CENTRAL BANK OF NIGERIA
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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CONTENTS

CENTRAL BANK OF NIGERIA

CORPORATE INFORMATION

Directors

Mr. Godwin I. Emefiele (CON)	- Governor
Mr. Edward L. Adamu - Appointed 23 March 2018	- Deputy Governor (Corporate Services Directorate)
Dr. Okwu J. Nnanna	- Deputy Governor (Economic Policy Directorate)
Mrs. Aishah N. Ahmad - Appointed 23 March 2018	- Deputy Governor (Financial System Stability Directorate)
Mr. Folashodun A. Shonubi - Appointed 17 October 2018	- Deputy Governor (Operations Directorate)
Mr. Adebayo A. Adelabu - Retired 15 July 2018	- Deputy Governor (Operations Directorate)
Mr. Adeola Adetunji - Appointed 7 July 2018	- Non-Executive Director
Mr. Idris Ahmed - Appointed 7 July 2018	- Non-Executive Director
Prof. Justitia O. Nnabuko - Appointed 7 July 2018	- Non-Executive Director
Dr. Mahmoud Isa Dutse - Appointed 7 July 2018	- Non-Executive Director
Prof. Mike I. Obadan - Appointed 7 July 2018	- Non-Executive Director
Prof. Ummu A. Jalingo - Appointed 7 July 2018	- Non-Executive Director

Corporate Secretary
Alice Karau
Central Bank of Nigeria
Abuja

Auditors

Ernst & Young
UBA House, 10th & 13th Floors
57 Marina Road,
Lagos

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Plot 33, Abubakar Tafawa Balewa Way
Central Business District
Cadastral Zone
Abuja
Federal Capital Territory
Nigeria

CENTRAL BANK OF NIGERIA

REPORT OF THE BOARD OF DIRECTORS

Introduction

The consolidated and separate financial statements of the Central Bank of Nigeria ('the Bank') for the year ended 31 December 2018 were prepared based on accounting policies set out on pages 16 to 39 which are derived from the International Financial Reporting Standards (IFRS) and the recommended practices in the guidelines issued February 2018 and revised December 2018 by the Financial Reporting Council of Nigeria (FRC), titled "Accounting Guideline for Financial Reporting by Central Bank of Nigeria" (the Guideline) as it affects Central Bank of Nigeria operations, the CBN Act of 2007 and the Financial Reporting Council of Nigeria Act No. 6 of 2011.

Results

The Net Income for the year was N4,215 million (2017: N70,166 million) for the Bank while the Group's Net Income was N43,770 million (2017: N107,397 million). In line with the provisions of the Fiscal Responsibility Act 2011, 20% of the Net Income of the Bank will be credited to retained earnings while the balance will be paid to the Federal Government of Nigeria.

Corporate Governance

The Board of Directors is the highest policy making organ of the Bank and decisions of the Board are taken in consonance with submissions from various Board Committees and Departmental Directors.

The Board of Directors was reconstituted on 16 July 2018. The business and governance of the Bank has since then been carried out by them in compliance with Section 6 of the CBN Act, 2007.

The Board of Directors had held 2 meetings between January and December 2018.

The Committee of Governors had held 36 meetings between January and December 2018.

The Committees of the Board are:
1. Committee of Governors
2. Finance and General Purposes Committee
3. Audit and Risk management Committee
4. Establishment Committee
5. Investment Committee
6. Corporate Strategy Committee
7. Financial System Stability Committee
8. Remuneration, Ethics and Anti-Corruption
9. CBN Pension Fund Management

Apart from the Committee of Governors which is the executive management of the Bank, the composition of other Board Committees include the right mix of both the Executive and Non-Executive Directors for effective good governance.

A centralized integrated risk management co-ordination function is performed by the Risk Management Department (RMD). The role of the RMD is to develop, maintain and promote an appropriate risk management policy, framework, approach and culture, methodologies, processes and support systems.

The RMD is also responsible for coordinating and facilitating an integrated and uniform compliance management process in the Group; advancing and facilitating specialized operational risk management process, including business continuity, occupational health and safety and information security.

The Internal Audit Department of the Bank provides independent objective assurance of the adequacy and effectiveness of control, risk management and governance process of the Group.

Ethics Management

The Bank, as the Central Bank of Nigeria, must be and should be seen to be an institution of integrity which maintains the highest ethical standards. The executive management of the Bank is intensely aware of this core value and expectation, and commits itself to creating a working environment that encourages and facilitates honesty, integrity and ethical behavior.

CENTRAL BANK OF NIGERIA

REPORT OF THE BOARD OF DIRECTORS

The Bank is committed to equality, meritocracy and international best practice.

We present below the state of affairs of the Group and the Bank as at 31 December 2018, the results and cash flows of the Group and the Bank in accordance with the accounting policies set out on pages 16 to 39 which are derived from the International Financial Reporting Standards, and the recommended practices in the guideline issued by the Financial Reporting Council of Nigeria as it affects Central Bank Operations, the CBN Act 2007 and the Financial Reporting Council of Nigeria Act No. 6, 2011.

Corporate Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE PREPARATION OF THE FINANCIAL STATEMENTS

In accordance with the provisions of the Central Bank of Nigeria Act, 2007, the Board of Directors is responsible for the preparation of consolidated and separate financial statements which are prepared, in all material respect in accordance with the accounting policies set out on pages 16 to 39 which are derived from International Financial Reporting Standards (IFRS) and the recommended practice in the guidelines as issued by the Financial Reporting Council of Nigeria as it affects Central Bank Operations, the CBN Act 2007 and the Financial Reporting Council Act of Nigeria No.6 of 2011.

The responsibilities include ensuring that:

i the Central Bank of Nigeria keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Bank and its subsidiaries which are in all material respect in accordance with the accounting principles set out on pages 16 to 39 which are derived from International Financial Reporting Standards (IFRS) and recommended practice in the guideline issued February 2018 and revised December 2018 by the Financial Reporting Council of Nigeria (FRC), titled "Accounting Guideline for Financial Reporting by Central Bank of Nigeria" (the Guideline) as it affects Central Bank of Nigeria operations and the CBN Act of 2007 and the Financial Reporting Council of Nigeria Act No. 6 of 2011.

ii appropriate and adequate internal controls are established to safeguard its assets and to prevent and detect fraud and other irregularities;

iii the Central Bank of Nigeria prepares its consolidated and separate financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied; and

iv it is appropriate for the consolidated and separate financial statements to be prepared on a going concern basis.

The Board of Directors accept responsibility for the consolidated and separate financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates derived from International Financial Reporting Standards (IFRS) and the recommended practice in the Guideline issued February 2018 and revised December 2018 by the Financial Reporting Council of Nigeria (FRC) titled "Accounting Guidelines for Financial Reporting by Central Bank of Nigeria" (the Guideline) as it affects Central Bank of Nigeria operations and the CBN Act of 2007 and the Financial Reporting Council of Nigeria Act No. 6 of 2011.

The Board of Directors are of the opinion that the consolidated and separate financial statements give a true and fair view of the state of the financial affairs of the Central Bank of Nigeria and of its income and expenditures and cash flows.

The Board of 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 attention of the Board of Directors to indicate that the Central Bank of Nigeria will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Board of Directors by:

Governor: FRC Number:	Mr. Godwin I. Emefiele (CON) FRC/2013/IODN/00000001080	
Deputy Governor (Corporate Services Directorate) FRC Number:	Mr. Edward L. Adamu FRC/2018/NIQS/00000018729	

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REPORT OF THE INDEPENDENT JOINT AUDITORS
TO THE MEMBERS OF CENTRAL BANK OF NIGERIA

Opinion

We have audited the consolidated and separate financial statements of Central Bank of Nigeria ("the Bank") and its subsidiaries (together "the Group") as set out on pages 10 to 99, which comprise the consolidated and separate statements of financial position as at 31 December 2018, and the consolidated and separate income statements, consolidated and separate statements of other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying consolidated and separate financial statements for the year ended 31 December 2018 are prepared, in all material respects, in accordance with the accounting policies set out on pages 16 to 39 which are derived from the International Financial Reporting Standards (IFRS) and the recommended practice in the guidelines initially issued February 2018 (revised December 2018) by the Financial Reporting Council of Nigeria (FRCN) titled "Accounting Guideline for Financial Reporting by Central Bank of Nigeria" (the "Guideline"), and the relevant provisions of the Central Bank of Nigeria Act No. 7, 2007 and the Financial Reporting Council of Nigeria Act No. 6, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Bank and its subsidiaries in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements of the Central Bank of Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

REPORT OF THE INDEPENDENT JOINT AUDITORS
TO THE MEMBERS OF CENTRAL BANK OF NIGERIA - continued

Key Audit Matters

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

Key Audit Matters	**How the matter was addressed in the audit**
Expected Credit Loss (ECL) assessment on financial instruments The Group has significant financial assets which are measured either at amortised cost, fair value through profit or loss or fair value through other comprehensive income. This represents about 97% of total assets, and the associated impairment provision for the relevant classifications are significant to the consolidated and separate financial statements. The adoption of the International Financial Reporting Standards (IFRS 9) - Financial Instrument Recognition and Measurement effective 01 January 2018 introduced an expected credit loss model (ECL) for calculating the loss on financial instruments different from the incurred loss model under IAS 39 - Financial Instruments: Recognition and Measurement. The ECL model involves the application of judgement, assumptions and estimation in determining inputs for ECL calculation such as: • Determining criteria for significant increase in credit risk (SICR) for staging purposes. • Assessing the relationship between the quantitative factors such as default and qualitative factors such as future macro-economic variables. • Incorporating forward looking information in the ECL model building process. • Factors incorporated in determining the Probability of Default (PD), the Loss Given Default (LGD), the Recovery Rate and the Exposure at Default (EAD). • Factors considered in cash flow estimation including timing and amount. • Factors considered in collateral valuation. These estimates are driven by a number of factors, changes in which might lead to a significant impact in the impairment amount. Adopting IFRS 9 also requires some judgements in taking certain key decisions which impacted the transitional disclosures as at 01 January 2018. Refer to Notes 2.37 to the consolidated and separate financial statements.	Our procedures included the following: We reviewed the IFRS 9 model developed by the management for the computation of impairment on financial assets in line with the requirements of IFRS 9. We reviewed the Guideline as issued by the Financial Reporting Council of Nigeria, permitting the Bank to estimate the 12 months ECL for its sovereign securities as zero. We gained an understanding of how the Probability of Default (PD's) and Loss Given Default (LGD's) were derived by the system by performing a walkthrough using live data. For loans classified under stage 1, we selected material loans and reviewed the repayment history for possible repayment default. We challenged the various factors considered in classifying the loans within stages 1 and 2 and in the measurement of the ECL. For stage 3 loans, we challenged all assumptions considered in the estimation of recovery cash flows, the discount factor, and the timing of realisation. In instances where we were not satisfied with the assumption used by the management in its cash flow estimation and discounting, we challenged management's assumptions by re-computing the cash flows to determine the recoverable amounts. We focused on the most significant model assumptions including probability of default and loss given default. We performed detailed procedures on the completeness and accuracy of the information used. We used our internal specialists to assess the appropriateness of the models used and to perform an independent recalculation of the impairment provision for the selected portfolios.

REPORT OF THE INDEPENDENT JOINT AUDITORS
TO THE MEMBERS OF CENTRAL BANK OF NIGERIA - continued

Key Audit Matters	How the matter was addressed in the audit
Expected Credit Loss (ECL) assessment on financial instruments - continued This is considered a key audit matter in the consolidated and separate financial statements given the level of significance of the amount, the complexity and judgement involved in the process which required considerable audit time and expertise. Refer to Notes 2.37, 14, 17, 19, 23 and 33(c) to the consolidated and separate financial statements for disclosures on impairment losses on financial assets	Other areas of complexities which include incorporating forward looking information such as macro-economic indicators like inflation, monetary policy rate (MPR), exchange rate, etc. were equally challenged for reasonableness taking into consideration available information in the public domain. We reviewed the qualitative and quantitative disclosures for reasonableness to ensure conformity with IFRS 7 - Financial Instruments and IFRS 9 Disclosures.
Assessment of key contingent liabilities The Group has significant contingent liabilities which are disclosed in Note 33 to the consolidated and separate financial statements. The Bank disclosed a legal case against the Bank, among other defendants, as a contingent liability in line with the requirements of IAS 37 Provisions, Contingent Assets and Contingent Liabilities. The Bank had lost this legal case at the Federal High Court in March 2014. The Bank has appealed against the decision of the Federal High Court, of which, the Bank's own appeal is still pending before the Court of Appeal. There was a 2nd defendant on this legal case, who had lost at the Federal High Court and the Court of Appeal (the Bank was a party to the 2nd defendant's appeal). The judgement sum amounts to GBP2.159 billion with 15% annual interest calculated with effect from 22 June 1995. No provision (2017: Nil) was made during the year in the consolidated and separate financial statements as the Management believes that, based on existing evidence, the likelihood of the contingent liabilities crystalizing is remote. The Management has made disclosures including their assessment of the likelihood of success of this legal case, in Note 33 to the consolidated and separate financial statements. This is considered a key audit matter in the consolidated and separate financial statements given the level of significance of the amount, and the significant judgement involved in the audit process which required considerable audit time and expertise.	Our procedures included the following: We obtained and reviewed Management's assessment of the legal case. We obtained and reviewed confirmation responses from the external legal counsel handling the litigation as well as an independent legal opinion on the assessment and likelihood of success of the case in favour of the Bank. We reviewed the judgement of the Federal High Court dated 11 March 2014. We received and reviewed the Bank's brief of argument and the amended notice of appeal dated 13 March 2015. We obtained and reviewed the Judgement of the court of appeal based on the appeal of the 2nd defendant. We reviewed the disclosures made by the Management in Note 33 to the consolidated and separate financial statements and confirmed that the disclosures are in accordance with our understanding of the facts of the case. We confirmed that the treatment and disclosures were made in line with the requirements of IAS 37 - Provisions, Contingent Assets and Contingent Liabilities. We exercised professional judgement in our assessment of the legal case, taking into consideration the reports of the external legal counsel and independent solicitor.

REPORT OF THE INDEPENDENT JOINT AUDITORS
TO THE MEMBERS OF CENTRAL BANK OF NIGERIA - continued

Other Information

The Directors are responsible for the other information. The other information comprises the Corporate information, Report of the Board of Directors, Statement of Directors responsibilities and Other national disclosures but does not include the consolidated and separate financial statements and our auditors' report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation of consolidated and separate financial statements that is in accordance with the accounting policies which are derived from the International Financial Reporting Standards, and based on the Guideline issued by the Financial Reporting Council of Nigeria and the relevant provisions of the Central Bank of Nigeria Act No. 7, 2007 and the Financial Reporting Council of Nigeria Act No. 6, 2011 and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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REPORT OF THE INDEPENDENT JOINT AUDITORS
TO THE MEMBERS OF CENTRAL BANK OF NIGERIA - continued

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's and Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank or Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves compliance with the accounting policies.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

For: Ernst & Young
Lagos, Nigeria

Jamiu Olakisan, FCA
FRC/2013/ICAN/00000003918
25 March 2019

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
0895007

For: KPMG
Lagos, Nigeria

Ayodele Othihiwa, FCA
FRC/2012/ICAN/00000000425
25 March 2019

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
0961422

CENTRAL BANK OF NIGERIA
CONSOLIDATED AND SEPARATE INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

		Group		Bank	
		2018	2017	2018	2017
	Notes	N'million	N'million	N'million	N'million
Interest and similar income calculated using the effective interest method	5	874,973	-	852,539	-
Interest and similar income	5	-	685,608	-	673,217
Other interest and similar income	5	39,228	-	39,228	-
Interest and similar expense calculated using the effective interest method	6	(1,902,881)	(1,344,862)	(1,900,876)	(1,342,961)
Net interest expense		**(988,681)**	**(659,254)**	**(1,009,109)**	**(669,744)**
Fees and commission income	7	54,440	41,368	54,270	41,311
Net fair value gain/(loss) on financial instruments	8	61,928	(51,335)	61,928	(51,335)
Other operating income	9	851,817	1,457,958	853,889	1,450,535
Total operating Income		**(20,495)**	**788,736**	**(39,022)**	**770,767**
Credit loss reversal/(expense)	14	409,941	(347,012)	409,997	(347,012)
Impairment charge on financial investments	15	-	(23,297)	-	(23,297)
Net operating income		**389,445**	**418,427**	**370,975**	**400,458**
Personnel expenses	11	(137,361)	(135,195)	(129,237)	(129,533)
Depreciation of property, plant and equipment	25	(18,913)	(22,573)	(14,186)	(18,334)
Amortisation of intangible assets	24	(1,206)	(1,371)	(1,206)	(1,371)
Currency issue expenses	12	(14,165)	(13,450)	(74,453)	(58,604)
Other operating expenses	13	(189,873)	(155,054)	(147,678)	(122,450)
Total operating expenses		**(361,518)**	**(327,643)**	**(366,760)**	**(330,292)**
Net income before share of associates' profit		**27,927**	**90,784**	**4,215**	**70,166**
Share of profit of associates	22	23,575	18,386	-	-
Net income before tax		**51,502**	**109,170**	**4,215**	**70,166**
Income tax expense	16a	(7,733)	(1,773)	-	-
Net income for the year		**43,770**	**107,397**	**4,215**	**70,166**
Attributable to:					
Equity holder of the Bank		41,956	106,013	4,215	70,166
Non-controlling interests		1,814	1,384	-	-
		43,770	**107,397**	**4,215**	**70,166**

The accompanying notes to the consolidated and separate financial statements form an integral part of these consolidated and separate financial statements.

CENTRAL BANK OF NIGERIA
CONSOLIDATED AND SEPARATE STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Group 2018 N'million	Group 2017 N'million	Bank 2018 N'million	Bank 2017 N'million
Net income for the year		**43,770**	**107,397**	**4,215**	**70,166**
Other comprehensive income					
Other comprehensive income to be reclassified to income or loss in subsequent periods net of tax:					
Debt instruments at fair value through other comprehensive income:					
Net change in fair value during the year	10	(20)	-	(20)	-
Net losses on financial investments at fair value through other comprehensive income		(20)	-	(20)	-
Available-for-sale financial assets:					
Net change in fair value during the year	10	-	6,347	-	6,347
Share of other comprehensive (loss)/income of associates	22	(3,530)	34,584	-	-
Total items that will be reclassified to the income statement		**(3,550)**	**40,931**	**(20)**	**6,347**
Other comprehensive income/(loss) not to be reclassified to income or loss in subsequent periods net of tax:					
Net change in fair value during the year on equity instruments at fair value through other comprehensive income	10	(1,941)	-	(1,941)	-
Re-measurement gains on defined benefit plans	29	7,632	31,924	7,632	31,924
Total items that will not be reclassified to the income statement		**5,691**	**31,924**	**5,691**	**31,924**
Other comprehensive income for the year,net of tax		**2,141**	**72,855**	**5,671**	**38,271**
Total comprehensive income for the year		**45,910**	**180,252**	**9,886**	**108,437**
Attributable to:					
Equity holder of the Bank		44,096	178,868	9,886	108,437
Non-controlling interests		1,814	1,384	-	-
		45,910	**180,252**	**9,886**	**108,437**

The accompanying notes to the consolidated and separate financial statements form an integral part of these consolidated and separate financial statements.

CENTRAL BANK OF NIGERIA
CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

		Group		Bank	
		2018	2017	2018	2017
	Notes	N'million	N'million	N'million	N'million
Assets					
Cash and bank balances	17e	18,954	28,197	-	-
External reserves	17	16,376,603	14,563,696	16,376,603	14,563,696
IMF Holdings of Special Drawing Rights	18a	639,070	650,824	639,070	650,824
Loans and receivables	19	13,301,870	10,285,433	13,388,732	10,369,678
Investment securities					
Available-for-sale	20	-	50,669	-	50,669
Held to maturity	20	-	2,062,360	-	1,965,705
Debt instruments at fair value through other comprehensive income	20	2,531	-	2,531	-
Equity instruments at fair value through other comprehensive income	20	43,602	-	43,602	-
Debt instruments at amortised cost	20	3,013,284	-	2,903,535	-
Investments in subsidiaries	21	-	-	45,401	28,098
Investments in associates	22	294,454	271,367	111,126	91,966
Quota in International Monetary Fund (IMF)	18b	1,046,449	1,002,558	1,046,449	1,002,558
Other assets	23	230,476	153,346	209,281	140,461
Intangible assets	24	6,752	3,405	6,752	3,405
Property, plant and equipment	25	538,106	516,515	469,059	446,531
Total assets		**35,512,151**	**29,588,371**	**35,242,141**	**29,313,591**
Liabilities					
Bank notes and coins in circulation	28	2,298,267	2,140,673	2,328,766	2,156,289
Deposits	26	14,365,409	12,466,903	14,365,409	12,466,903
Central Bank of Nigeria Instruments issued	27	12,795,093	8,919,793	12,795,093	8,919,793
IMF allocation of Special Drawing Rights	18d	714,179	727,153	714,179	727,153
IMF related liabilities	18c	998,012	954,121	998,012	954,121
Employee benefit liabilities	29	74,221	103,540	74,336	103,616
Current income tax payable	16b	3,041	1,810	-	-
Deferred tax liabilities	16c	10,868	5,598	-	-
Other liabilities	30	3,456,326	3,449,558	3,447,680	3,411,843
Total liabilities		**34,715,415**	**28,769,149**	**34,723,475**	**28,739,718**
Equity					
Share capital	31	5,000	5,000	5,000	5,000
Retained earnings	31	619,679	638,488	471,451	524,697
Fair value reserve	31	43,430	47,006	42,215	44,176
Foreign currency translation reserve	31	119,238	121,153	-	-
Equity attributable to equity holders of the Bank		**787,346**	**811,647**	**518,666**	**573,873**
Non-controlling interests		9,389	7,575	-	-
Total equity		**796,735**	**819,222**	**518,666**	**573,873**
Total liabilities and equity		**35,512,151**	**29,588,371**	**35,242,141**	**29,313,591**

The accompanying notes to the consolidated and separate financial statements form an integral part of these consolidated and separate financial statements.

