 33,333,330) 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 and interest repayments are made semi-annually from September 2011 (the former) and from November 2013 (the latter). The Effective interest rate is 4.88%.

(g) The amount of N3,032,118,411.16represents the outstanding balance in the on-lending facility granted to the Bank by Central Bank of Nigeria in collaboration with the Federal Government of Nigeria (FGN) in respect of Commercial Agriculture Credit Scheme (CACS) established by both CBN and the FGN for promoting commercial agricultural enterprises in Nigeria. The facility is for a maximum period of 7 years at a zero percent interest rate to the Bank. The principal amount is repayable at the expiration of the loan. The Bank did not provide security for this facility.

(h) The amount of N8,206,564,113.1 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.

(i) The amount of N16,540,654,061.88 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.

(j) The amount of N70,066,453,152.1 (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%.

(k) The amount of N6,015,123,287.67 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.

(l) The amount of N47,128,570,238.76 represents CBN/Federal Goverment Bail out fund to some States in the Federal republic of Nigeria to setlle outstanding salaries payment and other borrowings

37 Retirement benefit obligations

In thousands of Naira	Group September 2015	Group December 2014	Bank September 2015	Bank December 2014
Recognised liability for defined benefit obligations (see note (a) below)	3,901,139	3,267,364	3,899,610	3,267,364
Liability for defined contribution obligations	59,132	1,736	-	-
	3,960,271	**3,269,100**	**3,899,610**	**3,267,364**

(a) Defined benefit obligations

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

In thousands of Naira	Group September 2015	Group December 2014	Bank September 2015	Bank December 2014
Long term incentive plan (see note (i) below)	3,901,139	3,267,364	3,899,610	3,267,364
Recognised liability	**3,901,139**	**3,267,364**	**3,899,610**	**3,267,364**

(i) Long term incentive plan

The Bank operates a non-contributory, unfunded lump sum defined benefit long term incentive plan for top executive management of the Bank from General Manager and above based on the number of years spent in these positions. The scheme is also aimed at rewarding executive directors and other senior executives for the contributions to achieving the Bank's long-term growth objectives.
There is no funding arrangement with a trustee for the long term incentive plan as the Bank pays for all obligations from its current year profit as such obligations fall due. Depending on their grade, executive staff of the Bank upon retirement are entitled to certain benefits based on their length of stay on that grade.

The amount recognised in the statement of financial position is as follows:

In thousands of Naira	Group September 2015	Group December 2014	Bank September 2015	Bank December 2014
Deficit on defined benefit obligations at 1 January	3,267,364	1,929,695	3,267,364	1,929,695
Charge for the period:				
-Interest costs	369,996	241,705	369,996	241,705
-Current service cost	262,250	179,570	262,250	179,570
-Past service cost	-		-	
-Benefits paid	-	(500,000)	-	(500,000)
Net actuarial loss for the period remeasured in OCI	-		-	
Remeasurements - Actuarial gains and losses arising from changes in demographic assumptions	-	216,864	-	216,864
Remeasurements - Actuarial gains and losses arising from changes in financial assumption	-	1,199,530	-	1,199,530
Balance, end of period	**3,899,610**	**3,267,364**	**3,899,610**	**3,267,364**

Expense recognised in income statement:

	Group September 2015	Group December 2014	Bank September 2015	Bank December 2014
Current service cost	262,250	179,570	262,250	179,570
Interest on obligation	369,996	241,705	369,996	241,705
Past service cost		-		
Total expense recognised in profit and loss (see Note 14)	**632,246**	**421,275**	**632,246**	**421,275**

Actuarial assumptions:
Principal actuarial assumptions at the reporting date (expressed as weighted averages):
The most recent valuation was performed by Alexander Forbes as at 31 December 2014.

	September 2015	December 2014
Future salary increases	4.50%	4.50%
Retirement age for both male and female	60 years	60 years
Retirement rate: 50 – 59 (average rate)	3.25%	3.25%
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 13% as at 31 December 2014. 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 September 2015	Bank December 2014
(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 September 2015	Bank December 2014
(b) Issued and fully paid-up :		
28,927,971,631 Ordinary shares of 50k each	14,463,986	11,441,460

Ordinary shareholding:
The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Bank. All ordinary shares rank pari-passu with the same rights and benefits at meetings of the Bank.

Preference shareholding:
Preference shares do not carry the right to vote. Preference shareholders have priority over ordinary shareholders with regard to the residual assets of the Bank and participate only to the extent of the face value of the shares plus any accrued dividends. No preference shares were in issue as at the end of the reporting period.