The consolidated and separate financial statements were approved and authorised for issue by the Board of Directors on 12 March 2019.

Godwin I. Emefiele (CON) — Governor
FRC/2013/IODN/00000001080

Mr. Edward L. Adamu — Deputy Governor (Corporate Services Directorate)
FRC/2018/NIQS/00000018729

Mr. Benjamin A. Fakunle — Director, Finance Department
FRC/2019/ICAN/00000019338

CENTRAL BANK OF NIGERIA
CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

GROUP

	Attributable to the equity holder of the Bank							
	Share capital N'million	Retained earnings N'million	Fair value reserve N'million	Available-for-sale reserve N'million	Foreign currency translation reserve N'million	Total N'million	Non-controlling interests N'million	Total equity N'million
As at 1 January 2018	**5,000**	**638,488**	**-**	**47,006**	**121,153**	**811,647**	**7,575**	**819,222**
Impact of adopting IFRS 9 (Note 2.37)	-	(65,025)	47,006	(47,006)	-	(65,025)	-	(65,025)
Restated opening balance under IFRS 9 and 15	**5,000**	**573,463**	**47,006**	**-**	**121,153**	**746,622**	**7,575**	**754,197**
Net income for the year	-	41,956	-	-	-	41,956	1,814	43,770
Other comprehensive income:								
Net change in fair value of debt instruments measured at fair value through OCI	-	-	(20)	-	-	(20)	-	(20)
Net change in fair value of equity instruments at FVOCI	-	-	(1,941)	-	-	(1,941)	-	(1,941)
Re-measurement gains on defined benefit plans (Note 29)	-	7,632	-	-	-	7,632	-	7,632
Share of other comprehensive loss of associates (Note 22)	-	-	(1,615)	-	(1,915)	(3,530)	-	(3,530)
Total comprehensive income/(loss)	**-**	**49,587**	**(3,576)**	**-**	**(1,915)**	**44,096**	**1,814**	**45,910**
Transfer to the Federal Government of Nigeria (Note 30a)	-	(3,372)	-	-	-	(3,372)	-	(3,372)
As at 31 December 2018	**5,000**	**619,679**	**43,430**	**-**	**119,238**	**787,346**	**9,389**	**796,735**

For the year ended 31 December 2017

	Attributable to the equity holder of the Bank						
	Share capital N'million	Retained earnings N'million	Available-for-sale reserve N'million	Foreign currency translation reserve N'million	Total N'million	Non-controlling interests N'million	Total equity N'million
As at 1 January 2017	5,000	556,684	39,350	87,879	688,913	6,191	695,104
Net income for the year	-	106,013		-	106,013	1,384	107,397
Other comprehensive income							
Change in fair value of available-for-sale financial assets	-	-	6,347	-	6,347	-	6,347
Re-measurement gains on defined benefit plans net of tax (Note 29)	-	31,924		-	31,924	-	31,924
Share of other comprehensive income of associates (Note 22)	-	-	1,309	33,274	34,584	-	34,584
Total comprehensive income	-	**137,937**	**7,656**	**33,274**	**178,868**	**1,384**	**180,252**
Transfer to the Federal Government of Nigeria (Note 30a)	-	(56,133)	-	-	(56,133)	-	(56,133)
As at 31 December 2017	**5,000**	**638,488**	**47,006**	**121,153**	**811,647**	**7,575**	**819,222**

The accompanying notes to the consolidated and separate financial statements form an integral part of these consolidated and separate financial statements.

CENTRAL BANK OF NIGERIA
CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY- CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

BANK

	Share capital N'million	Retained earnings N'million	Fair value reserve N'million	Available-for-sale reserve N'million	Total equity N'million
As at 1 January 2018	5,000	524,697	-	44,176	573,873
Impact of adopting IFRS 9 (Note 2.37)	-	(61,721)	44,176	(44,176)	(61,721)
Restated opening balance under IFRS 9	5,000	462,976	44,176	-	512,152
Net income for the year	-	4,215	-	-	4,215
Other comprehensive Income:					-
Net change in fair value of debt instruments measured at fair value through OCI	-	-	(20)	-	(20)
Net change in fair value of equity instruments at FVOCI			(1,941)	-	(1,941)
Remeasurement gains on defined benefit plans net of tax (Note 29)	-	7,632	-	-	7,632
Total comprehensive income/(loss)	-	11,847	(1,961)	-	9,886
Transfer to Federal Government of Nigeria (Note 30a)	-	(3,372)	-	-	(3,372)
As at 31 December 2018	5,000	471,451	42,215	-	518,666

For the year ended 31 December 2017

	Share capital N'million	Retained earnings N'million	Available-for sale reserve N'million	Total equity N'million
As at 1 January 2017	5,000	478,740	37,829	521,569
Net income for the year	-	70,166	-	70,166
Other comprehensive income:				
Change in fair value of available-for-sale financial assets	-	-	6,347	6,347
Re-measurement gains on defined benefit plans net of tax (Note 29)	-	31,924	-	31,924
Total comprehensive income	-	102,090	6,347	108,437
Transfer to the Federal Government of Nigeria (Note 30a)	-	(56,133)	-	(56,133)
As at 31 December 2017	5,000	524,697	44,176	573,873

The accompanying notes to the consolidated and separate financial statements form an integral part of these consolidated and separate financial statements.

CENTRAL BANK OF NIGERIA
CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

		Group		Bank	
		2018	2017	2018	2017
	Notes	N'million	N'million	N'million	N'million
Cash flows from operating activities	32	1,173,744	3,555,728	1,178,195	3,537,794
Income tax paid	16b	(603)	(856)	-	-
Employee defined benefit paid	29	(35,922)	(10,666)	(35,922)	(10,666)
Net cash flows from operating activities		1,137,219	3,544,206	1,142,273	3,527,128
Cash flows from investing activities					
(Purchase)/Sale of investment securities		(951,879)	95,950	(935,255)	99,214
Purchase of intangible assets	24	(4,553)	(390)	(4,553)	(390)
Increase in investment in subsidiary		-	-	(17,303)	-
Purchase of property, plant and equipment	25	(40,785)	(34,926)	(36,960)	(32,354)
Proceeds from sale of property, plant and equipment		109	735	104	729
Net cash flows (used in)/from investing activities		(997,107)	61,369	(993,967)	67,199
Cash flows from financing activities					
Surplus paid to the Federal Government of Nigeria	30a	(56,133)	(83,944)	(56,133)	(83,944)
Net cash flows used in financing activities		(56,133)	(83,944)	(56,133)	(83,944)
Net change in cash and cash equivalents		83,979	3,521,631	92,173	3,510,383
Net foreign exchange difference on cash and cash equivalents		1,635,808	1,341,533	1,636,859	1,341,429
Cash and cash equivalents at 1 January		11,083,642	6,220,478	11,055,444	6,203,632
Cash and cash equivalents at 31 December	17e	12,803,429	11,083,642	12,784,476	11,055,444

The accompanying notes to the consolidated and separate financial statements form an integral part of these consolidated and separate financial statements.

1. General Information

The Central Bank of Nigeria ("CBN" or "the Bank") is the apex regulatory authority of the banking system in Nigeria. It was established by the Central Bank of Nigeria Act of 1958, as repealed by the Central Bank of Nigeria Act No. 7 of 2007. It commenced operation on 1 July 1959.

The consolidated and separate financial statements of the Group for the year ended 31 December 2018 comprises the Bank and its subsidiaries (together referred to as the "Group").

The Bank is wholly owned by the Federal Government of Nigeria and is a Government Business Entity (GBE). The principal objectives of the Bank are to:

- Ensure monetary and price stability;
- Issue legal tender currency in Nigeria,
- Maintain external reserves to safeguard the international value of the legal tender currency;
- Promote a sound financial system in Nigeria, and
- Act as banker and provide economic and financial advice to the Federal Government of Nigeria.

The Bank is incorporated and domiciled in Nigeria. Its head office is at Plot 33, Abubakar Tafawa Balewa Way, Central Business District, Abuja.

The Bank holds 89.52% of the share capital of Nigerian Security Printing and Minting Plc while Bureau of Public Enterprise and DE LA RUE of UK have 9.60% and 0.87% shares, respectively. The subsidiary is involved in the production of Nigerian currency notes and coins together with security documents and products for other businesses. The principal objectives of the subsidiary are:

- Production of Nigerian currency notes and coins together with security documents & products for other business.
- Manufacture and importation of printing ink and the provision of technical services.

The Bank holds 100% of the share capital in Nigeria Incentive-Based Risk-Sharing System for Agricultural Lending Plc (NIRSAL). The subsidiary was set up by the CBN to spark agricultural industrialization process through increased production and processing of the greater part of the farm produce/output in the country to boost economic earnings across the value chain.

The Bank holds 99.99% of the share capital in Nigerian Electricity Supply Industry Stabilization Strategy Limited (NESI). The subsidiary is involved in the promotion of long-term sustainability and efficiency of the Nigeria Electricity Supply Industry through the initiation and encouragement of programmes and the creation of mechanisms and processes fundamental to the growth and bankability of the Nigerian Electricity Supply Industry.

The consolidated and separate financial statements of Central Bank of Nigeria and its subsidiaries (collectively, the Group) for the year ended 31 December 2018 were approved and authorised for issue by the Board of Directors on 12 March 2019.

The consolidated and separate financial statements cover the financial year from 1 January 2018 to 31 December 2018, with comparative for the year ended 31 December 2017.

2 Significant accounting policies

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

2.1 Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with accounting policies derived from International Financial Reporting Standards (IFRS) and the recommended practice in the revised guideline issued February 2018 and revised December 2018 by the Financial Reporting Council of Nigeria (FRC) titled "Accounting Guidelines for Financial Reporting by Central Bank of Nigeria" (the Guideline) as it affects Central Bank of Nigeria operations and the CBN Act of 2007 and the Financial Reporting Council of Nigeria Act No.6 of 2011. The provisions of the Guidelines issued by FRC are set out in Notes 2.1.1 in the financial statements. The guidelines do not apply to the subsidiaries or associates and were applied by the Bank in the financial year beginning 1 January 2018. Refer to Note 35 on changes in accounting policies.

The consolidated and separate financial statements have been prepared on a historical cost basis, except for debt instruments at fair value through other comprehensive income and held for trading financial assets that have been measured at fair value. The consolidated financial statements are presented in naira and all values are rounded to the nearest million (N'm), except when otherwise indicated.

The preparation of the consolidated and separate financial statements in conformity with policies derived from IFRS requires the use of certain critical accounting estimates and judgements. It also requires management to exercise its judgement in the process of applying these policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2.36.

2.1.1 Recommended practices as approved by the Financial Reporting Council of Nigeria in its Guideline

Intervention loans

Intervention loans and receivables are measured at amortized cost using the effective interest method (EIM). In exceptional cases, as part of its central banking functions, the Bank may act as a lender of last resort by granting Intervention loans. This function is unique to the Bank and as such, the Bank remains the only market for this kind of loans. The Bank has adopted its contractual rate as the Effective Interest Rate (EIR) for measuring its intervention loans.

2.1.1 Recommended practices as approved by the Financial Reporting Council of Nigeria in its Guideline - continued

Foreign exchange derivative

Forward purchases and sales are recognized on the statement of financial position at the respective settlement/maturity date. Forward contracts are not marked to market. Thus, fair value gains/losses on forward purchases and sales are recognized off-balance sheet and not recognised in the financial statements between the trade date and settlement date.

Swap transactions are recognized on the statement of financial position on the settlement/maturity dates. The Bank recognizes the settled future transactions on its statement of financial position. Thus, the fair value gains or losses arising from swap and futures contracts are not recognized by the Bank in its financial statements between the trade date and settlement date.

Existence and details of derivative and similar transactions recorded off-balance sheet are disclosed in the notes to the financial statements at the year- end rates.

Impairment of financial assets

Financial assets that have low credit risk were assessed for 12-months expected credit losses and for such financial assets, the practical expedient approach under the ECL model have been considered. Based on the unique nature of CBN's role, there is a rebuttable presumption that the 12-months ECL on sovereign securities held by CBN is zero.

2.2 Changes in accounting policy and disclosures

In these financial statements, the Group applied IFRS 9, IFRS 15 and IFRS 7R, effective for annual periods beginning on or after 1 January 2018, for the first time. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

A number of other new standards are also effective from 1 January 2018 but they do not have a material effect on the Group's financial statements.

The nature and the effect of these changes are disclosed below:

2.2.1 IFRS 9 Financial Instruments
IFRS 9 replaces IAS 39 for annual periods on or after 1 January 2018.

The Group has not restated comparative information for 2017 for financial instruments in the scope of IFRS 9. Therefore, the comparative information for 2017 is reported under IAS 39 and is not comparable to the information presented for 2018. Differences arising from the adoption of IFRS 9 have been recognized directly in retained earnings as of 1 January 2018 and are disclosed in Note 2.37 (Transition disclosures).

Changes to classification and measurement
To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The IAS 39 measurement categories of financial assets (fair value through profit or loss (FVTPL), available for sale (AFS), held-to-maturity and amortised cost) have been replaced by:
- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- Equity instruments at FVOCI, with no recycling of gains or losses in profit or loss on derecognition
- Financial assets at FVTPL

The accounting for financial liabilities remains largely the same as it was under IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVTPL. Such movements are presented in OCI with no subsequent reclassification to the income statement.

Under IFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on the business model and their contractual terms, as explained in Note 2.8.5.2.

The Group's classification of its financial assets and liabilities is explained in Notes 2.8.5. The quantitative impact of applying IFRS 9 as at 1 January 2018 is disclosed in Note 2.37.

Changes to the impairment calculation
The adoption of IFRS 9 has fundamentally changed the Group's accounting for loan loss impairments by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination. If the financial asset meets the definition of purchased or originated credit impaired (POCI), the allowance is based on the change in the ECLs over the life of the asset.

Details of the Group's impairment method are disclosed in Note 2.11. The quantitative impact of applying IFRS 9 as at 1 January 2018 is disclosed in Note 2.37.

2.2 Changes in accounting policy and disclosures - continued

2.2.2 IFRS 7 Revised (IFRS 7R)

To reflect the differences between IFRS 9 and IAS 39, IFRS 7 Financial Instruments: Disclosures was updated and it has been adopted by the Group, together with IFRS 9, for the year beginning 1 January 2018. Changes include transition disclosures as shown in Note 2.37, detailed qualitative and quantitative information about the ECL calculations such as the assumptions and inputs used are set out in Note 3.2.5.

Reconciliations from opening to closing ECL are presented in Notes 17, 19, 23 and 33

2.2.3 IFRS 15 Revenue from contracts with customers

The Group adopted IFRS 15 Revenue from contracts with customers on its effective date of 1 January 2018. IFRS 15 replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. It applies to all contracts with customers except leases, financial instruments and insurance contracts

The standard establishes a more systematic approach for revenue measurement and recognition by introducing a five-step model governing revenue recognition. The five-step model requires the Group to:
(i) identify the contract with the customer
(ii) identify each of the performance obligations included in the contract
(iii) determine the amount of consideration in the contract
(iv) allocate the consideration to each of the identified performance obligations and
(v) recognise revenue as each performance obligation is satisfied.

As permitted by the revised Guideline issued by the Financial Reporting Council of Nigeria, the Guideline has been early adopted in 2018 and the above changes in accounting policies have been applied prospectively from 1 January 2018 and not retrospectively as required by IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

Based on management assessment, IFRS 15 did not have material impact on the Group's financial statements. As most of the income earned are from financial instruments

2.3 Basis of consolidation

The consolidated and separate financial statements comprise the financial statements of the Bank and its subsidiaries as at 31 December 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:
- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiary to bring it's accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:
- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to income statement or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

2.3 Basis of consolidation (continued)

Non-controlling interest are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition

Presentation of financial statements

The Group presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the statement of financial position date (current) and more than 12 months after the statement of financial position date (non–current) are presented in the respective notes for assets and liabilities.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the income statement unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

Investment in subsidiaries are carried at cost less impairment in the Bank's separate financial statements.

2.4 Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statement reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the income statement outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'Share of profit of an associate and a joint venture' in the income statement.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in income statement.

2.5 Recognition of income and expenses

(a) The effective interest rate method

Under both IFRS 9 and IAS 39, Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost, financial instruments designated at FVTPL interest income on interest bearing financial assets measured at FVOCI under IFRS 9

Similarly to interest bearing financial assets classified as available-for-sale or held to maturity under IAS 39, interest income on interest bearing financial assets measured at FVOCI under IFRS 9 are also recorded by using the EIR method. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the income statement.

(b) Interest and similar income and expense

Net interest income comprises interest income and interest expense calculated using both the effective interest method. These are disclosed separately on the face of the income statement for both interest income and interest expense to provide symmetrical and comparable information.

In its Interest income/expense calculated using the effective interest method, the Group only includes interest on those financial instruments that are set out in Note 2.5a above. Other interest income/expense includes interest on all financial assets/liabilities measured at FVTPL, other than those held for trading, using the contractual interest rate. Interest income/expense on all trading financial assets/liabilities is recognised as a part of the fair value change in Net trading income. The Group calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset.

2.5 Recognition of income and expenses - continued

(b) Interest and similar income and expense - continued

When a financial asset becomes credit-impaired and is therefore regarded as 'Stage 3' (as set out in Note 2.11.1), the Group calculates interest income by applying the EIR to the net amortised cost of the financial asset. If the financial assets cures (as outlined in Note 3.2.5) and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

For purchased or originated credit-impaired (POCI) financial assets, the Group calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the financial asset. The credit-adjusted EIR is the interest rate that, at initial recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI financial asset.

(c) Fees and commission income

Fees and commission income that are integral to the effective interest rate on a financial asset are included in the measurement of the effective interest rate (see 2.5a above). Other fees and commission income, including account foreign exchange earnings, Bureau de Change registration and commissions are recognised as the related services are performed.

Effective 1 January 2018, fees and commissions that are not directly attributable to the acquisition, issue or disposal of a financial asset or a financial liability are recognised on an accrual basis when the service has been provided in line with the requirement of IFRS 15 - Revenue from Contracts with Customers.

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

(d) Dividend income

This is recognised when the Group's right to receive the payment is established, which is generally when the shareholders approve and declare the dividend.

(e) Foreign exchange revaluation gains or losses

These are gains and losses arising on settlement and translation of monetary assets and liabilities denominated in foreign currencies at the functional currency's spot rate of exchange at the reporting date. This amount is recognised in the income statement and it is further broken down into realised and unrealised potion.

The monetary assets and liabilities include financial assets within the external reserves, foreign currencies deposits received and held on behalf of third parties, etc.

(f) Agency income

Agency commission is recognised when such income is earned by the Group. Agency income is recognised within 'other operating income' in the income statement.

(g) Intervention activities

Intervention activities are those carried out by the Group in the construction of infrastructure in educational institutions as well as other interventions around the country.

(h) Other operating expenses

All other operating expenses are recognised at cost when incurred.

2.6 Taxes

Current income tax

Current income tax assets and liabilities for the current year are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the jurisdiction where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The Bank is not subject to tax in respect of its functions under the Central Bank of Nigeria Act 2007. The Bank is exempted from the payment of tax under the Companies Income Tax Act 1979.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

2.6 Taxes - continued

Deferred tax - continued
Deferred tax liabilities are recognised for all taxable temporary differences, except:
·When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

· In respect of taxable temporary differences associated with investments in subsidiary and associates when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

·When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

·In respect of deductible temporary differences associated with investments in subsidiary and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax assets and deferred tax liabilities are derived from the Group's subsidiaries

Value added tax

Expenses and assets are recognised net of the amount of value added tax, except:
- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

- When receivables and payables are stated with the amount of value added tax included

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.7 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The financial statements of the Group are presented in Nigerian naira, which is the functional currency of the Group.

On consolidation, the assets and liabilities of investees with different functional currency are translated into naira at the rate of exchange prevailing at the reporting date and their income statements are translated at the average exchange rates for the year. The exchange differences arising on translation for consolidation are recognised in the statement of other comprehensive income (OCI). On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the income statement.

(b) Transactions and balances
Transactions in foreign currencies are initially recorded at the functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or income statement are also recognised in other comprehensive income or income statement, respectively).

2.8 Financial instruments – initial recognition

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity

2.8.1 Date of recognition

Financial assets and liabilities, except for loans and advances to customers, deposits, IMF related liabilities and other liabilities are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. This includes regular way trades, purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customer are recognised when funds are transferred to the customers' accounts. The Group recognises deposits, IMF related liabilities and other liabilities when funds are transferred to the Group.

2.8.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Notes 2.8.5.2 and 2.8.5.3. Financial instruments are initially measured at their fair value (as defined in Note 2.24), except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of the financial instruments at initial recognition differs from the transaction price, the Bank accounts for the Day 1 profit or loss, as described below.

2.8.3 Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognises the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

2.8.4 Measurement categories of financial assets and liabilities

From 1 January 2018, the Group classifies all its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at:
- Amortised cost, as explained in Note 2.8.5.1
- FVOCI, as explained in Notes 2.8.8 and 2.8.9
- FVTPL

The Group classifies and measures its trading portfolio at FVTPL as explained in Notes 2.8.6 and 2.8.7. The Group may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Before 1 January 2018, the Group classified its financial assets as loans and receivables (amortised cost), FVTPL, available-for-sale or held-to-maturity (amortised cost), as explained in Notes 2.8.12 and 2.8.13.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVTPL when they are held for trading and derivative instruments or the fair value designation is applied, as explained in Note 2.8.7.

2.8.5 Financial assets and liabilities

2.8.5.1 Loan and receivables and Financial investments at amortised cost

Before 1 January 2018, Loans and receivables, included non–derivative financial assets with fixed or determinable payments that were not quoted in an active market, other than those:
-That the Group intended to sell immediately or in the near term
-That the Group, upon initial recognition, designated as at FVTPL or as available-for-sale
-For which the Group may not recover substantially all of its initial investment, other than because of credit deterioration, which were designated as available-for-sale.

From 1 January 2018, the Group only measures Loans and receivables and other financial investments at amortised cost if both of the following conditions are met:
-The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
-The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

2.8.5.2 Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

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

2.8 Financial Instruments – continued

2.8.5.2 Business model assessment - continued

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

2.8.5.3 The SPPI test

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

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount). 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, the period for which the interest rate is set, prepayment and extension terms.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

2.8.6 Derivatives recorded at fair value through profit or loss

A derivative is a financial instrument or other contract with all three of the following characteristics:

• Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').

• It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors

• It is settled at a future date

The Group enters into derivative transactions with various counterparties. These include forward, futures and swaps forex derivatives.

The Bank has applied the revised accounting guidelines issued by the Financial Reporting Council of Nigeria and had disclosed as part of contingent liabilities/assets the sales and purchases of forward, futures and swaps forex derivatives in pursuance of monetary policy implementation, price stability and or management of the Naira exchange rate.

2.8.7 Financial assets or financial liabilities held for trading (Policy applicable from 1 January 2018)

The Group classifies financial assets or financial liabilities as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets and liabilities are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognised in other operating income. Interest and dividend income or expense is recorded in other operating income according to the terms of the contract, or when the right to payment has been established.

Included in this classification are debt securities that have been acquired principally for the purpose of selling or repurchasing in the near term. The externally managed investment falls within this category as it has been classified as held for trading. However, this is presented as part of external reserves in the statement of financial position.

2.8.8 Debt instruments at FVOCI (Policy applicable from 1 January 2018)

The Group applies the new category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

•The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets

•The contractual terms of the financial asset meet the SPPI test

These instruments largely comprise assets that had previously been classified as financial investments available- for-sale under IAS 39.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost as explained in Note 2.8.5.1. The ECL calculation for Debt instruments at FVOCI is explained in Note 2.13. Where the Group holds more than one investment in the same security, they are deemed to be disposed of on a first–in first–out basis. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

2.8.9 Equity instruments at FVOCI (Policy applicable from 1 January 2018)

Upon initial recognition, the Group occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by- instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

2.8 Financial instruments – continued

2.8.10 Debt issued and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR.

2.8.11 Financial guarantees, and undrawn loan commitments

The Group issues financial guarantees and loan commitments.

Financial guarantees are only disclosed in the notes to the financial statements at the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee under IAS 39. Under IFRS 9, an ECL provision is recognised as set out in Note 33c.

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. Similar to financial guarantee contracts, under IAS 39, a provision was made if they were an onerous contract but, from 1 January 2018, these contracts are in the scope of the ECL requirements.

The nominal contractual value of financial guarantees and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded on in the statement of financial position. The nominal values of these instruments together with the corresponding ECLs are disclosed in Note 33c.

2.8.12 Available-for-sale financial investments (Policy applicable before 1 January 2018)

AFS investments include equity and debt securities. Equity investments classified as AFS are those which are neither classified as held–for–trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

The Group has not designated any loans or receivables as AFS. Available-for-sale financial investments of the Group include investments in equity (unquoted), investments in treasury bills and investment in debt securities (bonds) issued locally and foreign.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealized gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to income statement in impairment loss on financial investment. Interest earned whilst holding AFS financial investments is reported as interest and similar income using the EIR method. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost. All other available-for-sale investments are carried at fair value.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss. Refer to the information below under reclassification.

2.8.13 Held-to-maturity financial investments (Policy applicable before 1 January 2018)

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as interest and similar income in the income statement. The losses arising from impairment are recognised in income statement as loan impairment expense. The held-to-maturity investments of the Group include the Nigerian treasury bills, FGN bonds and the internally managed investments within the external reserves.

If the Group were to sell or reclassify more than an insignificant amount of held–to–maturity investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as available–for–sale. Furthermore, the Group would be prohibited from classifying any financial asset as held to maturity during the following two years.

2.9 Reclassification of financial assets and liabilities

From 1 January 2018, the Group does not reclassify its financial assets after their initial recognition except where there is a change in the Group's business model, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line.

Financial liabilities are never reclassified. The Group did not reclassify any of its financial assets or liabilities in 2018 (2017: Nil).

2.10 Derecognition of financial assets and liabilities

2.10.1 Derecognition due to substantial modification of terms and conditions

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be Purchased or Originated Credit Impaired (POCI).

When assessing whether or not to derecognise a loan to a customer, amongst others, the Group considers the following factors.
•Change in currency of the loan
• Introduction of an equity feature
•Change in counterparty
• If the modification is such that the instrument would no longer meet the SPPI criterion

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

2.10.2 Derecognition other than for substantial modification

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

From 1 January 2018, the Group transfers a financial asset if, and only if, either:
•The Group has transferred its contractual rights to receive cash flows from the financial asset
Or
•It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:
•The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the
amount lent plus accrued interest at market rates
•The Group cannot sell or pledge the original asset other than as security to the eventual recipients
•The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay

In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients

A transfer only qualifies for derecognition if either:
•The Group has transferred substantially all the risks and rewards of the asset
Or
•The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Group would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price

2.10.3 Financial liabilities

From 1 January 2018, a financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

2.10.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously

2.11 Impairment of financial assets (Policy applicable from 1 January 2018)

Overview of the ECL principles

As described in Note 2.2.1, the adoption of IFRS 9 has fundamentally changed the Group's loan loss impairment method by replacing IAS 39's incurred loss approach with a forward-looking ECL approach. From 1 January 2018, the Group has been recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVTPL, together with loan commitment and financial guarantee contract, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined in Note 2.12. The Group's policies for determining if there has been a significant increase in credit risk are set out in Note 3.2.5.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Group's policy for grouping financial assets measured on a collective basis is explained in Note 3.2.5.6.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.
This is further explained in Note 3.2.5.5.

Based on the above process, the Group groups its loans and financial investment into Stage 1, Stage 2 and Stage 3, as described below:

•Stage 1: When loans or financial investment are first recognised, the Group recognises an allowance based on 12mECLs. Stage 1 loans or financial investment also include facilities where the credit risk has improved and the loans or financial investment has been reclassified from Stage 2.

•Stage 2: When a loan or financial investment has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 loans or financial investment also include facilities, where the credit risk has improved and the loans or financial investment has been reclassified from Stage 3.

•Stage 3: Loans or financial investment considered credit-impaired (as outlined in Note 3.2.5.1).The Group records an allowance for the LTECLs.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

2.12 The calculation of ECLs

The Group calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:
•PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PDs is further explained in Note 3.2.5.1.

•EAD: The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and accrued interest from missed payments. The EAD is further explained in Note 3.2.5.3.

•LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive. It is usually expressed as a percentage of the EAD. The LGD is further explained in Note 3.2.5.4.
When estimating the ECLs, the Group considers three scenarios (a base case, an upturn and downturn). Each of these is associated with different PDs, EADs and LGDs, as set out in Note 3.2.5.7. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans or financial investment are expected to be recovered, including the probability that the loans or financial investment will cure and the amount that might be received from selling the asset.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

Provisions for ECLs for undrawn loan commitments are assessed as set out in Note 33c.

The mechanics of the ECL method are summarized below:

2.12 The calculation of ECLs - continued

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

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

•Stage 3: For loans considered credit-impaired (as defined in Note 3.2.5.1), the Group recognises the lifetime expected credit losses for these financial instruments. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Loan commitments: When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the four scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. The ECL for loan commitments is recognised within other liabilities.

Financial guarantee contracts: The Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision. For this purpose, the Group estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the four scenarios. The ECLs related to financial guarantee contracts are recognised within other liabilities.

2.13 Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

2.14 Forward looking information

In its ECL models, the Group relies on a broad range of forward looking information as economic inputs, such as:
•GDP growth
•Unemployment rates
•Inflation rates
•Crude oil prices

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Detailed information about these inputs and sensitivity analysis are provided in Note 3.2.5.7.

2.15 Collateral valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The Group's accounting policy for collateral assigned to it through its lending arrangements under IFRS 9 is the same as it was under IAS 39. Collateral, unless repossessed, is not recorded on the Group's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a quarterly basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily. Details of the impact of the Group's various credit enhancements are disclosed in Note 3.2.5.8.

To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices.

2.16 Write-offs

The Group's accounting policy under IFRS 9 remains the same as it was under IAS 39.Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

2.17 Forborne and modified loans

The Group sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Group considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Bank would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Group's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

2.17 Forborne and modified loans - continued

From 1 January 2018, when the loan has been renegotiated or modified but not derecognised, the Group also reassesses whether there has been a significant increase in credit risk, as set out in Note 3.2.5.5 The Group also considers whether the assets should be classified as Stage 3. Once an asset has been classified as forborne, it will remain forborne for a minimum 24-month probation period. In order for the loan to be reclassified out of the forborne category, the customer has to meet all of the following criteria:

- All of its facilities has to be considered performing
- The probation period of two years has passed from the date the forborne contract was considered performing
- Regular payments of more than an insignificant amount of principal or interest have been made during at least half of the probation period
- The customer does not have any contract that is more than 30 days past due

If modifications are substantial, the loan is derecognised and a new loan is recognised, as explained in Note 2.10.2.

2.18 Impairment of financial assets (Policy applicable before 1 January 2018)

The Group assesses at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganisation, default or delinquency in interest or principal payments and where observable data indicates that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(i) Financial assets carried at amortised cost

For financial assets carried at amortised cost (such as loans and receivables as well as held–to–maturity investments), the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

The interest income is recorded as part of 'Interest and similar income'. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write–off is later recovered, the recovery is credited to the 'loan Impairment charge'.

The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Group's internal credit grading system, that considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past–due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Group.

Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(ii) Available–for–sale (AFS) financial investments

For AFS financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment is impaired.

In the case of debt instruments classified as AFS, the Group assesses individually whether there is objective evidence of impairment based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in income statement.

(All amounts are in millions of Naira, unless otherwise stated)

2.18 Impairment of financial assets (Policy applicable before 1 January 2018) - continued

(ii) Available-for-sale (AFS) financial investments - continued

For unquoted equity instrument measures at cost, the Group assesses individually whether an objective evidence of impairment loss has been incurred on such an asset. The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost. The amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of 'Interest and similar income'. If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to a credit event occurring after the impairment loss was recognised in income statement, the impairment loss is reversed through the income statement.

2.19 Cash and cash equivalents

Cash and cash equivalents as referred to in the statement of cash flows comprise, deposit held at call with banks, other short term highly liquid investment, bank overdraft, cash portion of investments in foreign securities, bank balances with foreign banks, sundry currencies balances and time deposits which are readily convertible into cash with a maturity of three months or less.

2.20 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognised in income statement as incurred.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

Depreciation is calculated on straight-line base on the following depreciation rate:

Asset category	Depreciation rate (%)
Land and buildings:	
- Central air conditioners	4
- Lifts	4
- Buildings	2
Motor vehicles:	
- Buses	12½
- Cars	16.7-20
- Lorries	10
Plant and equipment:	
- Air conditioners, generators and water pumps	15
- Currency processing machines	10
Plant and machinery	5
Furnitures and fittings	10-20
Computer equipment	33⅓
Laboratory equipment	5

The Group commences depreciation when the asset is available for use. Land is not depreciated.

Capital work-in-progress is not depreciated as these assets are not yet available for use. They are disclosed when reclassified during the year.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.21 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in income statement in the period in which the expenditure is incurred.

2.21 Intangible assets - continued

The useful lives of intangible assets are assessed as finite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in income statement in amortisation of intangible assets

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in income statement when the asset is derecognised.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:
- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development
- The ability to use the intangible asset generated

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in income statement. During the period of development, the asset is tested for impairment annually.

The annual amortisation rate generally in use for the current and comparative year is as follows:
- Computer software 25-33⅓

2.22 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to 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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

2.23 External reserves

The Group maintains a reserve of external assets consisting of Gold, Convertible currencies, Other foreign securities and International Monetary Fund (IMF) reserve tranche.

Gold

Gold reserves are held for long-term purposes and are not being traded. It is carried at the lower of cost or net realisable value.

Convertible currencies

These are time deposits and balances with foreign banks and other foreign securities where the currency is freely convertible and in such currency, notes, coins and money at call.

2.23 External reserves - continued

Other foreign securities

These are securities of any country outside Nigeria whose currency is freely convertible and the securities shall mature in a period not exceeding five years from the date of acquisition.

These securities are further analysed into internally managed fund and externally managed fund. Internally managed fund is classified as held-to-maturity due to the intention and ability of the Group to hold them to maturity while the externally managed fund is classified as held for trading investment. The externally managed fund also includes derivative instruments (Refer to policy on financial instruments in Note 2.8 on how it is being measured).

All external reserve balances at year end are converted into Naira in accordance with the policy in Note 2.7

2.24 Fair value measurement

The Group measures financial instruments, such as investment in financial instruments classified as FVOCI and investments in financial instruments classified as held for trading at fair value at each statement of financial position date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are, summarised in the following notes:

• Disclosures for valuation methods, significant estimates and assumptions	Notes 3.5 and 2.38
• Quantitative disclosures of fair value measurement hierarchy	Note 3.5
• Financial instruments (including those carried at amortised cost)	Note 3.5

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as available-for-sale financial assets.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.25 Other assets

Other assets are generally defined as claims held against other entities for the future receipt of money. The other assets in the consolidated and separate financial statements include the following:

(a) Prepayments

Prepayments are payments made in advance for services to be enjoyed in future. The amount is initially capitalized in the reporting period in which the payment is made and subsequently amortised over the period in which the service is to be enjoyed.

(b) Other receivables

Other receivables are recognised upon the occurrence of event or transaction as they arise, and derecognised when payment is received.

2.26 Employee benefits

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post employment benefits.

Pensions and other post- employment benefits

(a) Defined contribution pension plan

The group operates a defined contribution pension plan in accordance with the Pension Reform Act. Under the plan, the employee contributes 7.5% of basic salary, housing and transport allowances and CBN contributes 15% on the same basis. Pension remittances are made to various PFAs on behalf of the Bank's staff on a monthly basis. CBN has no further payment obligations once the contributions have been paid. Contribution payable is recorded as an expense under 'personnel expenses'. Unpaid contributions are recorded as a liability.

(b) Defined benefit schemes

The Group also operates defined benefit plans which include pension scheme (for pensioners who resigned before 30 June 2011 and those who had not reached pensionable age), gratuity scheme and post-retirement medical benefits. The defined benefit pension scheme is funded which requires contributions to be made to a separately administered fund. Other benefits are unfunded.

The Group provides post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The liability recognised in the statement of financial position in respect of the defined benefit scheme is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Group) and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through Other comprehensive income in the period in which they occur. Re-measurements are not reclassified to income statement in subsequent periods.

Past service costs are recognised in income statement on the earlier of:
- The date of the plan amendment or curtailment, and
- The date that the Group recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. the Group recognises the following changes in the net defined benefit obligation under 'personnel cost' in income statement:
- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

(c) Other long term employment benefits

These are all employee benefits other than post employment benefits and termination benefits which includes long service awards.

The amount recognised as the liability is the net total at the end of the reporting period of the present value of the defined benefit obligation. The net total of the service cost, net interest and remeasurement of the defined benefit liability are recognised in the income statement.

2.27 Provisions

(a) General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as other operating expenses.

(b) Leave pay accrual

Leave pay accrual at the reporting date represents the present obligation to employees as a result of employees' services provided up to the reporting date. The accrual is measured as the amount that is expected to be paid as a result of the leave entitlement that has accumulated at the reporting date.

2.28 International Monetary Fund (IMF) Related Transactions

The Bank, on behalf of the Federal Government of Nigeria, manages assets and liabilities in respect of Special Drawing Rights (SDRs) with the International Monetary Fund (IMF). Exchange gains and losses arising from translation of SDRs at period ends are treated in accordance with note 2.7 above

The Bank presents the holdings and allocations of the IMF SDR as an asset and liability respectively on the statement of financial position. These have been accounted for as financial instruments in accordance with IFRS 9. The holdings of the IMF SDR are classified as financial asset measured at amortised cost while the allocations of SDR are classified as financial liabilities at amortised cost.

(a) Holdings of Special Drawing Rights (SDRs)

The value of holdings from the IMF changes on the basis of foreign exchange transactions between the member countries. In addition, its value is affected by interests earned and paid as well as remuneration on the Bank claims in the IMF. SDR are presented at their nominal value plus interest accruing on SDR holdings and remuneration receivable, minus assessment fees and charges.

(b) Allocations of Special Drawing Rights (SDRs)

The allocation of SDRs takes the form of a counter account to IMF claims which are recorded based on their nominal value and presented in the statement of financial position as a liability.

(c) IMF related liabilities

IMF related liabilities represent other payables owed by the Bank to the General Resources Account of IMF. These are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(d) Quota in IMF

The quota in International Monetary Fund (IMF) is the reserve tranche held with the IMF by member states. The quota is treated as non-interest bearing instrument with no stated maturity. These are recognised initially at fair value and subsequently measured at amortised cost.

2.29 Bank notes and coins in circulation

Notes and coins issued are measured at cost as this liability does not have a fixed maturity date. the Bank notes and coins in circulation represent the nominal value of all bank notes held by the public and banks, including recalled, still exchangeable bank notes from previous series.

2.30 Currency issue expense

Currency issue expenses relates to expenses incurred in relation to the printing, processing, distribution and disposal of currency notes. This is recognised at cost when incurred.

2.31 Statutory transfer to the Federal Government of Nigeria

In accordance with Section 22(1) and (2) of the Fiscal Responsibility Act (FRA) 2007, the Group makes an annual statutory transfer representing eighty percent of the operating surplus of the Bank for the year to the Federal Government of Nigeria not later than one (1) month following the deadline for the publication of the financial statements of the Group. The operating surplus of the Bank is the remaining sum from its income and other receipts after meeting all expenditures as approved by the Board of Directors. The transfer is presented in the statement of changes in equity of the Bank.

2.32 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to income statement over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments.

2.33 Leasing

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly stated in an arrangement.

2.33 Leasing - continued

Group as a lessee

Leases which do not transfer to the Group substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as other operating expenses in income statement on a straight-line basis over the lease term.

Group as a lessor

Leases where the Group does not transfer substantially all the risk and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The Group leases buildings and earns rentals which is recognised as income in the period to which it relates.

Contingent rents are recognised as income in the period in which they are earned.

2.34 Central Bank of Nigeria Instruments

CBN instruments comprise Open Market Operation Bills and Promissory notes

Open Market Operations Bills represent short term debt instruments of the Group issued to commercial banks as a liquidity management tool. They are recognised at amortised cost.

CBN Promissory Notes represent short to medium term debt instruments issued by the Group to commercial banks assuming net liabilities under the Purchase and Assumption distress resolution programme for banks which could not meet the minimum capital requirement for licensed banks. Promissory Notes are recognised at the amortised cost.

Interests paid on these instruments are recognised in the income statements.

2.35 Standards issued but not yet effective

The International Financial Reporting Standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective. Only standards, interpretations and amendments that are relevant to the Group are disclosed below. Thus, standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements that are not relevant to the Group have not been disclosed.

IFRS 16 Leases

The scope of IFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period in exchange for consideration.

IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. Early application is permitted, but not before an Group applies IFRS 15.

The Group is currently assessing the impact of initial application of IFRS 16 on its business.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

In June 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments which clarifies application of the recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments.

The interpretation addresses the accounting for income taxes when tax treatments involves uncertainty that affects the application of IAS 12. The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interests and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:
• Whether a Group considers uncertain tax treatments separately
• The assumptions a Group makes about the examination of tax treatments by taxation authorities
• How a Group determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
• How a Group considers changes in facts and circumstances

2.35 Standards issued but not yet effective - continued

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments - continued
The Group has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. This would not have an impact on the group.

IAS 1 and IAS 8 - Definition of Material
In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements

Obscuring information
The amendments explain that information is obscured if it is communicated in a way that would have a similar effect as omitting or misstating the information. Material information may, for instance, be obscured if information regarding a material item, transaction or other event is scattered throughout the financial statements, or disclosed using a language that is vague or unclear. Material information can also be obscured if dissimilar items, transactions or other events are inappropriately aggregated, or conversely, if similar items are inappropriately disaggregated.

New threshold
The amendments replaced the threshold 'could influence', which suggests that any potential influence of users must be considered, with 'could reasonably be expected to influence' in the definition of 'material'. In the amended definition, therefore, it is clarified that the materiality assessment will need to take into account only reasonably expected influence on economic decisions of primary users.

Primary users of the financial statements
The current definition refers to 'users' but does not specify their characteristics, which can be interpreted to imply that an entity is required to consider all possible users of the financial statements when deciding what information to disclose. Consequently, the IASB decided to refer to primary users in the new definition to help respond to concerns that the term 'users' may be interpreted too widely.

The amendments must be applied prospectively. Early application is permitted and must be disclosed.

Although the amendments to the definition of material is not expected to have a significant impact on an entity's financial statements, the introduction of the term 'obscuring information' in the definition could potentially impact how materiality judgements are made, by elevating the importance of how information is communicated and organised in the financial statements.

This would not have an impact on the Group.

IAS 19 - Plan Amendment, Curtailment or Settlement
The amendments to IAS 19 Employee Benefits address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period.

Determining the current service cost and net interest
When accounting for defined benefit plans under IAS 19, the standard generally requires entities to measure the current service cost using actuarial assumptions determined at the start of the annual reporting period. Similarly, the net interest is generally calculated by multiplying the net defined benefit liability (asset) by the discount rate, both as determined at the start of the annual reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:
• Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event
• Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset)

A plan amendment, curtailment or settlement may reduce or eliminate a surplus in a defined benefit plan, which may cause the effect of the asset ceiling to change.

The amendments clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

This clarification provides that entities might have to recognise a past service cost, or a gain or loss on settlement, that reduces a surplus that was not recognised before. Changes in the effect of the asset ceiling are not netted with such amounts.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019. Early application is permitted and should be disclosed.

(All amounts are in millions of Naira, unless otherwise stated)

2.35 Standards issued but not yet effective-Continued

IAS 19 - Plan Amendment, Curtailment or Settlement - continued
As the amendments apply prospectively to plan amendments, curtailments or settlements that occur on or after the date of first application, most entities will likely not be affected by these amendments on transition. However, entities considering a plan amendment, curtailment or settlement after first applying the amendments might be affected

The Group does not expect much impact of this amendment.