The movement on the issued and fully paid-up share capital account during the period was as follows:

In thousands of Naira	Bank September 2015	Bank December 2014
Balance, beginning of year	11,441,460	11,441,460
Additions through issuance of rights	3,022,527	-
Balance, end of period	14,463,986	11,441,460

(c) The movement on the number of shares in issue during the year was as follows:

In thousands of units	Group September 2015	Group December 2014
Balance, beginning of year	22,882,919	22,882,919
Additons through issuance of rights	6,045,053	
Balance, end of year	28,927,972	22,882,919

(d) The shareholding range of the Bank as at 30 September 2015 is as stated below:

Share Range	Number of shareholders	% of Shareholders	Number of shares held	% of Shareholding
1-1,000	411,044	50	65,646,574	0
1,001-25,000	371,163	45	1,800,950,297	6
25,001-50,000	18,243	2	660,527,097	2
50,001-100,000	10,914	1	792,096,079	3
100,001-500,000	8,307	1	1,678,803,834	6
500,001-1,000,000	986	0	718,724,225	2
1,000,001-5,000,000,000	1,237	0	23,211,223,525	80
Total	821,894	100	28,927,971,631	100

B Share premium

Share premium is the excess paid by shareholders over the nominal value for their shares.

In thousands of Naira	Group September 2015	Group December 2014
Share premium	198,004,923	161,036,211

The movement in share premium account during the period was as follows:

In thousands of Naira		
Balance, beginning of year	161,036,211	161,036,211
Additions through issuance of rights	36,968,712	-
Balance, end of period	198,004,923	161,036,211

C Reserves

(i) Other Reserves

a Statutory reserves

Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S.16(1) of the Banks and Other Financial Institution Act of Nigeria, an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital.

(ii) 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 September 2015	Group December 2014
Access Bank, Gambia	762,382	649,264
Access Bank, Sierra Leone	48,085	36,763
Access Bank Zambia	142,959	243,623
Access Bank, Rwanda	692,442	587,337
Access Bank, Congo	858,776	703,604
Access Bank, Ghana	1,340,989	1,310,252
	3,845,633	**3,530,843**

This represents the NCI share of profit/(loss) for the period for the Group

In thousands of Naira	**Group September 2015**	**Group September 2014**
Access Bank, Gambia	119,737	82,169
Access Bank, Sierra Leone	1,867	808
Access Bank Zambia	224	(32,706)
Access Bank, Rwanda	22,858	30,934
Access Bank, Congo	32,587	46,937
Access Bank, Ghana	177,208	292,506
	354,480	**420,649**

Proportional Interest of NCI in subsidiaries	**Group September 2015** %	**Group December 2014** %
Access Bank, Gambia	36.0	36.0
Access Bank, Sierra Leone	3.0	3.0
Access Bank Zambia	8.0	8.0
Access Bank, Rwanda	25.0	25.0
Access Bank Congo	26.0	26.0
Access Bank, Ghana	8.0	8.0

E Dividends

In thousands of Naira	**Bank** **September 2015**	**Bank** **December 2014**
Interim dividend paid (2015: 25k--, 2014: 25k)	7,231,993	5,720,730
Interim non- cash dividend (2015:---, 2014: nil)		-
Final dividend paid (2014: 35k)		8,009,022
	7,231,993	13,729,751
Number of shares	28,927,972	22,882,919
Dividend paid per share in kobo	25	60

The Directors paid an interim dividend of N0.25 for the period ended 30 June 2015

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 N320Mn has been made for the year ended 30 September 2015. In the normal course of business, the group is a party to financial instruments with off-balance sheet risks. These instruments are issued to meet the credit and other financial requirements of customers.

Contingent liability and commitments
In common with other banks, Group conducts business involving acceptances, performance bonds and indeminities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise acceptances, endorsements, guarantees and letters of credit.

Nature of instruments
An acceptance is undertaken by a bank to pay a bill of exchange drawn on a customer. The Group expects most acceptances to be presented, but reimbursement by the customer is normally immediate. Endorsements are residual liabilities of the Group in respect of bills of exchange, which have been paid and subsequently rediscounted.

Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Group will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

Other contingent liabilities include transaction related custom and performance bonds and are generally short term commitments to third parties which are not directly dependent on the customer's credit worthiness. Commitments to lend are agreements to lend to a customer in the future, subject to certain condictions. Such commitments are either made for a fixed period, or have no specific maturity dates but are cancellable by the lender subject to notice requirements. Documentary credits commit the Group to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers.

The table below summarises the fair value amount of contingent liabilities and commitments off-financial position risk:
Acceptances, bonds, guarantees and other obligations for the account of customers:

a. These comprise:

In thousands of Naira	**Group** **September 2015**	**Group** **December 2014**	**Bank** **September 2015**	**Bank** **December 2014**
Contingent liabilities:				
Transaction related bonds and guarantees	289,703,543	165,466,393	179,466,980	145,831,160
Financial guarantees	110,670,035	91,373,327	110,468,992	72,221,845
Commitments:				
Clean line facilities for letters of credit, unconfirmed letters of credit and other commitments	792,096,159	377,152,396	788,802,763	372,652,653
	1,192,469,737	**633,992,116**	**1,078,738,735**	**590,705,658**

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** **September 2015**	**Group** **December 2014**	**Bank** **September 2015**	**Bank** **December 2014**
Cash on hand and balances with banks	103,276,098	44,519,023	65,681,826	31,313,736
Unrestricted balances with central banks	67,446,914	32,060,575	56,584,595	22,262,582
Money market placements and other cash equivalents	32,784,605	65,813,241	-	36,965,179
Treasury bills with original maturity of 90days	19,933,342	10,355,560	16,433,096	10,355,559
	223,440,959	**152,748,399**	**138,699,517**	**100,897,056**

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 Events after reporting date
There are no post balance sheet event that require disclosure in these consolidated financial statements.

42 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.

Other financial Information
Five-year Financial Summary

	IFRS				
	September 2015	December 2014	December 2013	Restated December 2012	Restated December 2011
Group					
	9 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	420,181,809	405,014,793	439,459,541	405,292,241	267,917,288
Non pledged trading assets	20,660,702	28,411,644	3,877,969	27,906,803	10,812,122
Pledged assets	247,407,451	87,072,147	63,409,851	60,949,856	66,191,144
Derivative financial instruments	74,340,676	24,866,681	102,123	30,949	9,909
Loans and advances to banks	31,295,919	12,435,659	24,579,875	4,564,943	775,765
Loans and advances to customers	1,280,917,492	1,110,464,442	786,169,703	604,073,399	576,228,507
Trading properties	-	-	-	2,693,227	6,688,000
Investment securities	157,022,118	270,211,388	353,811,348	447,281,811	561,733,704
Insurance receivables	-	-	-	627,337	1,405,000
Other assets	86,537,601	56,310,620	52,019,723	67,935,352	44,475,554
Investment properties	-	-	23,974,789	14,360,567	16,097,044
Investments in equity accounted investee	-	-	3,623,326	2,774,647	2,812,805
Investment in subsidiary	-	-	-	-	-
Property and equipment	73,209,017	69,659,707	67,243,305	64,634,438	67,647,817
Intangible assets	6,078,966	5,592,991	3,659,072	3,404,945	3,277,608
Deferred tax assets	4,124,836	10,881,984	10,687,635	8,113,973	2,930,928
Assets classified as held for sale	179,948	23,438,484	2,847,740	30,827,257	-
Total assets	2,401,956,534	2,104,360,540	1,835,466,000	1,745,471,746	1,629,003,195
Liabilities					
Deposits from financial institutions	159,284,854	119,045,423	72,147,956	96,893,015	135,228,759
Deposits from customers	1,557,926,291	1,454,419,052	1,331,418,659	1,201,481,996	1,101,703,921
Derivative financial instruments	4,089,462	1,989,662	32,955	35,515	9,413
Claims payable		-	-	118,226	450,000
Current tax liabilities	6,540,365	8,180,969	6,899,558	8,937,964	9,747,004
Other liabilities	33,167,583	21,689,079	56,847,216	58,418,260	140,772,972
Deferred tax liabilities	-	59,038	37,861	-	-
Liabilities on investment contracts	-	-	-	65,591	61,000
Liabilities on insurance contracts	-	-	-	3,351,234	2,703,000
Debt securities issued	152,172,863	138,481,179	55,828,248	54,685,891	-
Interest-bearing borrowings	132,852,496	79,816,309	64,338,982	48,369,849	40,837,800
Retirement benefit obligations	3,960,271	3,269,100	1,933,021	2,487,589	1,876,578
Contingent settlement provisions	-	-	-	3,548,250	3,548,000
Liabilities classified as held for sale	-	-	1,499,495	25,793,512	-
Total liabilities	2,049,994,185	1,826,949,811	1,590,983,951	1,504,186,892	1,436,938,447
Equity					
Share capital and share premium	212,468,908	172,477,671	172,477,671	176,628,255	155,104,963
Retained earnings	65,229,795	35,369,376	37,729,702	17,856,630	(6,744,577)
Other components of equity	70,418,013	66,032,838	63,948,413	38,700,374	20,649,521
Non controlling interest	3,845,633	3,530,843	-	8,099,594	23,054,841
Total equity	351,962,349	277,410,727	274,155,786	241,284,853	192,064,748
Total Assets	2,401,956,534	2,104,360,538	1,865,139,737	1,745,471,745	1,629,003,195
Gross earnings	257,590,407	245,217,569	206,891,219	197,081,930	135,635,180
Profit before income tax	60,371,855	52,022,290	44,996,410	46,534,979	27,107,026
Profit from continuing operations	48,092,555	42,415,329	39,941,126	44,839,636	17,077,918
Discontinued operations	-	(87,267)	-	(5,511,361)	(1,699,596)
Profit for the period	48,092,555	42,328,062	39,941,126	39,328,275	15,378,322
Non controlling interest	260,033	964,821	195,762	(191,904)	879,093
Profit attributable to equity holders	36,101,830	36,101,830	36,101,830	39,520,179	14,499,229
Dividend paid	7,231,992	13,729,751	13,729,777	12,588,538	12,588,538
Earning or (loss) per share -Basic	201k	188k	158k	172k	172k
- Adjusted	201k	188k	158k	172k	172k
Number of ordinary shares of 50k	28,927,971,631	22,882,918,908	22,882,918,908	22,882,918,908	22,882,918,908