IAS 28 Long-term Interests in associates and joint ventures
The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests

The Board also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures

Entities must apply the amendments retrospectively, with certain exceptions. Early application of the amendments is permitted and must be disclosed.

The amendments will eliminate ambiguity in the wording of the standard. This would not have an impact on the Group

IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The amendments must be applied prospectively. Early application is permitted and must be disclosed. In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted. The Group will not early adopt this amendment.

New and amended standards and interpretations
The following listed standard amendments and improvement which are effective for annual periods beginning on or after 1 January 2019 will not have impact on the Group's financial position, performance and/or disclosures

(i) ***Standard***
IFRS 17 Insurance Contracts

(ii) ***Amendments***
IFRS 3 Definition of a Business
IFRS 9 Prepayment Features with Negative Compensation

(iii) ***Improvements***
2015-2017 cycle (issued in December 2017)
IFRS 3 Business Combination
IFRS 11 Joint Arrangements
IAS 12 Income Taxes
IAS 23 Borrowing Costs

2.36 Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the consolidated financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

• Capital management	Note 4
• Financial risk management and policies	Note 3
• Sensitivity analyses disclosures	Notes 3.4.3 and 29

2.36 Significant accounting judgments, estimates and assumptions - continued

Judgements

In the process of applying the Group's accounting policies management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

Operating lease commitments – Group as lessee

The Group has entered into commercial property leases. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, that it does not retain all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 3.5 for further disclosures.

Impairment losses on loans and receivables

Financial assets other than trade receivables

The measurement of impairment losses both under IFRS 9 and IAS 39 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

•The Bank's internal credit grading model, which assigns PDs to the individual grades
•The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
•The segmentation of financial assets when their ECL is assessed on a collective basis
•Development of ECL models, including the various formulas and the choice of inputs
•Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
•Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and is disclosed in Note 19

2.36 Significant accounting judgments, estimates and assumptions (continued)

Defined benefit plans

The cost of the defined benefit pension plan, long service awards, gratuity scheme and post-employment medical benefits and the present value of these defined benefit obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management assumption with reference to the yields on Nigerian Government bonds, as compiled by the Debt Management Office were used since there is no deep market in corporate bonds in Nigeria. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on pre-retirement mortality: A49/52 ultimate tables and post-retirement mortality: A55 ultimate tables. Future salary increases is based on expected future inflation rates.

Further details about defined benefit obligations are given in Note 29

Financial assets and liabilities classification

The Group's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

Details of the Group's classification of financial assets and liabilities are given under the accounting policies in relating to financial instruments.

Investment in subsidiaries and associates classification

The Group has a number of equity investments. It assessed the extent to which it has control or significant influence over those investees. The process of determining the existence of control or significant influence over the investees is an area that required the exercise of judgement. Some of the investees were set up by specific legislation, hence required judgement to be exercised in determining whether the Group had control or significant influence over the investee entities.

The Group determined that its investments in Federal Mortgage Bank of Nigeria (FMBN), Asset Management Corporation of Nigeria (AMCON) and Nigeria Deposit Insurance Corporation (NDIC) are ordinary investments of the Group although the Group owns 30%, 50% and 60% respectively in the investees'. The Group cannot exert control or significant influence on the relevant activities as it has no power to appoint the board members. Refer to Note 20a.

The Group's investment in AMCON of 50% is held on behalf of the Federal Government of Nigeria in capacity as Banker to Federal Government of Nigeria.

The Group also determined that its investments in Nigeria Interbank Settlement System (NIBSS),FMDQ-OTC Plc, National Economic Reconstruction Fund (NERFUND), Bank of Industry (BOI), Bank of Agriculture (BOA) and Nigeria Commodity Exchange (NCX) are associates of the Group, although the Group owns a 3.6%, 15.6%, 4%, 5.19%,14% and 59.7% respectively in the investees. The Group has significant influence over NIBSS,FMDQ-OTC, NERFUND, BOI, BOA and NCX through its representation on the board by the board's chairman.

Depreciation and carrying value of property, plant and equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

2.36 Significant accounting judgments, estimates and assumptions (continued)

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Development costs

The Group capitalises development costs for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

The development costs that were capitalised by the Group relates to those arising from the development of computer software.

(All amounts are in millions of Naira, unless otherwise stated)

2.37 Transition disclosures

The following pages set out the impact of adopting IFRS 9 on the statement of financial position, and retained earnings including the effect of replacing IAS 39's incurred credit loss calculations with IFRS 9's ECLs

A reconciliation between the carrying amounts under IAS 39 to the balances reported under IFRS 9 as of 1 January 2018 is, as follows.

Group

		IAS 39 measurement			Re-measurement	IFRS 9	
	Notes	**Category**	**Amount**	**Reclassification**	**ECL**	**Amount**	**Category**
			N'million	**N'million**	**N'million**	**N'million**	
Financial assets							
Cash and bank balances		L&R[1]	28,197	-	-	28,197	AC[2]
External reserves:							
Current accounts with foreign banks		L&R	600,103	-	-	600,103	AC
Time deposits and money placements	A	L&R	6,600,222	-	(1,758)	6,598,464	AC
Domiciliary accounts		L&R	3,073,901	-	-	3,073,901	AC
Sundry currencies and travellers' cheques		L&R	106,595	-	-	106,595	AC
Short term deposits		L&R	23,800	-	-	23,800	AC
International Monetary Fund Reserve tranche		L&R	23	-	-	23	AC
Debt securities:							
- Held for trading		FVPL[3]	3,523,509	-	-	3,523,509	FVPL
- Held to maturity		HTM[4]	637,277	-	-	637,277	AC
Derivatives		FVPL	385	-	-	385	FVPL
IMF Holdings of Special Drawing Rights		L&R	650,624	-	-	650,624	AC
Loans and receivables	A	L&R	10,174,503	-	(58,475)	10,116,029	AC
Trade receivables	A	L&R	110,930	-	(228)	110,702	AC

[1]L&R: Loans and receivables
[2]AC: Amortised costs
[3]FVPL: Fair value through profit or loss
[4]HTM: Held to maturity

(All amounts are in millions of Naira, unless otherwise stated)

2.37 Transition disclosures- Continued

Group

	IAS 39 measurement				Re-measurement	IFRS 9	
	Notes	**Category**	**Amount**	**Reclassification**	**ECL**	**Amount**	**Category**
			N'million	**N'million**	**N'million**	**N'million**	
Quota in International Monetary Fund		L&R	1,002,558	-	-	1,002,558	AC
Other assets		L&R	56,721	-	-	56,721	AC
Debt instruments at amortised costs			-	2,062,360	-	2,062,360	AC
From: Financial investments-HTM	B		2,062,360	(2,062,360)		-	
			28,651,909	-	**(60,461)**	**28,591,448**	
Equity instruments at fair value through OCI			-	45,543	-	45,543	FVOCI
From: Financial Investments- AFS	C		45,543	(45,543)	-	-	
			45,543	-	-	**45,543**	
Debt instruments at fair value through OCI			-	5,126	-	5,126	FVOCI
From: Financial Investments- AFS	D		5,126	(5,126)	-	-	
			5,126	-	-	**5,126**	
Non-financial assets							
Investments in associates	F	N/A	271,367	-	(3,076)	268,291	N/A
Deferred tax assets	E	N/A	5,598	-	-	5,598	N/A
Total assets			**28,979,543**	-	**(63,537)**	**28,916,006**	
Financial liabilities							
Bank notes and coins in circulation		AC	2,140,673	-	-	2,140,673	AC
Deposits		AC	12,466,903	-	-	12,466,903	AC
Central Bank of Nigeria instruments issued		AC	8,919,793	-	-	8,919,793	AC
IMF allocation of Special Drawing Rights		AC	727,153	-	-	727,153	AC
IMF related liabilities		AC	954,121	-	-	954,121	AC
Other liabilities		AC	1,647,142	-	1,488	1,648,630	AC

(All amounts are in millions of Naira, unless otherwise stated)

2.37 Transition disclosures- Continued

	IAS 39 measurement				Re-measurement	IFRS 9	
	Notes	Category	Amount	Reclassification	ECL	Amount	Category
			N'million	N'million	N'million	N'million	
Derivatives		FVPL	2 138	-	-	2 138	FVPL
			26,857,922	-	1,488	26,859,411	
Total liabilities			26,857,922	-	1,488	26,859,411	

(All amounts are in millions of Naira, unless otherwise stated)

2.37 Transition disclosures- Continued

Bank

		IAS 39 measurement			Re-measurement	IFRS 9	
	Notes	Category	Amount	Reclassification	ECL	Amount	Category
			N'million	N'million	N'million	N'million	
Financial assets							
External reserves:							
Current accounts with foreign banks		L&R	600,103	-	-	600,103	AC
Time deposits and money placements	A	L&R	6,600,222	-	(1,758)	6,598,464	AC
Domiciliary accounts		L&R	3,073,901	-		3,073,901	AC
Sundry currencies and travellers' cheques		L&R	106,595	-	-	106,595	AC
Short term deposits		L&R	23,800	-	-	23,800	AC
International Monetary Fund Reserve tranche		L&R	23	-	-	23	AC
Debt securities:							
- Held for trading		FVPL[3]	3,523,509	-	-	3,523,509	FVPL
- Held to maturity		HTM[4]	637,277	-	-	637,277	AC
Derivatives		FVPL	385	-	-	385	FVPL
IMF Holdings of Special Drawing Rights		L&R	650,824	-	-	650,824	AC
Loans and receivables	A	L&R	10,369,678	-	(58,475)	10,311,204	AC
Quota in International Monetary Fund		L&R	1,002,558	-	-	1,002,558	AC
Other assets		L&R	58,721	-	-	58,721	AC
Debt instruments at amortised costs			-	1,965,705	-	1,965,705	AC
From: Financial investments-HTM	B		1,965,705	(1,965,705)		-	
			28,611,302	**-**	**(60,233)**	**28,551,069**	
Equity instruments at fair value through OCI			-	45,543	-	45,543	FVOCI
From: Financial Investments- AFS	C		45,543	(45,543)	-	-	
			45,543	**-**	**-**	**45,543**	

(All amounts are in millions of Naira, unless otherwise stated)

2.37 Transition disclosures - Continued

Bank

		IAS 39 measurement			Re-measurement	IFRS 9	
	Notes	**Category**	**Amount**	**Reclassification**	**ECL**	**Amount**	**Category**
			N'million	**N'million**	**N'million**	**N'million**	
Debt instruments at fair value through OCI			-	5,126	-	5,126	FVOCI
From: Financial Investments- AFS	D		5,126	(5,126)	-	-	
			5,126	**-**	**-**	**5,126**	
Non-financial assets							
Deferred tax assets	E	N/A	-	-	-	-	N/A
Total assets			**28,661,971**	**-**	**(60,233)**	**28,601,738**	
Financial liabilities							
Bank notes and coins in circulation		AC	2,156,289	-	-	2,156,289	AC
Deposits		AC	12,466,903	-	-	12,466,903	AC
Central Bank of Nigeria instruments issued		AC	8,919,793	-	-	8,919,793	AC
IMF allocation of Special Drawing Rights		AC	727,153	-	-	727,153	AC
IMF related liabilities		AC	954,121	-	-	954,121	AC
Other liabilities		AC	1,621,014	-	1,488	1,622,502	AC
Derivatives		FVPL	2,138			2,138	FVPL
			26,847,410	**-**	**1,488**	**26,848,899**	
Total liabilities			**26,847,410**	**-**	**1,488**	**26,848,899**	

(All amounts are in millions of Naira, unless otherwise stated)

2.37 Transition disclosures- Continued

A Impairment allowance on financial assets was previously determined in accordance with the incurred loss model of IAS 39 Financial Instruments - Recognition and measurement. Effective 1 January 2018, the impairment computation for financial assets is now done in accordance with the expected credit loss model under IFRS 9.

As at 1 January 2018, the Group adopted the simplified approach on trade receivables and the general approach for other financial assets. It recognised a total impairment of N65,025 million for the Group and N61,721 million for the Bank in accordance with IFRS 9

B As of 1 January 2018, the Group did not have any debt instruments that did not meet the SPPI criterion within its held-to-maturity portfolio. Therefore, it elected to classify all of these instruments as debt instruments measured at amortised cost.

C The Group has elected the option to irrevocably designate some of its previous AFS equity instruments as Equity instruments at FVOCI.

D As of 1 January 2018, the Group has assessed its liquidity portfolio which had previously been classified as AFS debt instruments. The Group concluded that these instruments are managed within a business model of collecting contractual cash flows and selling the financial assets. Accordingly, the Group has classified these investments as debt instruments measured at FVOCI.

E Deferred tax assets have not been recognised in respect of impact of IFRS 9. Refer to Note 16c

F In addition to the adjustments described above, investment in an associate (arising from the financial instruments held by these entities), were adjusted to retained earnings as necessary upon adoption of IFRS 9 as at 1 January 2018

The impact of transition to IFRS 9 on reserves and retained earnings is, as follows:

	Group N'million	Bank N'million
Available-for-sale reserve		
Closing balance under IAS 39 (31 December 2017)	47,006	44,176
Recognition of expected credit losses under IFRS 9 for debt financial assets at FVOCI	-	-
Deferred tax in relation to the above	-	-
Reclassification to Fair value reserve	(47,006)	(44,176)
Opening balance under IFRS 9 (1 January 2018)	-	-
Fair value reserve		
Closing balance under IAS 39 (31 December 2017)	-	-
Recognition of expected credit losses under IFRS 9 for debt financial assets at FVOCI	-	-
Deferred tax in relation to the above	-	-
Reclassification from available-for-sale reserve	47,006	44,176
Opening balance under IFRS 9 (1 January 2018)	47,006	44,176

(All amounts are in millions of Naira, unless otherwise stated)

2.37 **Transition disclosures- Continued**

	Group N'million	Bank N'million
Retained earnings		
Closing balance under IAS 39 (31 December 2017)	638,488	524,697
Recognition of IFRS 9 ECLs including those measured at FVOCI (see below)	(65,025)	(61,721)
Deferred tax in relation to the above	-	-
Opening balance under IFRS 9 (1 January 2018)	573,463	462,976

	Group Non-controlling interest N'million	Bank Non-controlling interest N'million
Non-controlling interest		
Closing balance under IAS 39 (31 December 2017)	7,575	-
Recognition of IFRS 9 ECLs including those measured at FVOCI (see below)	-	-
Opening balance under IFRS 9 (1 January 2018)	7,575	-
Total change in equity due to adopting IFRS 9	(65,025)	(61,721)

(All amounts are in millions of Naira, unless otherwise stated)

2.37 **Transition disclosures - Continued**

The following table reconciles the aggregate opening allowance for impairment under IAS 39 and provisions for loan commitments and financial guarantee contracts in accordance with IAS 37 *Provisions Contingent Liabilities and Contingent Assets* to the ECL allowances under IFRS 9. Further details are disclosed in Notes 33.

Group

	Loan loss provision under IAS 39/IAS 37 at 31 December 2017	Remeasurement	ECLs under IFRS 9 at 1 January 2018
	N'million	N'million	N'million
Impairment allowance for:			
Loans and receivables and held to maturity securities per IAS 39 / financial assets at amortised cost under IFRS 9	570,534	58,475	629,008
Available-for-sale debt securities per IAS 39 / debt instruments at amortised cost under IFRS 9	-	-	-
Available-for-sale debt securities per IAS 39 / debt financial assets at FVOCI under IFRS 9	-	-	-
External reserves	-	1,758	1,758
Other assets	72,142	-	72,142
Trade receivbles	15,114	228	15,342
Investments in associates	-	3,076	3,076
	657,790	63,537	721,326

	Loan loss provision under IAS 39/IAS 37 at 31 December 2017	Remeasurement	ECLs under IFRS 9 at 1 January 2018
	N'million	N'million	N'million
Loan commitments	-	1,488	1,488
	-	1,488	1,488
	657,790	65,025	722,814

(All amounts are in millions of Naira, unless otherwise stated)

2.37 Transition disclosures- Continued

Bank

	Loan loss provision under IAS 39/IAS 37 at 31 December 2017	Remeasurement	ECLs under IFRS 9 at 1 January 2018
	N'million	N'million	N'million
Impairment allowance for:			
Loans and receivables and held to maturity securities per IAS 39 / financial assets at amortised cost under IFRS 9	570,534	58,475	629,008
Available-for-sale debt securities per IAS 39 / debt instruments at amortised cost under IFRS 9	-	-	-
Available-for-sale debt securities per IAS 39 / debt financial assets at FVOCI under IFRS 9	-	-	-
External reserves	-	1,758	1,758
Other assets	72,142	-	72,142
	642,676	60,233	702,909
Loan commitments	-	1,488	1,488
	-	1,488	1,488
	642,676	61,721	704,397

3. Financial risk management and financial instruments classification

Introduction

The Central Bank of Nigeria (The 'Bank'), in carrying out activities related to its mandate, is exposed to a broad range of risks including reputational, policy, operational, payments system, credit, liquidity and market risks. The Bank is therefore committed to managing its risks to enable it achieve its mandate and strategic objectives.

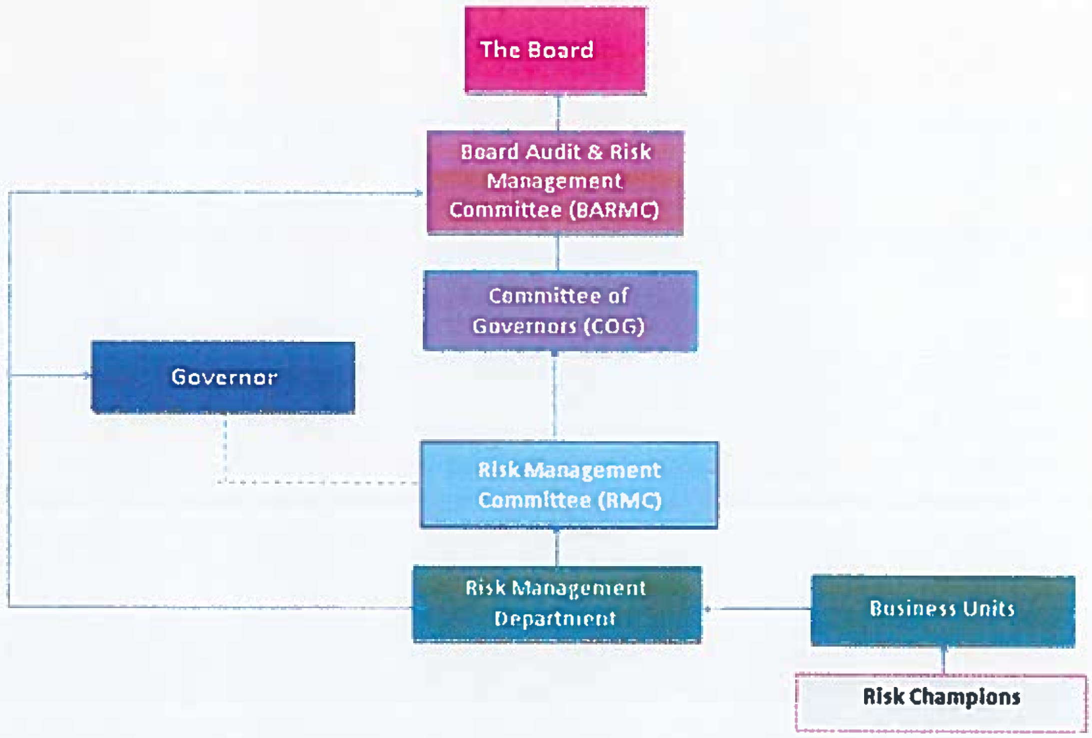
Enterprise Risk Management Framework and Risk Policies

The Bank has in place an Enterprise Risk Management (ERM) framework which describes its approaches and practices for identifying, assessing and managing risks in line with the Bank's risk appetite. In addition, the Bank also developed and adopted risk policies to address the major risks it faces.

Risk governance structure

The Bank's risk governance structure outlines the roles, authorities and responsibilities in relation to managing its risks. The Board is responsible for the overall risk management in the Bank. It maintains oversight over risk management through its Board Audit and Risk Management Committee (BARMC) and the Investment Committee. Oversight of day to day management of risk in the Bank is delegated to the Committee of Governors (COG).

The relationship of the risk management committees and functions involved in the management of risk across the Bank is captured in the diagram below:



3. Financial risk management and financial instruments classification (continued)

The ERM governance structure defines the ownership, accountability and responsibilities for each component of the Bank's risk management approach. Below are the key roles and responsibilities as defined in the ERM framework:

The Board

a. Approves the risk strategy for the Bank based on recommendations of the BARMC
b. Sets the Bank's risk appetite i.e. risk parameters and tolerances within which the Bank conducts its activities, and approves risk systems for management and monitoring of the Bank's risks profile.
c. Determines and periodically reviews risk policies and processes to ensure that they are appropriate for the achievement of the Bank's mandate and strategic objectives.
d. Monitors the enterprise risk profile, risk exposures, risk management initiatives, reviews risk reports and Institutes appropriate risk reward systems in line with the Bank's risk appetite.

The Board Audit & Risk Management Committee (BARMC)

a. Reviews and recommends the risk strategy, appetite and reports to the Board for approval on an annual basis or as may be required
b. Assists the Board in fulfilling its oversight responsibilities with respect to risk management and ensures that roles and responsibilities for risk management are clearly defined.
c. Monitors enterprise risk profile, risk exposures, and risk management initiatives and recommends to the Board risk systems and solutions to facilitate the management and monitoring of risks bank-wide.

Committee of Governors (COG)

a. Ensures that sufficient resources are deployed for the management of risk across the Bank.
b. Considers risk reports and approves remedial actions, or recommends risk treatment options to the Board as appropriate supervises the implementation of risk treatment plans.
c. Monitors the risk profile to ensure that it is within the Bank's risk appetite.

Risk Management Committee (RMC)

a. Recommends risk strategy, appetite and limits for BARC consideration.
b. Promotes and ensures the implementation of Risk management strategies, initiatives and policies.
c. Reviews risk assessments and key risk indicators of the business units and makes appropriate recommendations.

Risk Management Department (RMD)

a. Coordinates the implementation of risk management strategies, initiatives and policies
b. Monitors risk limits and makes recommendations as appropriate.
c. Facilitates risk assessments and makes recommendations as appropriate.
d. Recommends appropriate risk reward system
e. Manages the Enterprise Risk Register
f. Facilitates risk data gathering, verification and aggregation.

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

3.1 Financial instruments by category

Up to 31 December 2017, financial assets are classified between four measurement categories held at fair value through profit or loss (comprising trading and designated), available-for-sale, loans and receivables and held-to-maturity

From 1 January 2018, financial assets are classified between four measurement categories: debt instruments at amortised cost, debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition, equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition and financial assets at FVPL.

Up to 31 December 2017, Financial liabilities are classified into two measurement categories: held at fair value through profit or loss (comprising trading and designated) and other liabilities at amortised cost.

From 1 January 2018, financial liabilities are classified between two measurement categories: amortised cost and financial liabilities at FVPL.

Financial instruments are classified in the statement of financial position in accordance with their legal form and substance, except for instruments that are held for trading purposes and those that the Bank has designated to hold at fair value through the profit and loss account. The latter are combined on the face of the statement of financial position and disclosed as financial assets or liabilities held at fair value through profit or loss

The Bank's classification of its principal financial assets and liabilities is summarised in the table below.

Group

Financial assets 31 December 2018	Notes	Fair value through profit or loss N'million	Equity instruments at FVOCI N'million	Debt instruments at FVOCI N'million	Debt instruments at amortised cost N'million	Total N'million
External reserves:						
Current accounts with foreign banks	17a	-	-	-	367,053	367,053
Time deposits and money placements	17a	-	-	-	8,781,465	8,781,465
Domiciliary accounts	17a	-	-	-	2,892,170	2,892,170
Sundry currencies and travellers' cheques	17a	-	-	-	92,016	92,016
Short term deposits	17d	-	-	-	12,702	12,702
Debt securities:						
- Held for trading	17d	3,226,120	-	-	-	3,226,120
- Amortised cost	17d	-	-	-	988,812	988,812
- Available for sale	17d	-	-	36,950	-	36,950
International Monetary Fund Reserve tranche	17	-	-	-	23	23
Derivatives						
- Derivatives in external reserves	17d	-	-	-	-	-
- Derivatives arising from swaps, OTC futures and forward exchange contracts	20	-	-	-	-	-
IMF Holdings of Special Drawing Rights:						
Holdings of Special Drawing Rights	18a	-	-	-	639,070	639,070
Quota in IMF	18b	-	-	-	1,046,449	1,046,449
Loans and receivables						
Loans and receivables	19	-	-	-	13,256,850	13,256,850
Nigerian Treasury Bonds	19	-	-	-	45,020	45,020
Account receivables	23	-	-	-	44,914	44,914
Equity instruments	20	-	43,602	-	-	43,602
Cash and bank balances in subsidiary	17e	-	-	-	18,954	18,954
Local debt instruments						
- Investment in AMCON Bonds	20	-	-	-	901,957	901,957
- Nigerian Treasury Bills	20	-	-	2,184	337,944	340,128
- FGN Bonds	20	-	-	347	1,769,055	1,769,402
- Investment in FARMSMART	20	-	-	-	630	630
		3,226,120	43,602	39,481	31,195,084	34,504,288

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

Financial liabilities 31 December 2018	Notes	Liabilities at amortised cost N'million	Liabilities at fair value through profit or loss N'million	Total N'million
Deposits:				
Government deposits	26	7,893,341	-	7,893,341
Other accounts	26a	1,637,911	-	1,637,911
Financial institutions- Current and settlement accounts	26	358,263	-	358,263
Financial institutions - Banks' reserve accounts	26	4,244,828	-	4,244,828
IMF related liabilities:				
IMF related liabilities	18c	998,012	-	998,012
IMF allocation of Special Drawing Rights	18d	714,179	-	714,179
Central Bank of Nigeria Instruments:				
Open Market Operations - Central Bank of Nigeria Bills	27	12,795,093	-	12,795,093
Bank notes and coins in circulation	28	2,298,267	-	2,298,267
				-
Derivatives				
- Derivatives in external reserves	17d	-	15,441	15,441
Other liabilities:				
Accrued charges	30	35,849	-	35,849
Surplus payable to Federal Government of Nigeria	30	3,672	-	3,672
Treasury related payables	30	295,852	-	295,852
Due to Bank of Industry (BOI)	30	146,767	-	146,767
Foreign currency forward contract payables	30	834,933	-	834,933
Sundry payables	30	345,078	-	345,078
IBRD - SME loan	30	51	-	51
Trade payables	30	6,054	-	6,054
Bank borrowings and overdraft	30	10,940		10,940
		32,819,090	15,441	32,834,531

Group

Financial assets 31 December 2017	Notes	At fair value through profit or loss N'million	Available-for-sale N'million	Held to maturity N'million	Loans and receivables N'million	Total N'million
External reserves:						
Current accounts with foreign banks	17a	-	-	-	600,103	600,103
Time deposits and money placements	17a	-	-	-	6,600,222	6,600,222
Domiciliary accounts	17a	-	-	-	3,073,901	3,073,901
Sundry currencies and travellers' cheques	17a	-	-	-	106,595	106,595
Short term deposits	17d	-	-	-	23,800	23,800
Debt securities:						
- Held for trading	17d	3,523,509	-	-	-	3,523,509
- Held to maturity	17d	-	-	637,277	-	637,277
International Monetary Fund Reserve tranche	17	-	-	-	23	23
Derivatives						
- Derivatives in external reserves	17d	385	-	-	-	385
IMF Holdings of Special Drawing Rights:						
Holdings of Special Drawing Rights	18a	-	-	-	650,824	650,824
Quota in IMF	18b	-	-	-	1,002,558	1,002,558
Loans and receivables	19	-	-	-	10,225,035	10,225,035
Nigerian Treasury Bonds	19	-	-	-	60,398	60,398
Account receivables	23	-	-	-	62,074	62,074
Available for sale equity investments	20	-	45,543	-	-	45,543
Cash and bank balances in subsidiary	17	-	-	-	28,197	28,197
Local debt instruments						
- Nigerian Treasury Bills	20	-	4,777	371,562	-	376,339
- FGN Bonds	20	-	349	1,690,744	-	1,691,093
		3,523,895	50,669	2,699,583	22,433,730	28,707,877

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

Group

Financial liabilities 31 December 2017	**Notes**	**Other financial liabilities at amortised cost N'million**	**Liabilities at fair value through profit or loss N'million**	**Total N'million**
Deposits:				
Government deposits	26	6,621,654	-	6,621,654
Other accounts	26a	1,538,107	-	1,538,107
Financial institutions- Current and settlement accounts	26	694,518	-	694,518
Financial institutions - Banks' reserve accounts	26	3,393,716	-	3,393,716
IMF related liabilities:				
IMF related liabilities	18c	954,121	-	954,121
IMF allocation of Special Drawing Rights	18d	727,153	-	727,153
Central Bank of Nigeria instruments:				
Open Market Operations - Central Bank of Nigeria Bills	27	6,919,793	-	6,919,793
Bank notes and coins in circulation	28	2,140,673	-	2,140,673
Derivatives				
- Derivatives in external reserves	17d	-	2,138	2,138
Other liabilities:				
Accrued charges	30	28,784	-	28,784
Surplus payable to Federal Government of Nigeria	30	56,433	-	56,433
Treasury related payables	30	468,808	-	468,808
Due to Bank of Industry (BOI)	30	149,919	-	149,919
Foreign currency forward contract payables	30	482,597	-	482,597
Sundry payables	30	436,813	-	436,813
IBRD - SME loan	30	51	-	51
Trade payables	30	5,815	-	5,815
Bank borrowings and overdraft	30	17,922	-	17,922
		26,636,877	2,138	26,639,015

Bank

Financial assets 31 December 2018	**Notes**	**Fair value through profit or loss N'million**	**Equity instruments at FVOCI N'million**	**Debt instruments at FVOCI N'million**	**Debt instruments at amortised cost N'million**	**Total N'million**
External reserves:						
Current accounts with foreign banks	17a	-	-	-	367,053	367,053
Time deposits and money placements	17a	-	-	-	8,781,465	8,781,465
Domiciliary accounts	17a	-	-	-	2,892,170	2,892,170
Sundry currencies and travellers' cheques	17a	-	-	-	92,016	92,016
Short term deposits	17d	-	-	-	12,702	12,702
Debt securities:						
- Held for trading	17d	3,226,120	-	-	-	3,226,120
- Amortised cost	17d	-	-	-	988,812	988,812
- Available for sale	17d	-	-	36,950	-	36,950
International Monetary Fund Reserve tranche	17	-	-	-	23	23
Derivatives						
- Derivatives in external reserves	17d	-	-	-	-	-
IMF Holdings of Special Drawing Rights:						
Holdings of Special Drawing Rights	18a	-	-	-	639,070	639,070
Quota in IMF	18b	-	-	-	1,046,449	1,046,449
Loans and receivables	19	-	-	-	13,343,712	13,343,712
Nigerian Treasury Bonds	19	-	-	-	45,020	45,020
Accounts receivables	23	-	-	-	43,564	43,564
Equity instruments	20	-	43,602	-	-	43,602
Local debt instruments						
- Investment in AMCON Bonds					901,957	901,957
- Nigerian Treasury Bills	20	-	-	2,184	323,408	325,592
- FGN Bonds	20	-	-	347	1,678,170	1,678,517
		3,226,120	43,602	39,481	31,155,591	34,464,794

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

Bank

Financial liabilities **31 December 2018**	**Notes**	**Liabilities at amortised cost** **N'million**	**Liabilities at fair value through profit and loss** **N'million**	**Total** **N'million**
Deposits:				
Government deposits	26	7,893,341	-	7,893,341
Other accounts	26	1,837,911	-	1,637,911
Financial institutions- Current and settlement accounts	26	358,263	-	358,263
Financial institutions - Banks' reserve accounts	26	4,244,828	-	4,244,828
IMF related liabilities:				
IMF related liabilities	18c	998,012	-	998,012
IMF allocation of Special Drawing Rights	18d	714,179	-	714,179
Derivatives				
- Derivatives in external reserves	17d	-	15,441	15,441
Central Bank of Nigeria Instruments:				
Open Market Operations - Central Bank of Nigeria Bills	27	12,795,093	-	12,795,093
Bank notes and coins in circulation	28	2,328,766	-	2,328,766
Other liabilities:				
Accrued charges	30	33,729	-	33,729
Surplus payable to Federal Government of Nigeria	30	3,672	-	3,672
Treasury related payables	30	295,852	-	295,852
Due to Bank of Industry (BOI)	30	146,767	-	146,767
Foreign currency forward contract payables	30	834,933	-	834,933
Sundry payables	30	383,995	-	383,995
IBRD - SME loan	30	51	-	51
		32,669,392	15,441	32,684,833

Bank

Financial assets **31 December 2017**	**Notes**	**At fair value through profit or loss** **N'million**	**Available-for-sale** **N'million**	**Held to maturity** **N'million**	**Loans and receivables** **N'million**	**Total** **N'million**
External reserves:						
Current accounts with foreign banks	17a	-	-	-	600,103	600,103
Time deposits and money placements	17a	-	-	-	6,600,222	6,600,222
Domiciliary accounts	17a	-	-	-	3,073,901	3,073,901
Sundry currencies and travellers' cheques	17a	-	-	-	106,595	106,595
Short term deposits	17d	-	-	-	23,800	23,800
Debt securities:						
- Held for trading	17d	3,523,509	-	-	-	3,523,509
- Held to maturity	17d	-	-	637,277	-	637,277
International Monetary Fund Reserve tranche	17	-	-	-	23	23
Derivatives						
- Derivatives in external reserves	17d	385	-	-	-	385
IMF Holdings of Special Drawing Rights:						
Holdings of Special Drawing Rights	18a	-	-	-	650,824	650,824
Quota in IMF	18b	-	-	-	1,002,558	1,002,558
Loans and receivables	19	-	-	-	10,309,280	10,309,280
Nigerian Treasury Bonds	19	-	-	-	60,398	60,398
Accounts receivables	23	-	-	-	56,721	56,721
Available for sale equity investments	20	-	45,543	-	-	45,543
Local debt instruments						
- Nigerian Treasury Bills	20	-	4,777	281,464	-	286,241
- FGN Bonds	20	-	349	1,684,241	-	1,684,590
		3,523,895	50,669	2,602,982	22,484,425	28,661,971

(All amounts are in millions of Naira, unless otherwise stated)

3. **Financial risk management and financial instruments classification (continued)**

Bank

Financial liabilities 31 December 2017	Notes	Other financial liabilities at amortised cost N'million	Liabilities at fair value through profit and loss N'million	Total N'million
Deposits:				
Government deposits	26	6 621 654	-	6 621 654
Other accounts	26	1 538 107	-	1 538 107
Financial institutions- Current and settlement accounts	26	694 518	-	694 518
Financial institutions - Banks' reserve accounts	26	3 393 716	-	3 393 716
IMF related liabilities:				
IMF related liabilities	18c	954 121	-	954 121
IMF allocation of Special Drawing Rights	18d	727 153	-	727 153
Derivatives				
- Derivative in external reserves	17d	-	2 138	2 138
Central Bank of Nigeria Instruments:				
Open Market Operations - Central Bank of Nigeria Bills	27	8 919 793	-	8 919 793
Bank notes and coins in circulation	28	2 156 289	-	2 156 289
Other liabilities:				
Accrued charges	30	28 073	-	28 073
Surplus payable to Federal Government of Nigeria	30	56 433	-	56 433
Treasury related payables	30	468 808	-	468 808
Due to Bank of Industry (BOI)	30	149 919	-	149 919
Foreign currency forward contract payables	30	482 597	-	482 597
Sundry payables	30	435 133	-	435 133
IBRD - SME loan	30	51	-	51
		26,626,364	**2,138**	**26,628,502**

3. Financial risk management and financial instruments classification (continued)

Risk management policies

3.2 Credit risk

Credit risk is the probability of loss resulting from failure of counterparty to honour its obligations to the Bank as and when due. The Group is exposed to credit risk due to activities such as investment of external reserves granting of intervention funds, issuance of guarantees, as well as advances and loans to staff, federal government and financial institutions

The Group adopts a conservative approach to credit risk. Where appropriate, the Group intervenes in the economy and provides guarantees in the financial system to prevent systemic risk. Investment decisions are guided by the preference for capital preservation and liquidity over returns.

3.2.1 Management of credit risk

The Group's credit risk management is guided by its Credit Risk, Investment and Risk Appetite Policies and Guidelines, as well as other guidelines for developmental initiatives. These policies are complemented by detailed procedures at the Strategic Business Units (SBUs) level. The Guidelines define credit exposure limits to ensure that the investments are within the risk appetite of the Group. The credit exposure limits are reviewed periodically in line with market developments

The Group conducts Discount Window Operations to provide liquidity to commercial and merchant banks with temporary liquidity challenges. Credit risk exposures from these transactions are mitigated by the Nigerian Master Repurchase Agreement and acceptance of eligible collateral such as Nigerian Treasury Bills, FGN Bonds and CBN Bills in line with the Bank's eligibility criteria and margin requirements.

Credit Risk Disclosure (including Credit Risk Model)

Guarantees, interventions and loans issued by the Group, borne out of its developmental role, are usually governed by the guidelines and frameworks setting out the various schemes creating the credits.

External reserves are invested in the following:
(i) Time deposits in countries with eligible currencies
(ii) United States of America Government securities
(iii) Marketable sovereign bonds from Organisation for Economic Cooperation and Development (OECD) countries which are guaranteed unconditionally by the sovereign governments of these countries , and
(iv) Marketable securities of multilateral organisations denominated in eligible currencies from OECD countries or as may be directed by the Board of the Bank.

These are largely managed by external and internal fund managers. External assets are measured for performance using
a. Merrill Lynch 1-3 year US Treasury Index
b. Barclays US MBS Index
c. Bank of America Merrill Lynch Global Government G7, ex-Italy 1-3 years Index 100% hedged into US dollars ("USD").
d. Citigroup Dim Sum Off-shore CNY

The maximum exposure to any one single issuer, with the exception of the countries that comprise the Benchmark, is limited to five (5) per cent of the market value of the Managed Assets. The Group's maximum take-up is twenty (20) per cent of any single issue and no investment is made in securities below USD500 million.

Credit Ratings
The minimum credit ratings for different issuer groups by the rating agencies are indicated below.

Issuer Group	Up to 1 year maturities	Over 1 year maturities	Rating description
Sovereign governments	A-1/P-1/F-1	A	Investment grade (Minimum acceptable - Upper medium grade)
Multilateral and supra-national organizations	A-1/P-1/F-1	Aa/AA/AA	Investment grade (Minimum acceptable - Upper medium grade)
U.S. Government guaranteed issues and agencies	A-1/P-1/F-1	Aa/AA/AA	Investment grade (Minimum acceptable - Upper medium grade)
OECD non-U.S. Government guaranteed agencies	A-1/P-1/F-1	Aa/AA/AA	Investment grade (Minimum acceptable - Upper medium grade)
Banks	A-1/P-1/F-1	Not allowed	Investment grade (Minimum acceptable - Upper medium grade)
FGN Bonds, Treasury Bills, Nigerian Treasury Bonds	B	B	Investment grade (Minimum acceptable - Upper medium grade)

A-1/P-1/F-1 A short obligation rated in the highest category indicates that the obligor's capacity to meet its financial commitment on the obligation is extremely strong

In line with its mandate of ensuring financial stability, the Group also provides credits to banks in distress and towards catalysing economic development. For this category of obligors, credits are granted regardless of the credit ratings of the affected institutions but with the overall objective of ensuring a safe and sound financial system.

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

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

The Group's maximum exposure to credit risk at 31 December 2018 and 31 December 2017 respectively, is represented by the net carrying amounts in the statement of financial position.

The maximum exposure is shown gross, before the effect of the above mitigation factors. The credit risk exposures at the end of each reporting period is representative of the average exposure during the years.

	Notes	Group		Bank	
		31 December 2018 N'million	31 December 2017 N'million	31 December 2018 N'million	31 December 2017 N'million
External reserves- Convertible currencies					
Current accounts with foreign banks	17a	367,053	600,103	367,053	600,103
Time deposits and money employed	17a	8,781,465	6,600,222	8,781,465	6,600,222
Domiciliary accounts	17a	2,692,170	3,073,901	2,692,170	3,073,901
Sundry currencies and travellers' cheques	17a	92,016	106,595	92,016	106,595
External reserves - Other foreign securities					
Cash and cash equivalents	17e	12,702	11,083,642	12,702	11,055,445
Debt securities:					
- Held for trading	17d	3,226,120	3,523,509	3,226,120	3,523,509
- Amortised cost	17d	988,812	637,277	988,812	637,277
- FVOCI	17d	36,950	-	36,950	-
International Monetary Fund Reserve tranche	17	23	23	23	23
Foreign derivatives					
- Futures contract	17d	-	-	-	-
- Forward contracts	17d	-	385	-	385
IMF Holdings of Special Drawing Rights:					
Holdings of Special Drawing Rights	18a	639,070	650,824	639,070	650,824
Quota in IMF	18b	1,048,449	1,002,558	1,046,449	1,002,558
Loans and receivables	19	13,256,850	10,225,035	13,343,712	10,309,280
Nigerian Treasury Bonds	19	45,020	60,398	45,020	60,398
Cash and bank balances in subsidiary	17e	18,954	28,197	-	-
Other assets:					
Account receivables	23	44,914	62,074	43,564	56,721
Fair value through other comprehensive income					
Local debt securities					
Nigerian Treasury Bills	20	2,184	4,777	2,184	4,777
FGN Bonds	20	347	349	347	349
Equity instruments - FVOCI	20	43,602	-	43,602	-
Amortised cost					
Investment in AMCON Bonds		901,957	-	901,957	-
Nigerian Treasury Bills	20	337,944	371,562	323,408	281,464
FGN Bonds	20	1,769,055	1,690,744	1,678,170	1,684,241
Investment in FARMSMART	20	630	54	-	-
Financial guarantee contracts					
Financial guarantee contracts		-	-	-	-
Loan commitments					
Total		**34,504,288**	**39,722,230**	**34,464,794**	**39,648,073**
Analysis of credit exposure by class:					
Measured at fair value					
At fair value through profit or loss					
Foreign debt securities	17d	3,226,120	3,523,509	3,226,120	3,523,509
Derivatives					
- Derivatives from external reserves	17d	-	385	-	385
- Derivatives arising from swaps, futures and forward exchange contracts	20	-	-	-	-
		3,226,120	**3,523,895**	**3,226,120**	**3,523,895**
Fair value through other comprehensive income					
- Nigerian Treasury Bills	20	2,184	4,777	2,184	4,777
- FGN Bonds	20	347	349	347	349
- Equity instruments - FVOCI		43,602	-	43,602	-
- Other foreign securities-FVOCI		36,950	-	36,950	-
		83,083	**5,126**	**83,083**	**5,126**
Measured at amortised cost					
Amortised cost					
Foreign debt securities	17d	988,812	637,277	988,812	637,277
Investment in AMCON Bonds	20	901,957	-	901,957	-
Local debt securities	20	2,107,630	2,062,360	2,001,578	1,965,705
		3,998,399	**2,699,637**	**3,892,347**	**2,602,982**

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

Analysis of credit exposure by class (continued)

		Group		Bank	
		31 December 2018 N'million	31 December 2017 N'million	31 December 2018 N'million	31 December 2017 N'million
Loans and receivables					
Current account with foreign banks	17a	367,053	600,103	367,053	600,103
Time deposits and money employed	17a	8,781,465	6,600,222	8,781,465	6,600,222
Domiciliary accounts	17a	2,892,170	3,073,901	2,892,170	3,073,901
Sundry currencies and travellers' cheques	17a	92,016	106,595	92,016	106,595
Short term deposits	17e	12,702	11,083,642	12,702	11,055,445
Holdings of Special Drawing Rights - 18a	18a	639,070	650,824	639,070	650,824
Quota in IMF - 18b	18b	1,046,449	1,002,558	1,046,449	1,002,558
International Monetary Fund Reserve tranche	17	23	23	23	23
Loans and receivables	19	13,256,850	10,225,035	13,343,712	10,309,280
Nigerian Treasury Bonds	19	45,020	60,398	45,020	60,398
Other assets:					
Accounts receivable	23	44,914	62,074	43,584	56,721
Cash and bank balances in subsidiary	17e	18,954	28,197	-	-
		27,196,685	33,493,572	27,283,243	33,516,070
Off statement of financial position					
Financial guarantee contracts		-	-	-	-
Loan commitment					
Total		34,504,288	39,722,230	34,464,794	39,648,073

Credit quality of External reserves	Group		Bank	
	31 December 2018 N'million	31 December 2017 N'million	31 December 2018 N'million	31 December 2017 N'million
A	2,755,913	1,896,129	2,755,913	1,896,129
A-	2,213,348	-	2,213,348	-
A+	926,392	3,526,073	926,392	3,526,073
AA+	488,721	-	488,721	-
AAA	39,415	-	39,415	-
AA	9,618	-	9,618	-
AA-	481,854	891,753	481,854	891,753
B	265,562	45,720	265,562	45,720
B+	-	436,047	-	436,047
BBB+	2,684,640	23,664	2,684,640	23,664
BBB-	-	360,000	-	360,000
B-	1,218,408	612,543	1,218,408	612,543
C	-	-	-	-
Not rated	5,297,464	6,771,748	5,297,464	6,771,748
	16,381,335	14,563,677	16,381,335	14,563,677

Credit quality of cash and bank balances	Group		Bank	
	31 December 2018 N'million	31 December 2017 N'million	31 December 2018 N'million	31 December 2017 N'million
AAA	1,907	2,837	-	-
AA	17,003	25,294	-	-
A	44	66	-	-
	18,954	28,197	-	-

3.2.3 Credit concentrations

The monitoring of the Bank's credit risk exposure focuses on two key areas, namely: geographical and sectoral. Concentration risk based on geography is categorized by four locations - Africa, Europe, Asia, America and others while sectoral concentration is based on the Government (Federal Government of Nigeria), financial ,agriculture, energy, power, aviation and manufacturing sectors.