Other financial Information
Five-year Financial Summary

	IFRS				
			Restated	**Restated**	
	September 2015	**December 2014**	**December 2013**	**December 2012**	**December 2011**
Bank					
	9 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	337,239,553	351,174,879	395,808,747	284,062,159	131,647,158
Non pledged trading assets	20,627,551	28,411,644	3,877,969	3,769,260	5,787,534
Pledged assets	247,407,451	85,183,353	63,347,823	60,949,856	66,191,144
Derivative financial instruments	74,340,676	24,831,145	72,675	-	-
Loans and advances to banks	54,689,854	55,776,837	13,048,651	3,054,520	775,765
Loans and advances to customers	1,163,070,678	1,019,908,848	735,300,741	554,592,199	490,877,501
Investment securities	130,744,227	226,137,983	309,071,802	420,346,295	127,420,035
Other assets	81,285,948	48,246,307	44,326,360	61,431,658	15,676,950
Investment properties	-	-	23,974,789	14,072,673	12,417,043
Investments in equity accounted investee	-	-	1,521,812	1,980,808	-
Investment in subsidiary	45,520,959	40,120,572	38,029,992	43,209,688	80,400,287
Property and equipment	65,943,388	64,160,327	63,203,245	58,938,450	17,042,268
Intangible assets	4,774,608	4,436,814	2,661,553	2,339,510	1,146,412
Deferred tax assets	4,285,082	10,128,537	9,847,853	7,007,387	-
Assets classified as held for sale	179,948	23,438,484	-	-	-
Total assets	2,230,109,921	1,981,955,730	1,704,094,012	1,515,754,462	949,382,097
Liabilities					
Deposits from banks	168,095,636	134,509,662	61,295,352	16,312,516	131,494,136
Deposits from customers	1,392,052,781	1,324,800,611	1,217,176,793	1,093,979,220	522,922,292
Derivative financial instruments	4,089,462	1,737,791	-	-	-
Debt securities issued	80,155,222	73,155,391	-	-	-
Claims payable		-	-	-	-
Current tax liabilities	5,047,429	7,113,226	6,075,590	7,686,568	2,084,899
Other liabilities	28,495,722	16,870,132	52,092,559	50,246,164	61,029,366
Retirement benefit obligations	3,899,610	3,267,364	-	2,485,093	1,149,578
Liabilities on investment contracts		-	-	-	-
Liabilities on insurance contracts	-	-	-	-	-
Interest-bearing borrowings	202,597,070	146,345,767	120,342,026	103,872,441	40,823,345
Contingent settlement provisions	-	-	1,929,695	3,548,250	-
Deferred tax liabilities	-	-	-	-	2,841,403
Liabilities classified as held for sale		-	-	-	-
Total liabilities	1,884,432,932	1,707,799,944	1,458,912,014	1,278,130,251	762,345,019
Equity					
Share capital and share premium	212,468,909	172,477,671	172,477,671	176,628,255	155,104,963
Retained earnings	62,425,165	37,729,702	23,095,392	18,880,711	3,376,997
Other components of equity	70,782,915	63,948,413	49,608,934	42,115,245	28,555,118
Total equity	345,676,990	274,155,786	245,181,997	237,624,211	187,037,078
Total Assets	2,230,109,921	1,981,955,730	1,704,094,011	1,515,754,462	949,382,097
Gross earnings	230,894,101	221,610,769	182,888,906	172,719,708	98,518,061
Profit before income tax	52,827,028	46,142,422	31,365,396	36,259,530	12,141,462
Profit from continuing operations	27,717,738	39,941,126	26,211,844	35,815,611	5,248,866
Profit for the period	27,717,738	39,941,126	26,211,844	35,815,611	5,248,866
Dividend paid	7,231,992	13,729,751	13,729,777	12,588,538	12,588,538
Earning or (loss) per share -Basic	185k	174k	114k	157k	157k
- Adjusted	185k	174k	114k	157k	157k
Number of ordinary shares of 50k	28,927,971,631	22,882,918,908	22,882,918,908	22,882,918,908	22,882,918,908