	Group		Bank	
Concentration by sector	31 December 2018 N'million	31 December 2017 N'million	31 December 2018 N'million	31 December 2017 N'million
Debt securities				
Federal Government of Nigeria	3,011,488	2,067,432	2,906,066	1,970,831
Financial services sector - Foreign	4,251,883	4,160,787	4,251,883	4,160,787
Total debt securities	7,263,370	6,228,219	7,157,949	6,131,618
Equity Instruments				
Nigeria Deposit Insurance Corporation (NDIC)	39,890	-	39,890	-
International Islamic Liquidity Management Corporation of Malaysia	3,712	-	3,712	-
Total equity securities	43,602	-	43,602	-
Loans and receivables				
Financial services sector - Foreign	13,830,948	23,117,868	13,830,948	23,089,671
Federal Government of Nigeria	410,972	960,348	410,972	960,348
Agriculture	297,313	281,590	372,595	358,777
Financial services sector of Nigeria	11,603,683	8,662,195	11,585,013	8,633,998
Power and aviation sector of Nigeria	534,181	-	717,272	120,212
Manufacturing	328,052	103,315	328,052	103,315
Other loans	192,167	139,577	18,392	23,070
Total loans and receivables	27,197,315	33,264,893	27,283,243	33,287,391
Derivatives				
Financial services sector - Foreign	-	385	-	385
	-	385	-	385
Total	34,504,288	39,493,497	34,464,794	39,419,394

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

The Group has no financial guarantees as at year end

Concentration by location	Group 31 December 2018 N'million	Group 31 December 2017 N'million	Bank 31 December 2018 N'million	Bank 31 December 2017 N'million
Asia	3,557,132	1,265,974	3,557,132	1,265,974
Europe	8,332,646	3,632,735	8,332,646	3,632,735
USA	3,497,378	1,592,052	3,497,378	1,592,052
Others	902,182	7,513,375	902,182	7,513,375
Nigeria	18,214,950	25,718,093	18,175,456	25,643,936
	34,504,288	**39,722,229**	**34,464,794**	**39,648,072**

3.2.4 Credit quality

Loans and receivables and debt securities	Group 31 December 2018 N'million	Group 31 December 2017 N'million	Bank 31 December 2018 N'million	Bank 31 December 2017 N'million
Neither past due nor impaired				
- Local debt securities	3,012,118	2,067,432	2,906,066	1,970,831
- External reserves	16,397,311	25,625,657	16,397,311	25,597,461
- Other loans and receivables	13,365,738	10,375,704	13,432,296	10,426,399
- IMF receivables	1,685,519	1,653,382	1,685,519	1,653,382
Past due but not impaired	-	-	-	-
Impaired:				
Individually impaired	289,873	642,676	289,590	642,676
Gross	**34,750,559**	**40,364,851**	**34,710,782**	**40,290,749**
Impairment allowance:				
Specific impairment	(289,873)	(642,676)	(289,590)	(642,676)
Net	**34,460,686**	**39,722,176**	**34,421,192**	**39,648,073**

The loans and receivables analysed above are made up of long term loans extended to the Asset Management Corporation of Nigeria (AMCON) and Banks by the Central Bank of Nigeria in discharging its mandate of ensuring financial system stability. These loans in addition to IMF receivables are not rated as they are not advanced for generating commercial returns. Investment in local quoted debt securities represents investment in Nigerian Government debt (B+ rating) which are backed by the full faith and credit of the Nigerian Government.

Debt securities include investments in high quality debt instruments that constitute external reserves.

Individually impaired loans are loans that were provided to liquidated banks. The counterparties are under liquidation hence the recoverability of the loans is doubtful.

(a) Loans and receivables and debt securities neither past due nor impaired

The loans and advances that were neither due nor impaired comprises loans and cash and cash equivalents. The credit quality of the cash and cash equivalents is provided in Note 3.2.2. The loans and other receivables are not rated.

(b) Financial assets individually impaired

The credit quality of cash and cash equivalents, short-term investments and investments in government securities that were neither past due nor impaired can be assessed by reference to rating agency designation at 31 December 2018 and 31 December 2017 provided for financial assets classified under external reserves in Note 3.2.2 under Credit Quality of loans and receivables and cash and cash equivalents.

3.2.5 Impairment assessment (Policy applicable from 1 January 2018)

The references below show where the Group's impairment assessment and measurement approach is set out in the financial statement. It should be read in conjunction with the summary of significant accounting policies.

3.2.5.1 Definition of default and cure

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. The Group considers treasury and interbank balances defaulted and takes immediate action when the required intraday payments are not settled by the close of business as outlined in the individual agreements.

As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

•The frequency of borrower requesting emergency funding from the Bank
•The duration of emergency funding by the borrower
•The borrower having past due liabilities to public creditors or employees
•The borrower is deceased
•A covenant breach not waived by the Bank
•The debtor (or any legal entity within the debtor's group) filing for bankruptcy application/protection
•Debtor's listed debt or equity suspended at the primary exchange because of rumours or facts about financial difficulties
•Significant drop in customer's external ratings

It is the Group's policy to consider a financial instrument as 'cured' and therefore classified out of Stage 3 when none of the default criteria have been present for at least six consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

The Group's criterion for 'cure' for ECL purposes is less stringent than the 24 months requirement for forbearance which is explained in Note 2.17.

3.2.5.2 Treasury, trading and interbank relationships

The Group's treasury, trading and interbank relationships and counterparties comprise financial services institutions, banks, broker-dealers, exchanges and clearing-houses. For these relationships, the Group's credit risk department analyses publicly available information such as financial information and other external data, e.g., the rating of International Rating Agencies in its assessment.

(All amounts are in millions of Naira, unless otherwise stated)

3.2.5.3 Exposure at default

The exposure at default (EAD)represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too. To calculate the EAD for a Stage 1 loan, the Group assesses the possible default events within 12 months for the calculation of the 12mECL. However, if a Stage 1 loan that is expected to default in the 12 months from the balance sheet date and is also expected to cure and subsequently default again, then all linked default events are taken into account. For Stage 2, Stage 3 and POCI financial assets, the exposure at default is considered for events over the lifetime of the instruments.

The Group determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The IFRS 9 PDs are then assigned to each economic scenario based on the outcome of Group assessment.

3.2.5.4 Loss given default

Loss Given Default (LGD) values are assessed and approved by the Group's Risk Management Department. The credit risk assessment is based on a standardised LGD assessment framework that results in a certain LGD rate. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held.

Further recent data and forward-looking economic scenarios are used in order to determine the IFRS 9 LGD rate for each group of financial instruments. When assessing forward-looking information, the expectation is based on multiple scenarios. Examples of key inputs involve changes in, commodity prices, payment status or other factors that are indicative of losses in the group.

3.2.5.5 Significant increase in credit risk

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition. The Group considers an exposure to have significantly increased in credit risk when there is a significant drop in its ratings and outlook.

The Group also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming forborne. In certain cases, the Group may also consider that events explained in Note 3.2.5.1 are a significant increase in credit risk as opposed to a default. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

When estimating ECLs on a collective basis for a group of similar assets (as set out in Note 3.2.5.6), the Group applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

3.2.5.6 Grouping financial assets measured on a collective basis

As explained in Note 2.11 dependant on the factors below, the Group calculates ECLs either on a collective or an individual basis. Asset classes where the Group calculates ECL on an individual basis include:

•All Stage 3 assets, regardless of the class of financial assets.
•The treasury, trading and interbank relationships.
•The smaller and more generic balances of the Group
•Stage 1 and 2 loans.

3.2.5.7 Analysis of inputs to the ECL model under multiple economic scenarios per geographic regions

An overview of the approach to estimating ECLs is set out in Note 2.11 Summary of significant accounting policies and in Note 2.36 Significant accounting judgements, estimates and assumptions. To ensure completeness and accuracy, the Group obtains the data used from third party sources (International Rating Agencies, National Bureau of Statistics etc.) and a team from Risk Management Department verifies the accuracy of inputs to the Group's ECL models including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of expected loss and the assumptions used for the Group's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios for each of the four geographical segments, as at 31 December 2017 and 2018.

The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations. The figures for "Subsequent years" represent a long-term average and so are the same for each scenario.

31 December 2018

Key drivers	ECL Scenario	Assigned Probabilities	2019	2020	2021
Unemployment rate %	Upside	10%	15%	13%	13%
	Base case	79%	17%	15%	15%
	Downside	11%	19%	17%	17%
Inflation rate %	Upside	10%	10%	15%	13%
	Base case	79%	15%	16%	14%
	Downside	11%	16%	17%	15%
Crude oil price	Upside	10%	59	61	62
	Base case	79%	52	54	55
	Downside	11%	48	50	52

1 January 2018

Key drivers	ECL Scenario	Assigned Probabilities	2018	2019	2020
Unemployment rate %	Upside	10%	17%	15%	13%
	Base case	78%	19%	17%	15%
	Downside	12%	21%	19%	17%
Inflation rate %	Upside	10%	13%	10%	15%
	Base case	78%	14%	15%	16%
	Downside	12%	15%	16%	17%
Crude oil price	Upside	10%	57	59	61
	Base case	78%	50	52	54
	Downside	12%	47	48	50

Since the beginning of the year, as the Group has reassessed the key economic indicators used in its ECL models, the expected unemployment growth rate over the next few years has been revised downwards, given the slowdown of Nigeria's economy. Inflation rate and Crude oil prices assumptions follow a similar trend. Long-term expectations remain unchanged.

(All amounts are in millions of Naira unless otherwise stated)

The following tables outline the impact of multiple scenarios on the allowance:

31 December 2018

	External reserves N'million	Loans and receivables N'million	Other assets N'million	Undrawn commitments to lend N'million	Total N'million
Upside (10%)	454	20,233	8,726	27	29,440
Base case (79%)	3,805	160,188	68,932	211	233,137
Downturn (11%)	492	21,913	9,598	29	32,032
Total	**4,751**	**202,334**	**87,256**	**267**	**294,609**

1 January 2018

	External reserves N'million	Loans and receivables N'million	Other assets N'million	Undrawn commitments to lend N'million	Total N'million
Upside (10%)	179	63,970	7,214	151	71,514
Base case (78%)	1,371	490,438	56,271	1,160	549,240
Downturn (12%)	209	74,600	8,657	176	83,642
Total	**1,758**	**629,008**	**72,142**	**1,488**	**704,397**

For trade receivables, the Group applied the simplified approach in computing ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security.

3.2.5.8 Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty.
Guidelines are in place covering the acceptability and valuation of each type of collateral.

The main types of collateral obtained include cash, FGN Bonds, Treasury Bills and Supranational Securities.

Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement.

3.3 Liquidity risk

Liquidity risk refers to the potential that Group to close the gap between demand and supply of financial resources required to honour its obligations and ensure monetary, price and financial system stability.

The main goal of liquidity management of the Group is to ensure that funding is available as and when required to meet its maturing obligations while promoting economic growth and a sound financial system.

3.3.1 Management of liquidity risk

The Central Bank of Nigeria Act 2007 empowers the Group to create the required settlement balances. Consequently, operations are not expected to be constrained by cash flow. However, annual budgets are made for the Group's operations to control the Group's obligations and prevent the need for fiat money which have potential impact on inflation and other economic indices.

On the other hand, the Group is exposed to liquidity risk in foreign currency. To limit the risk, the Group actively manages the external reserves to ensure sufficient liquidity in key foreign currencies to prevent shocks to the financial and national payment systems. For instance, as part of the Bank's Strategic Asset Allocation (SAA), annual liquidity tranching of the external reserves is conducted.

In addition, to ensure effective liquidity management, the Group has set liquidity thresholds and approved criteria for selecting eligible securities and other investments in its Strategic Asset Allocation framework.

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

3.3.2 Maturity analysis

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The balances in this table do not correspond to the balances in the Statement of financial position , since the table presents all contractual cash flows on an undiscounted basis

Group 31 December 2018	0 - 30 days N'million	31 - 90 days N'million	91 - 180 days N'million	181 - 365 days N'million	Over 1 year but less than 5 years N'million	Over 5 years N'million	Total N'million
Deposits							
Government deposits	7,893,341	-	-	-	-	-	7,893,341
Other accounts	1,637,911	-	-	-	-	-	1,637,911
Financial institutions- current and settlement accounts	358,263	-	-	-	-	-	358,263
Financial institutions - Banks' reserve accounts	4,244,828	-	-	-	-	-	4,244,828
IMF related liabilities							
IMF related liabilities	998,012	-	-	-	-	-	998,012
IMF allocation of Special Drawing Rights	714,179	-	-	-	-	-	714,179
Central Bank of Nigeria instruments							
Open Market Operations - Central Bank of Nigeria Bills	2,373,459	2,985,604	1,174,185	7,248,545	-	-	13,781,793
Bank notes and coins in circulation	2,298,267	-	-	-	-	-	2,298,267
Other liabilities							
Accrued charges	35,849	-	-	-	-	-	35,849
Surplus payable to Federal Government of Nigeria	3,672	-	-	-	-	-	3,672
Treasury related payables	295,852	-	-	-	-	-	295,852
Due to Bank of Industry (BOI)	146,767	-	-	-	-	-	146,767
Foreign currency forward contract payables	834,933	-	-	-	-	-	834,933
Sundry payables	345,129	-	-	-	-	-	345,129
Trade payables	6,054	-	-	-	-	-	6,054
Bank borrowings and overdraft	10,940	-	-	-	-	-	10,940
Total financial liabilities	**22,197,456**	**2,985,604**	**1,174,185**	**7,248,545**	**-**	**-**	**33,605,790**

Bank 31 December 2018	0 - 30 days N'million	31 - 90 days N'million	91 - 180 days N'million	181 - 365 days N'million	Over 1 year but less than 5 years N'million	Over 5 years N'million	Total N'million
Deposits							
Government deposits	7,893,341	-	-	-	-	-	7,893,341
Other accounts	1,637,911	-	-	-	-	-	1,637,911
Financial institutions- current and settlement accounts	358,263	-	-	-	-	-	358,263
Financial institutions - Banks' reserve accounts	4,244,828	-	-	-	-	-	4,244,828
IMF related liabilities							
IMF related liabilities	998,012	-	-	-	-	-	998,012
IMF allocation of Special Drawing Rights	714,179	-	-	-	-	-	714,179
Central Bank of Nigeria instruments							
Open Market Operations - Central Bank of Nigeria Bills	2,373,459	2,985,604	1,174,185	7,248,545	-	-	13,781,793
Bank notes and coins in circulation	2,328,766	-	-	-	-	-	2,328,766
Other liabilities							
Accrued charges	33,729	-	-	-	-	-	33,729
Surplus payable to Federal Government of Nigeria	3,672	-	-	-	-	-	3,672
Treasury related payables	295,852	-	-	-	-	-	295,852
Due to Bank of Industry (BOI)	146,767	-	-	-	-	-	146,767
Foreign currency forward contract payables	834,933	-	-	-	-	-	834,933
Sundry payables	384,046	-	-	-	-	-	384,046
Total financial liabilities	**22,247,756**	**2,985,604**	**1,174,185**	**7,248,545**	**-**	**-**	**33,656,092**

(All amounts are in millions of Naira unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

Group 31 December 2017	0 - 30 days N'million	31 - 90 days N'million	91 - 180 days N'million	181 - 365 days N'million	Over 1 year but less than 5 years N'million	Over 5 years N'million	Total N'million
Deposits							
Government deposits	6,621,654	-	-	-	-	-	6,621,654
Other accounts	1,538,107	-	-	-	-	-	1,538,107
Financial institutions- current and settlement accounts	694,518	-	-	-	-	-	694,518
Financial institutions - Banks' reserve accounts	3,393,716	-	-	-	-	-	3,393,716
IMF related liabilities							
IMF related liabilities	954,121	-	-	-	-	-	954,121
IMF allocation of Special Drawing Rights	727,153	-	-	-	-	-	727,153
Central Bank of Nigeria instruments							
Open Market Operations - Central Bank of Nigeria Bills	662,434	1,589,702	4,036,043	3,338,740	-	-	9,626,919
Bank notes and coins in circulation	2,140,673	-	-	-	-	-	2,140,673
Other liabilities							
Accrued charges	28,784	-	-	-	-	-	28,784
Surplus payable to Federal Government of Nigeria	56,433	-	-	-	-	-	56,433
Treasury related payables	468,808	-	-	-	-	-	468,808
Due to Bank of Industry (BOI)	149,919	-	-	-	-	-	149,919
Foreign currency forward contract payables	482,597	-	-	-	-	-	482,597
Sundry payables	436,864	-	-	-	-	-	436,864
Trade payables	5,815	-	-	-	-	-	5,815
Bank borrowings and overdraft	17,922	-	-	-	-	-	17,922
Total financial liabilities	**18,379,518**	**1,589,702**	**4,036,043**	**3,338,740**	**-**	**-**	**27,344,003**

Bank 31 December 2017	0 - 30 days N'million	31 - 90 days N'million	91 - 180 days N'million	181 - 365 days N'million	Over 1 year but less than 5 years N'million	Over 5 years N'million	Total N'million
Deposits							
Government deposits	6,621,654	-	-	-	-	-	6,621,654
Other accounts	1,538,107	-	-	-	-	-	1,538,107
Financial institutions- current and settlement accounts	694,518	-	-	-	-	-	694,518
Financial institutions - Banks' reserve accounts	3,393,716	-	-	-	-	-	3,393,716
IMF related liabilities							
IMF related liabilities	954,121	-	-	-	-	-	954,121
IMF allocation of Special Drawing Rights	727,153	-	-	-	-		727,153
Central Bank of Nigeria instruments							
Open Market Operations - Central Bank of Nigeria Bills	662,434	1,589,702	4,036,043	3,338,740	-	-	9,626,919
Bank notes and coins in circulation	2,156,289	-	-	-	-	-	2,156,289
Other liabilities							
Accrued charges	28,073	-	-	-	-	-	28,073
Surplus payable to Federal Government of Nigeria	56,433	-	-	-	-	-	56,433
Treasury related payables	468,808	-	-	-	-	-	468,808
Due to Bank of Industry (BOI)	149,919	-	-	-	-	-	149,919
Foreign currency forward contract payables	482,597	-	-	-	-	-	452,586
Sundry payables	435,184	-	-	-	-	-	435,184
Total financial liabilities	**18,369,005**	**1,589,702**	**4,036,043**	**3,338,740**	**-**	**-**	**27,333,490**

3. Financial risk management and financial instruments classification (continued)

3.4 Market risk

Market risk is the potential loss from adverse movements in market indices such as interest rates, foreign exchange rates equity prices and commodity prices which could adversely affect the Group's earnings and capital, thereby inhibiting its ability to achieve its mandate and strategic objectives

The Group adopts a conservative approach to risk taking in view of the potential impact of losses to the economy and therefore does not ordinarily engage in active trading However, it is exposed to losses in its holdings of fixed income debt and developmental securities The potential loss from these instruments is mitigated by using appropriate limits and the engagement of fund managers with specific mandates

Key components of the Group's market risk include the following

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to fixed rate financial assets and financial liabilities.

The Group's investment portfolio is comprised of bills, bonds, notes and cash deposits in multilateral, sovereign, and supranational institutions spread across Europe, Asia and the United States of America. The Group is exposed to the risk of movements in interest rates in these jurisdictions.

Commodity price risk

Commodity risk is the uncertainty in future income and value of a portfolio caused by fluctuation in the price of commodities such as crude oil and agricultural products. As income from crude oil contribute about 88% of the country's income stream, volatility in the price of crude oil affects accretion to external reserves managed by the Group. Between January and December 2018, the bench mark price of crude oil decreased from USD69.68 to USD53.21 (2017: crude oil increased from USD54 to USD66.73).

Equity price risk

The Group's unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk by placing limits on total equity instruments. The Group's Board of Directors reviews and approves all equity Investment decisions.

At the reporting date, the exposure to unlisted equity securities at fair value was N43,602 million. Sensitivity analyses of these investments have been provided in Note 3.5.

Foreign Exchange Risk

Foreign exchange risk is the risk of change in the value of the Group's investments due to movements in exchange rates. Foreign exchange risk management is important given the Group's mandate to maintain the external reserves in order to safeguard the international value of the Naira.

3.4.1 Management of market risk

The Group adopts a conservative approach to risk taking in view of the potential impact of losses to the economy and therefore does not ordinarily engage in active trading. However, it is exposed to losses in its holdings of fixed income debt and developmental securities. The potential loss from these instruments is mitigated by using appropriate limits and the engagement of fund managers with specific mandates

Interest rate risk

To mitigate the interest rate risk , the Group diversifies its portfolio and adopts appropriate guidelines and standards set by the Group's Investment Committee which details the types, tenor and limits of its investments

Commodity price risk

Volatility in the price of crude oil affects accretion to external reserves managed by the Group The Group continues to collaborate with other stakeholders to promote and advocate for the diversification of the economy from status quo.

Equity price risk

The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. The Group's equity investments are carried at cost as fair values were not determinable. Consequently no equity price risk sensitivity is presented.

Foreign exchange risk

The Group's foreign exchange risk exposure is mitigated primarily by diversification of foreign exchange portfolio with significant holdings in the currency in which the highest amount of foreign transactions are settled, intervention in the local foreign exchange market and limits on foreign exchange holdings by financial institutions.

3.4.2 Measurement of market risk

The Group adopted tools, techniques and methodologies such as correlation analysis, causal analysis, duration, convexity, gap analysis, vulnerabilities, VaR, EaR, stop loss, and gain-loss spread to monitor limits in line with the Group's risk appetite

The Group's aggregate market risk exposure is evaluated periodically to support risk decision making and ensure optimal portfolio management.

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

3.4.3 Interest rate risk

Interest rate sensitivity

Sensitivity to changes in interest rates is relevant to financial assets or financial liabilities bearing floating interest rates due to the risk that future cash flows will fluctuate. However, sensitivity will also be relevant to fixed rate financial assets and financial liabilities that are re-measured to fair value.

The impact of a 0.1% increase/decrease in market yield on financial assets classified as held for trading, with all other variables held constant, will reduce/increase the Bank's and Group's profit before tax by N32,261 million (31 December 2017: N17,637 million).

Equity price risk

The Group's unlisted equity investments are susceptible to market price risk arising from uncertainties about future values of the investment. The Group manages the equity price risk by placing limits on individual and total equity instruments. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the Bank's and the Group's exposure to unlisted equity investment at fair value was N43,602 million (31 December 2017: N45,003 million). Sensitivity analyses of these investments have been provided in Note 3.5.

Foreign exchange risk sensitivity analysis

The table below indicates the financial instruments and foreign currencies to which the Group had significant exposure at each reporting date. The analysis calculates the effect of a 5% movement of the Naira against the foreign currencies (all other variables being held constant) on the income statement (due to the fair value of currency sensitive monetary assets and liabilities). A negative amount in the table reflects a potential net reduction in income statement or equity, while a positive amount reflects a net potential increase.

Consequently the foreign exchange sensitivity risk for the year 2018 shows the highest, lowest and average exposures during the year.

The exchange rates used for converting foreign denominated balances as at the end of 2018 was N364 to USD 1 (2017: N360.00 to USD 1).

	Group			Bank		
31 December 2018	Carrying Amount in Naira N'million	Effect of a 5% appreciation of the Naira against foreign currencies on Income statement N'million	Effect of a 5% depreciation of the Naira against foreign currencies on Income statement N'million	Carrying Amount in Naira N'million	Effect of a 5% appreciation of the Naira against foreign currencies on Income statement N'million	Effect of a 5% depreciation of the Naira against foreign currencies on Income statement N'million
Foreign currency denominated financial assets						
Current account with foreign banks	367,053	(18,353)	18,353	367,053	(18,353)	18,353
Time deposits and money employed	8,781,465	(439,073)	439,073	8,781,465	(439,073)	439,073
Domiciliary accounts	2,892,170	(144,609)	144,609	2,892,170	(144,609)	144,609
Other foreign securities	4,248,608	(212,430)	212,430	4,248,608	(212,430)	212,430
Sundry currencies and travellers' cheques	92,016	(4,601)	4,601	92,016	(4,601)	4,601
IMF Assets	1,685,519	(84,276)	84,276	1,685,519	(84,276)	84,276
Cash and cash equivalents from subsidiaries	18,954	(948)	948	-	-	-
	18,085,785	(904,290)	904,290	18,066,831	(903,342)	903,342
Foreign denominated financial liabilities						
IMF Liabilities	1,712,191	85,610	(85,610)	1,712,191	85,610	(85,610)
	1,712,191	85,610	(85,610)	1,712,191	85,610	(85,610)
Net position	**16,373,594**	**(818,680)**	**818,680**	**16,354,640**	**(817,732)**	**817,732**

31 December 2018

		Group			Bank		
Financial assets analysed according to currencies	Closing rate N	Carrying Amount in Naira N'million	Effect of a 5% appreciation of the Naira against foreign currencies on Income statement N'million	Effect of a 5% depreciation of the Naira against foreign currencies on Income statement N'million	Carrying Amount in Naira N'million	Effect of a 5% appreciation of the Naira against foreign currencies on Income statement N'million	Effect of a 5% depreciation of the Naira against foreign currencies on Income statement N'million
United States Dollar	360	15,380,215	(767,115)	767,115	15,381,261	(768,063)	768,063
Euro	366	60,925	(3,047)	3,047	60,925	(3,046)	3,046
British Pounds Sterling	413	110,952	(5,548)	5,548	110,952	(5,548)	5,548
Chinese Renminbi	47	751,964	(37,599)	37,599	751,964	(37,598)	37,598
Japanese Yen	3	14,950	(748)	748	14,950	(748)	748
IMF Assets	434	1,685,519	(84,276)	84,276	1,685,519	(84,276)	84,276
Others	-	76,510	(3,826)	3,826	76,510	(3,826)	3,826
		18,081,035	(902,159)	902,159	18,082,081	(903,105)	903,105
Financial liabilities analysed according to currencies							
IMF Assets	434	1,712,191	85,610	(85,610)	1,712,191	85,610	(85,610)
		1,712,191	85,610	(85,610)	1,712,191	85,610	(85,610)
Net position		**16,368,844**	**(816,549)**	**816,549**	**16,349,890**	**(817,495)**	**817,495**

(All amounts are in millions of Naira, unless otherwise stated)

3. **Financial risk management and financial instruments classification (continued)**

31 December 2017	Group			Bank		
	Carrying Amount in Naira N'million	Effect of a 15% appreciation of the Naira against foreign currencies on income statement N'million	Effect of a 15% depreciation of the Naira against foreign currencies on income statement N'million	Carrying Amount in Naira N'million	Effect of a 15% appreciation of the Naira against foreign currencies on income statement N'million	Effect of a 15% depreciation of the Naira against foreign currencies on income statement N'million
Foreign currency denominated financial assets						
Current account with foreign banks	600.103	(30.005)	30.005	600.103	(30.005)	30.005
Time deposits and money employed	6,600.222	(330.011)	330.011	6,600.222	(330.011)	330.011
Domiciliary accounts	3 073.901	(153.695)	153.695	3.073.901	(153.695)	153.695
Other foreign securities	4,182.833	(209.142)	209.142	4.182.833	(209.142)	209.142
Sundry currencies and travellers' cheques	106.595	(5.330)	5.330	106.595	(5,330)	5.330
IMF Assets	1,653.382	(82,669)	82.669	1,653.382	(82.669)	82.669
Cash and cash equivalents in subsidiary	2.009	(100)	100	-	-	-
	16.219.045	(810.952)	810.952	16.217.036	(810.852)	810.852
Foreign currency denominated financial liabilities						
IMF Liabilities	1,681.274	84 064	(84.064)	1.681.274	84.064	(84 064)
	1,681.274	84.064	(84.064)	1.681.274	84.064	(84.064)
Net position	14,537,771	(726,888)	726,888	14,535,762	(726,788)	726,788

The foreign currency risk according to the various currencies in which the Group had balances in are is as follows:

Financial assets analysed according to currencies	Closing rate N	Group			Bank		
		Carrying Amount in Naira N'million	Effect of a 15% appreciation of the Naira against foreign currencies on income statement N'million	Effect of a 15% depreciation of the Naira against foreign currencies on income statement N'million	Carrying Amount in Naira N'million	Effect of a 15% appreciation of the Naira against foreign currencies on income statement N'million	Effect of a 15% depreciation of the Naira against foreign currencies on income statement N'million
United States Dollar	360	13,739,417	(686,771)	686.771	13,737,408	(686.870)	686,870
Euro	366	63,819	(3,191)	3.191	63.819	(3,191)	3,191
British Pounds Sterling	413	83.420	(4,171)	4.171	83.420	(4,171)	4,171
Chinese Renminbi	47	633,820	(31,691)	31,691	633,820	(31,691)	31,691
Japanese Yen	3	2.693	(135)	135	2.693	(135)	135
IMF SDR	434	1,653,382	(82,670)	82,670	1,653,382	(82,669)	82,669
Others	-	42.494	(2.125)	2.125	42.494	(2.125)	2,125
		16.219,045	(810.754)	810,754	16,217,036	(810,852)	810.852
Financial liabilities analysed according to currencies							
IMF SDR	434	1.681.274	84.064	(84.064)	1.681.274	84.064	(84.064)
		1.681.274	84.064	(84.064)	1.681.274	84.064	(84.064)
Net position		14,537,771	(726,690)	726,690	14,535,762	(726,788)	726,788

Other risks faced by the Group include the following:

(a) Operational risk

Operational Risk is the potential for loss resulting from failure or inadequacy of the Group's internal processes, people, systems and from external events.

Operational risk management in the Group is aimed at ensuring that these risks are identified and mitigated in a proactive and repeatable approach to ensure the Group is able to achieve its strategic objectives.

The Group's operational risk management process involves risk identification, assessment, treatment, monitoring and reporting. The primary responsibility for identifying risk events affecting the Group's operations, staff and Information Technology services resides with the Business Units. Tools such as the Risk Control Self-Assessment (RCSA), Independent Risk Assessment (IRA), surveys and risk questionnaires are widely used for risk identification, assessment and mitigation.

Each risk identified is assessed based on the likelihood of their occurrence and impact on the Group's operations. The evaluated risks are classified as 'High', 'Medium' or 'Low' depending on their severity. The Group's response to risk events includes 'accept', 'reduce', 'transfer/share' or 'avoid'.

The Group has initiated Business Continuity Management (BCM) processes to ensure its resilience to threats that may impede the continuity of mandate-critical operations and allow business operations return to pre-determined levels following a disruption.

(b) Reputational risk

The Group's reputation and credibility are critical to achieving its key policy objectives of monetary, price and financial system stability. Reputational risk can arise from negative publicity arising from the action or inaction of the Group and its employees etc.

The Board of the Bank has approved a reputational risk management framework in addition to other policies to identify, assess and mitigate stakeholders' perception issues. The implementation of the reputational risk framework is assisting the Group to maintain its credibility, build local and international investor confidence and enhance its accountability.

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

3.5 Fair value measurement

IFRS 13 requires an entity to classify, measure and disclose fair values according to a hierarchy that reflects the significance of observable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, which comprises of three levels as described below, based on the lowest level input that is significant to the fair value measurement as a whole

(a) Financial instruments measured at fair value and for which fair value is disclosed

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation technique in which all significant inputs are directly or indirectly observable from market data.

In conclusion, this category is for valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes all assets and liabilities for which the valuation technique includes inputs not based on observable date and the unobservable inputs have a significant effect on the asset or liability's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments

This hierarchy requires the use of observable market data when available. CBN considers relevant and observable market prices in its valuations where possible. There have been no transfers between levels in the year.
There were no movements between Level 1 to Level 3 categories financial instruments during the year

Group
31 December 2018

Financial assets measured at Fair value	Level 1 N 'million	Level 2 N 'million	Level 3 N 'million	Total N 'million
External reserves				
Debt securities:				
- Held for trading	3,226,120	-	-	3,226,120
- FVOCI	36,950	-	-	36,950
Local securities				
Quoted securities				
Nigerian Treasury Bills - FVOCI	-	2,184	-	2,184
FGN bonds - FVOCI	347	-	-	347
Unquoted securities				
Equity shares	-	-	43,602	43,602
	3,263,417	**2,184**	**43,602**	**3,309,203**

Financial Assets not measured at fair values	Level 1 N 'million		Level 2 N 'million		Level 3 N 'million		Total N 'million	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
External reserves								
Debt securities	988,812	905,208	-	-	-	-	988,812	905,208
Loans and receivables	-	-	13,301,870	13,301,870	-	-	13,301,870	13,301,870
Local listed debt securities								
Nigerian Treasury Bills	-	-	337,944	301,336	-	-	337,944	301,336
FGN Bonds	1,769,055	1,732,901	-	-	-	-	1,769,055	1,732,901
	2,757,866	**2,638,109**	**13,639,814**	**13,603,206**	-	-	**16,397,681**	**16,241,315**

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

3.5 Fair value measurement (continued)

Liabilities measured at fair value	Level 1 N 'million	Level 2 N 'million	Level 3 N 'million	Total N 'million
Foreign Derivatives:				
- Futures contract	-	15,441	-	15,441
Local derivative financial instruments				
- Forward contracts	-	-	-	-
- Swap contracts	-	-	-	-
- OTC Futures contracts	-	-	-	-
	-	15,441	-	15,441

Financial Liabilities not measured at fair value	Level 1 N 'million Carrying amount	Fair value	Level 2 N 'million Carrying amount	Fair value	Level 3 N 'million Carrying amount	Fair value	Total N 'million Carrying amount	Fair value
Central Bank of Nigeria Instruments								
Open Market Operations - Central Bank of Nigeria Bills	-	-	12,795,093	12,751,735	-	-	12,795,093	12,751,735
	-	-	12,795,093	12,751,735	-	-	12,795,093	12,751,735

Bank
31 December 2018

Financial assets measured at Fair value	Level 1 N 'million	Level 2 N 'million	Level 3 N 'million	Total N 'million
External reserves				
Debt securities:				
- Held for trading	3,226,120	-	-	3,226,120
- FVOCI	36,950	-	-	36,950
Local securities				
Quoted securities				
Nigerian Treasury Bills- FVOCI	-	2,184	-	2,184
FGN bonds- FVOCI	347	-	-	347
Unquoted securities				
Equity shares	-	-	43,602	43,602
	3,263,417	2,184	43,602	3,309,203

Financial Assets not measured at fair value	Level 1 N 'million Carrying amount	Fair value	Level 2 N 'million Carrying amount	Fair value	Level 3 N 'million Carrying amount	Fair value	Total N 'million Carrying amount	Fair value
External reserves								
Debt securities	988,812	905,208	-	-	-	-	988,812	905,208
Loans and receivables	-	-	13,388,732	13,388,732	-	-	13,388,732	13,388,732
Local listed debt securities								
Nigerian Treasury Bills	-	-	323,408	286,800	-	-	323,408	286,800
FGN Bonds	1,678,170	1,642,016	-	-	-	-	1,678,170	1,642,016
	2,666,982	2,547,224	13,712,140	13,675,532	-	-	16,379,122	16,222,756

Liabilities measured at fair value	Level 1 N 'million	Level 2 N 'million	Level 3 N 'million	Total N 'million
Foreign Derivatives:				
- Futures contract	-	15,441	-	15,441
Local derivative financial instruments				
- Forward contracts	-	-	-	-
- Swap contracts	-	-	-	-
- OTC Futures contracts	-	-	-	-
	-	15,441	-	15,441

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

3.5 Fair value measurement (continued)

Financial Liabilities not measured at fair value	**Level 1 N 'million**		**Level 2 N 'million**		**Level 3 N 'million**		**Total N 'million**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Central Bank of Nigeria instruments								
Open Market Operations - Central Bank of Nigeria Bills	-	-	12,795,093	12,751,735	-	-	12,795,093	12,751,735
	-	-	**12,795,093**	**12,751,735**	-	-	**12,795,093**	**12,751,735**

31 December 2017
Group

Financial assets measured at fair value	**Level 1 N 'million**	**Level 2 N 'million**	**Level 3 N 'million**	**Total N 'million**
External reserves				
Debt Securities;				
- Held for trading	3,523,509	-	-	3,523,509
Derivatives:				-
- Forward contracts	-	385	-	385
Local securities				-
Quoted securities				-
Nigerian Treasury Bills - available for sale	-	4,777	-	4,777
FGN Bonds- available for sale	349	-	-	349
Unquoted securities				-
Equity shares	-	-	45,543	45,543
	3,523,858	**5,162**	**45,543**	**3,574,563**

Financial Assets not measured at fair value	**Level 1 N 'million**		**Level 2 N 'million**		**Level 3 N 'million**		**Total N 'million**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
External reserves								
Debt securities	637,277	625,886	-	-	-	-	637,277	625,886
Loans and receivables	-	-	10,285,433	10,285,433	-	-	10,285,433	10,285,433
Local listed Debt securities								
Nigerian Treasury Bills	-	-	371,562	375,077	-	-	371,562	375,077
- FGN Bonds	1,690,744	1,780,347	-	-	-	-	1,690,744	1,780,347
	2,328,021	**2,406,233**	**10,656,995**	**10,660,510**	-	-	**12,985,016**	**13,066,743**

Liabilities measured at fair value	**Level 1 N 'million**	**Level 2 N 'million**	**Level 3 N 'million**	**Total N 'million**
Foreign Derivatives:				
- Futures contract	-	2,138	-	2,138
	-	**2,138**	-	**2,138**

Financial Liabilities not measured at fair value	**Level 1 N 'million**		**Level 2 N 'million**		**Level 3 N 'million**		**Total N 'million**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Central Bank of Nigeria Instruments								
Open Market Operations - Central Bank of Nigeria Bills	-	-	8,919,793	9,008,721	-	-	8,919,793	9,008,721
	-	-	**8,919,793**	**9,008,721**	-	-	**8,919,793**	**9,008,721**

(All amounts are in millions of Naira unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

3.5 Fair value measurement (continued)

Bank
31 December 2017

Financial assets measured at fair value	**Level 1 N 'million**	**Level 2 N 'million**	**Level 3 N 'million**	**Total N 'million**
External reserves				
Debt securities:				
- Held for trading	3,523,509	-	-	3,523,509
Derivatives:				
- Futures contract				
- Forward contracts	-	385	-	385
Local securities				
Nigerian Treasury Bills- available for sale	-	4,777	-	4,777
FGN bonds- available for sale	349	-	-	349
Unquoted securities				
Equity shares	-	-	45,543	45,543
	3,523,858	**5,162**	**45,543**	**3,574,563**

Financial Assets not measured at fair value	**Level 1 N 'million**		**Level 2 N 'million**		**Level 3 N 'million**		**Total N 'million**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
External reserves								
Debt securities	637,277	625,886	-	-	-	-	637,277	625,886
Loans and receivables	-	-	10,369,678	10,369,678	-	-	10,369,678	10,369,678
Local securities								
Local listed debt securities								
Nigerian Treasury Bills	-	-	281,464	286,504	-	-	281,464	286,504
FGN Bonds	1,684,241	1,773,876	-	-	-	-	1,684,241	1,773,876
	2,321,518	**2,399,762**	**10,651,142**	**10,656,182**	-	-	**12,972,660**	**13,055,944**

Liabilities measured at fair value	**Level 1 N 'million**	**Level 2 N 'million**	**Level 3 N 'million**	**Total N 'million**
Foreign Derivatives:				
- Futures contract	-	2,138	-	2,138
	-	2,138	-	2,138

Financial Liabilities not measured at fair value	**Level 1 N 'million**		**Level 2 N 'million**		**Level 3 N 'million**		**Total N 'million**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Central Bank of Nigeria Instruments								
Open Market Operations - Central Bank of Nigeria Bills	-	-	8,919,793	9,008,721	-	-	8,919,793	9,008,721
	-	-	**8,919,793**	**9,008,721**	-	-	**8,919,793**	**9,008,721**

3. Financial risk management and financial instruments classification (continued)

3.5 Fair value measurement (continued)

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position 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 prices used for financial assets held by the Bank are the bid prices on the statement of financial position date.

The instruments included in Level 1 comprise primarily of debt securities maintained as part of the external reserves and local listed debt securities namely the Federal Government of Nigeria (FGN) bonds.

Foreign debt securities

These are debt securities into which the external fund managers invest in. These debt securities are held for maximising returns on the funds invested.

Foreign debt securities are valued at the ruling bid prices on each reporting date. The external fund managers perform the valuation based on ruling bid prices as obtained from various vendors such as Thomson Reuters, S & P, Pricing Direct, IDC and Bloomberg. The market recognised sources include official sources such as GEMMA for United Kingdom Gilts, iBoxx, which is the primary source for UK and Euro corporate debt and evaluated prices for US Government bonds. In addition Bloomberg generic may be used as a secondary source where required and for validation. Alternate providers such as Markit, iBoxx and index providers such as Barclays may also be used to supplement pricing on particular asset groups. The debt security prices follows market prices on a clean basis, i.e. without the inclusion of accrued income or similar payments.

Federal Government of Nigeria (FGN) bonds

These are Federal Government of Nigeria securities which are fair valued based on quoted bid prices. FGN bid prices are published on the FMDQ website.

The FMDQ publishes the bid prices on a daily basis, and the unadjusted prices reflect the market value.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is 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.

The financial instruments falling into this category includes derivatives arising from forward exchange contracts and futures contracts entered into by the Bank and also those entered into by the Fund managers on behalf of the Bank (that fall under external reserves).

The financial assets and financial liabilities that fall under this category are Nigerian treasury bonds, loans and receivables, the Bank's instruments arising from its open market operations and derivative assets and liabilities arising from open forward exchange contracts.

Nigerian treasury bills

These are Federal Government of Nigeria securities which are fair valued based on quoted yield-to-maturity and days to maturity rates. The fair value of treasury bills is determined by reference to quoted yield to maturities of the instrument as published on the FMDQ website. Nigerian Treasury Bills are classified in Level 2 in the fair value hierarchy.

The FMDQ publishes the market yields on a daily basis, and the unadjusted yields are used to determine the prices.

Long term loans

The fair values of loans and receivables are based on cash flows discounted using a rate based on the market interest rate of borrowings rate of 14% (31 December 2017: 14%). The discount rate equals to the ruling monetary policy rate as set by the Central Bank of Nigeria at the reporting dates. The fair values are within Level 2 of the fair value hierarchy.

Central Bank of Nigeria Open Market Operations (OMO) Instruments

The fair values of the OMO instruments is determined by reference to the quoted prices of similar instruments, namely treasury bills issued by the Federal Government of Nigeria. The OMO Bills are similar to treasury bills in that they are short term discounted instruments.

The fair value of treasury bills is determined by reference to quoted yield to maturities. The same quoted yield to maturities for treasury bills was utilised to determine the fair values for OMO Bills that fall within the same maturity profile.

Derivatives in external reserves

The financial instruments falling into this category includes derivatives arising from forward exchange contracts and futures contracts entered into by the Bank and also those entered into by the Fund managers on behalf of the Bank. Derivatives arising from forward arrangements fall in Level 2 while futures fall in Level 1 of the fair value hierarchy.

Derivatives arising from swap, futures and forward exchange contracts

These derivatives arising from local forward exchange rates are valued based on the ruling spot rates on the statement of financial position dates compared to the contracted forward exchange rates. In performing the valuation, the spot exchange rates on the reporting date is compared to the contracted forward exchange rates and discounting the future cash flows using quoted LIBOR rates as the discounting factor. These fall in Level 2 in the fair value hierarchy.

(All amounts are in millions of Naira, unless otherwise stated)

3. Financial risk management and financial instruments classification (continued)

3.5 Fair value measurement (continued)

(c) Financial instruments in level 3

Unquoted equity shares

The fair values of the unquoted equity shares have been estimated using the Market approach (Price to Book and a Regression analysis of the Price to Book). The valuation requires management to make certain assumptions about the model inputs, including forecast cashflows, the discount rate. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

(d) Carrying amounts that approximate fair values

The carrying amount for deposits, IMF related liabilities, notes and coins in circulation, IMF related assets, Deposit, money placement, current account with foreign banks, domiciliary accounts, sundry currency, travellers cheques, cash and cash equivalents, other assets and other liabilities that are financial instruments approximate their fair values hence have not been disclosed.

(e) Transfers between the fair value hierarchy categories

During the reporting periods covered by these annual financial statements, there were no movements between levels as a result of significant inputs to the fair valuation process becoming observable or unobservable.

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 December 2018 and 2017 are as shown below:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
AFS financial assets in unquoted equity shares - NDIC	Market approach (P/B Multiple)	Liquidity/Marketability discount	2018: 5% - 10% 2017: 5% - 10%	+/-10% (2018: +/-10%) increase/decrease in the marketability discount would result in (decrease)/increase in fair value by (3,988,992,119)/ N3,988,992,119 (2017: (N4,334,639,424)/NN4,334,639,424)
		Long-term operating margin	2018: 5% - 10% 2017: 5% - 10%	+/-5% (2018: +/-5%) increase/decrease in the marketability discount would result in (decrease)/increase in fair value by (N1,994,496,059/N1,994,496,059 (2017: (N2,167,319,712)/N2,167,319,712
AFS financial assets in unquoted equity shares - IILMC	Market approach (P/B Multiple)	Liquidity/Marketability discount	2018: 5% - 10% 2017: 5% - 10%	+/- 10% (2017: +/-10%) increase/decrease in the marketability discount would result in decrease/increase in fair value by ($1,019,716)/$1,019,716 (2017: (US$810,589)/US$810,589)
			2018: 5% - 10% 2017: 5% - 10%	+/- 5% (2017: +/-5%) increase/decrease in the marketability discount would result in decrease/increase in fair value by ($509,858)/$509,858 (2017: (US$305,295)/US$305,295)

The fair value of Asset Management Corporation of Nigeria (AMCON) and Federal Mortgage Bank of Nigeria (FMBN) were Nil hence no sensitivity analysis was disclosed for both investments.

The discount for lack of marketability represents the amounts that the Group has determined that market participants would take into account when pricing the investments.

Reconciliation of fair value measurement of unquoted equity shares classified as FVOCI financial assets:

	Nigeria Deposit Insurance Corporation (NDIC) N'million	International Islamic Liquidity Management Corporation of Malaysia N'million	Total N'million
As at 1 January 2017	37,205	2,009	39,214
Remeasurement recognised in OCI	6,141	188	6,329
As at 1 January 2018	43,346	2,197	45,543
Remeasurement recognised in OCI	(3,456)	1,515	(1,941)
As at 31 December 2018	39,890	3,712	43,602

3. Financial risk management and financial instruments classification (continued)

3.5 Fair value measurement (continued)

4 Capital management

The Bank does not have any regulator that sets and monitors its capital requirements. There is no regulation for the Bank to maintain a prescribed ratio of total capital to total risk-weighted assets. Section 4 (1) of the Central Bank of Nigeria Act No 7, 2007 gave approval to the increase in authorised capital of the Bank from N5 billion to N100 billion and Section 4 (2) provides that all the capital of the Bank shall be subscribed and held only by the Federal Government of Nigeria.

The Federal Government of Nigeria is the sole subscriber to the paid up capital of the Bank and its holding is not transferable in whole or in part nor is it subject to any encumbrance

The provisions of the Act seek to ensure that the Government of Nigeria continues to own a hundred per cent stake to bear all financial risks and rewards

(All amounts are in millions of Naira unless otherwise stated)

5 Interest income

	Group 2018	Group 2017	Bank 2018	Bank 2017
a Interest and similar income calculated using the effective interest method	N'million	N'million	N'million	N'million
Analysis by type				
Asset Management Corporation of Nigeria (AMCON) Notes	241,680	-	241,680	-
Loans and receivables	259,003	-	253,820	-
Federal Government Securities	170,782	-	154,597	-
Time deposits and money placements	160,495	-	159,429	-
Other foreign securities	43,013	-	43,013	-
	874,973	-	852,539	-

	Group 2018	Group 2017	Bank 2018	Bank 2017
Interest and similar income under IAS 39	N'million	N'million	N'million	N'million
Analysis by type				
Asset Management Corporation of Nigeria (AMCON) Notes	-	241,680	-	241,680
Loans and receivables	-	225,855	-	232,860
Federal Government Securities	-	145,632	-	126,321
Other foreign securities	-	37,383	-	37,383
Time deposits and money placements	-	35,058	-	34,973
	-	685,608	-	673,217

b Other interest and similar income

	Group 2018	Group 2017	Bank 2018	Bank 2017
	N'million	N'million	N'million	N'million
Other foreign securities classified as FVTPL	39,228	-	39,228	-

The Group had no interest income on impaired financial assets as at 31 December 2018 (2017: Nil)

	Group 2018	Group 2017	Bank 2018	Bank 2017
Analysis by geographical location	N'million	N'million	N'million	N'million
Domestic	671,465	613,167	650,097	600,861
International	242,736	72,441	241,670	72,356
	914,201	685,608	891,767	673,217

Classification of interest and similar income arising from financial instruments is indicated below

	Group 2018	Group 2017	Bank 2018	Bank 2017
	N'million	N'million	N'million	N'million
Income from debt instruments measured at amortised cost	874,171	684,732	851,737	672,341
Income from debt instruments measured at FVOCI	802	876	802	876
Income from debt instruments measured at FVTPL	39,228	-	39,228	-
	914,201	685,608	891,767	673,217

	Group 2018	Group 2017	Bank 2018	Bank 2017
6 Interest and similar expense calculated using the effective interest method	N'million	N'million	N'million	N'million
Central Bank of Nigeria Instruments	1,837,632	1,317,314	1,837,632	1,317,314
Interest on Securities Lending	52,806	20,317	52,806	20,317
Deposits	7,848	3,560	7,797	3,550
Interest payable on SWAP drawdown	1,997	-	1,997	-
Bank borrowings and overdraft charges	1,958	1,896	-	-
Commitment and service charge on Nigerian Mortgage Refinance Company Loan	644	1,774	644	1,774
Debenture	-	1	-	-
	1,902,881	1,344,862	1,900,876	1,342,961

	Group 2018	Group 2017	Bank 2018	Bank 2017
7 Fees and commission income	N'million	N'million	N'million	N'million
Foreign exchange earnings	42,881	33,120	42,881	33,120
Fees	9,736	6,700	9,566	6,643
Commissions	1,823	1,548	1,823	1,548
	54,440	41,368	54,270	41,311

Foreign exchange earnings represents commission income from the sale of foreign currency and other related transactions

Fees and commissions represent income from processing currency, Bureau de Change application and registration, commission on fund transfers and other banks and financial institutions application and licensing fees

	Group 2018	Group 2017	Bank 2018	Bank 2017
8 Net fair value gain/(loss) on financial instruments	N'million	N'million	N'million	N'million
Net realised gains/(losses) on financial assets at FVTPL	80	(51,335)	80	(51,335)
Unrealised fair value gain on other foreign securities at FVTPL	61,848	-	61,848	-
	61,928	(51,335)	61,928	(51,335)

The unrealised fair value gain on other foreign securities at fair value through profit or loss (FVTPL) includes the impact of fair value changes due to movement in the fair value of debt securities classified as held for trading. Net realised gain/(loss) on FVTPL instruments includes the results of buying and selling of financial assets and liabilities as well as the related interest income and expense. The results of the fair valuation of foreign exchange swaps, forwards and futures contracts are included in unrealised loss on derivative instruments

For the year ended 31 December 2018, the Bank has applied the accounting guidelines issued by the Financial Reporting Council of Nigeria and had disclosed as part of contingent liabilities or assets the sales and purchases of forward, futures and swaps forex derivatives in pursuance of monetary policy implementation, price stability and/or management of the Naira exchange rate. This exemption has been applied prospectively by the Bank.

	Group 2018	Group 2017	Bank 2018	Bank 2017
9 Other operating income	N'million	N'million	N'million	N'million
Unrealised gains on foreign exchange revaluation	1,647,417	1,302,553	1,648,468	1,302,449
Net realised gains/(losses) on derivative instruments	525,720	(245,266)	525,720	(245,266)
Realised loss on foreign exchange revaluation	(1,403,749)	(60,732)	(1,403,749)	(60,732)
Dividend income	1,307	102	8,448	7,638
Bank notes and security documents revenue	1,174	999	-	-
Agency income	355	217	-	-
Other income	79,593	460,043	75,002	446,399
Gains on sale of property, plant and equipment	-	42	-	47
	851,817	1,457,958	853,889	1,450,535

(All amounts are in millions of Naira, unless otherwise stated)

9 Other operating income (continued)

The foreign exchange revaluation gains represent foreign exchange differences arising on the translation of debt instruments denominated in foreign currencies that are included in external reserves

Other income consist of sale of bank publications and foreign exchange forms, service charge for Banking operation, supplier management fees, penalties account for late/non-submission, museum souvenir sales, Commercial Agriculture Credit penalty and surcharges and Investment Income on OTC FX Margin Funding. Also included in other income is the net impact of the change in accounting policy. Refer to note 35

10 Net change in fair value during the year of financial assets at FVOCI

The below shows the net change in fair value during the year recorded in other comprehensive income.

31 December 2018		Group		Bank	
		2018	2017	2018	2017
		N'million	N'million	N'million	N'million
Debt instruments at FVOCI	(Note 20)	(20)	-	(20)	-
Equity instruments at FVOCI	(Note 20)	(1,941)	-	(1,941)	-
		(1,961)	-	(1,961)	-

The below shows the net change in fair value during the year recorded in other comprehensive income under IAS 39 during 2017

31 December 2017		Group		Bank	
		2018	2017	2018	2017
Net gains on available-for-sale financial assets		N'million	N'million	N'million	N'million
Debt instruments	(Note 20)	-	18	-	18
Equity instruments	(Note 20)	-	6,329	-	6,329
		-	6,347	-	6,347

	Group		Bank	
	2018	2017	2018	2017
11 Personnel expenses	N'million	N'million	N'million	N'million
Other staff allowances	72,066	67,727	71,945	67,536
Defined benefit plan expenses (note 29)	21,896	29,158	21,898	29,158
Wages and salaries	22,503	19,015	15,007	13,972
Other staff expenses (Note 11a)	10,747	14,348	10,747	14,348
Pension costs – Defined contribution plan (note 29)	10,147	4,947	9,640	4,519
	137,381	135,195	129,237	129,533

11a Other staff expenses includes medical expenses, gratuity paid to retiring staff, vehicle grant allowance and other staff provisions

	Group		Bank	
	2018	2017	2018	2017
12 Currency issue expenses	N'million	N'million	N'million	N'million
Currency issue expenses	14,165	13,450	74,453	58,604
	14,165	13,450	74,453	58,604

	Group		Bank	
	2018	2017	2018	2017
13 Other operating expenses	N'million	N'million	N'million	N'million
Intervention activities (note 13b)	44,930	19,302	44,930	19,302
Banking sector resolution sinking cost fund (note 13a)	50,000	50,000	50,000	50,000
Administrative expenses	57,692	55,983	42,603	46,224
Technical Assistance Expense	1,040	-	1,040	-
Centres of excellence (note 13c)	-	529	-	529
Repairs and maintenance	7,245	4,499	6,320	3,693
Bank charges	768	1,231	768	1,231
Professional fees	864	927	697	823
Losses on sale of property, plant and equipment	171	-	142	-
Audit fees	486	462	400	400
Donations	230	153	230	153
OTC FX futures transaction fee expense	12	-	12	-
Directors' related expenses	776	213	536	95
Cost of sales (13d)	25,855	21,755	-	-
	189,873	155,054	147,678	122,450

13a The Banking sector resolution sinking cost fund represents the annual contribution by CBN to the Banking Sector Resolution Sinking Cost Fund

13b Intervention activities expense represents the activities carried out by CBN relating to national security, federal government, state securities, armed forces where there is important need for the fund. It also includes interest to funds given by CBN such as trust fund, interest on SME and MSME

13c Centres of excellence represent expenditure incurred by CBN on various structures in universities across the country known as "Centre of Excellence"

13d Cost of sales relates to the expenses incurred by one of the subsidiaries in respect of production of currency notes and coins. They include cost of raw materials, employee benefit expenses relating to production staff, electricity and diesel expenses, depreciation and repairs and maintenance

14 Credit loss expense

The table below shows the ECL charges on financial instruments other than trade receivables for the year recorded in the income statement.

31 December 2018

Group

	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	N'million	N'million	N'million	N'million	N'million	N'million
External reserves	2,785	-	-	-	-	2,785
IMF Holdings of Special Drawing Rights	-	-	-	-	-	-
Loans and receivables	684	-	-	-	(427,358)	(426,674)
Debt instruments measured at amortised cost	-	-	-	-	-	-
Debt instruments measured at FVOCI	-	-	-	-	-	-
Quota in International Monetary Fund (IMF)	-	-	-	-	-	-
Other assets	15,114	-	-	-	-	15,114
Financial guarantees	-	-	-	-	-	-
Loan commitments	(335)	-	-	-	(886)	(1,221)
Total impairment loss	18,248	-	-	-	(428,244)	(409,997)

The below shows the ECL charges on trade receivables for the year recorded in the income statement.

Trade receivables	56
Total credit loss expenses	(409,941)

(All amounts are in millions of Naira, unless otherwise stated)

14 Credit loss expense - continued

Bank

	Stage 1		Stage 2			
	Individual	Collective	Individual	Collective	Stage 3	Total
	N'million	N'million	N'million	N'million	N'million	N'million
External reserves	2,785	-	-	-	-	2,785
IMF Holdings of Special Drawing Rights	-	-	-	-	-	-
Loans and receivables	684	-	-	-	(427 358)	(426 674)
Debt instruments measured at amortised cost	-	-	-	-	-	-
Debt instruments measured at FVOCI	-	-	-	-	-	-
Quota in International Monetary Fund (IMF)	-	-	-	-	-	-
Other assets	15,114	-	-	-	-	15,114
Loan commitments	(335)	-	-	-	(886)	(1,221)
Total impairment loss	18,248	-	-	-	(428,244)	(409,997)

The table below shows the impairment charges recorded in the income statement under IAS 39 during 2017

	Group		Bank	
31 December 2017	2018	2017	2018	2017
	N'million	N'million	N'million	N'million
Loans and receivables -Charge for the year (Note 19)	-	403,207	-	403 207
Loans and receivables - Reversal of provision (Note 19)	-	(56,195)	-	(56,195)
	-	347,012	-	347,012

This relates to charge for the year and reversal on the impaired loans and receivables during the year

15 Impairment charge on financial investments

The table below shows the impairment charges recorded in the income statement under IAS 39 during 2017

	Group		Bank	
	2018	2017	2018	2017
	N'million	N'million	N'million	N'million
Other assets - Charge for the year (Note 23b)	-	23,771	-	23,771
Other assets - Reversal of provision (Note 23b)	-	(474)	-	(474)
	-	23,297	-	23,297

16 Taxation

16a Income tax expense

Bank

The Bank is not subject to tax in respect of its functions under the Central Bank of Nigeria Act. CBN is exempted from the payment of income tax under the Companies Income Tax Act 1979. The Group's tax expense arose from its subsidiaries

Group

Consolidated income statement	Group		Bank	
	2018	2017	2018	2017
Current income tax	N'million	N'million	N'million	N'million
Income tax	5,182	1,143	-	-
Education tax	38	31	-	-
ITF levy	19	16	-	-
	5,238	1,190	-	-
Deferred tax				
Relating to origination and reversal of temporary differences (Note 16c)	2,494	583	-	-
Income tax expense reported in the income statement	7,733	1,773	-	-

Consolidated statement of OCI	Group		Bank	
	2018	2017	2018	2017
	N'million	N'million	N'million	N'million
Net (losses)/gains on remeasurement on post employment benefit obligation	-	-	-	-
Deferred tax recognised in OCI	-	-	-	-

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits as follows

Reconciliation of effective tax rate	Group		Bank	
	2018	2017	2018	2017
	N'million	N'million	N'million	N'million
Net income before tax	51,502	109,170	-	-
Tax calculated at 30%	15,451	32,751	-	-
Adjusted for				
ITF levy	19	16	-	-
Education tax	38	31	-	-
Share of results of associates	(7,073)	(5,516)	-	-
Tax exempt income	(528,209)	(649,519)	-	-
Tax exempt expense	527,508	624,010	-	-
At the effective income tax rate of 7% (2017: 1%)	7,733	1,773	-	-

16b Current income tax payable

The movement in tax at the end of the year is as follows

	Group		Bank	
	2018	2017	2018	2017
	N'million	N'million	N'million	N'million
At 1 January	1,810	1,478	-	-
Payments during the year	(603)	(856)	-	-
(Over)/under provision in prior years	(3,405)			
Charge for the year				
Income tax	5,182	1,143	-	-
Education tax	38	31	-	-
ITF levy	19	16	-	-
At 31 December	3,041	1,810	-	-

(All amounts are in millions of Naira unless otherwise stated)

16 Taxation (continued)

16c Deferred tax

Deferred tax relates to the following

	Group			
	Statement of financial position		Income statement	
	2018	2017	2018	2017
	N'million	N'million	N'million	N'million
Accelerated depreciation for tax purposes	10,951	5,681	2,494	583
Post employment benefits	(83)	(83)	-	-
Deferred tax (benefit)/expense			2,494	583
Net deferred tax liabilities	10,868	5,598		

Reflected in the statement of financial position as follows

Deferred tax liabilities	10,868	5,598
Deferred tax liabilities	10,868	5,598

Reconciliation of deferred tax liabilities

	Group		Bank	
	2018	2017	2018	2017
	N'million	N'million	N'million	N'million
At 1 January	5,598	5,015	-	-
Tax credit during the period recognised in income statement	2,494	583	-	-
Tax expense/(credit) during the period recognised in OCI	2,776	-	-	-
As 31 December	10,868	5,598	-	-

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 30 % (2017 30 %).

The analysis of deferred tax liabilities is as follows,

	Group		Bank	
	2018	2017	2018	2017
	N'million	N'million	N'million	N'million
Deferred tax liabilities				
- Deferred tax liability to be settled after more than 12 months	10,868	5,598	-	-
	10,868	5,598	-	-

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority

16d The tax charge relating to component of other comprehensive income is as follows

	Group					
	2018			2017		
	Before tax	Tax charge	After tax	Before tax	Tax charge	After tax
	N'million	N'million	N'million	N'million	N'million	N'million
Debt instruments at fair value through OCI	(20)	-	(20)	6,347	-	6,347
Share of other comprehensive income of associates	(3,530)	-	(3,530)	34,583	-	34,583
Re-measurement (losses)/gains on defined benefit plans	7,632	-	7,632	31,924	-	31,924
Other comprehensive income	4,082	-	4,082	72,854	-	72,854

	Group		Bank	
	2018	2017	2018	2017
17 External reserves	N'million	N'million	N'million	N'million
Convertible currencies (Notes 17a and 17b)	16,376,561	14,563,654	16,376,561	14,563,654
International Monetary Fund Reserve tranche	23	23	23	23
Gold	19	19	19	19
	16,376,603	14,563,696	16,376,603	14,563,696

Maturity analysis

	Group		Bank	
	2018	2017	2018	2017
	N'million	N'million	N'million	N'million
Current	12,145,406	10,404,621	12,145,406	10,404,621
Non-current	4,231,197	4,159,075	4,231,197	4,159,075
	16,376,603	14,563,696	16,376,603	14,563,696

		Group		Bank	
		2018	2017	2018	2017
17a Convertible currencies comprise:		N'million	N'million	N'million	N'million
-Time deposits and money placements		8,781,465	6,600,222	8,781,465	6,600,222
-Other foreign securities	(Note 17c)	4,248,608	4,182,833	4,248,608	4,182,833
-Current accounts with foreign Banks		367,053	600,103	367,053	600,103
-Domiciliary accounts		2,892,170	3,073,901	2,892,170	3,073,901
-Sundry currencies and travellers' cheques		92,016	106,595	92,016	106,595
		16,381,312	14,563,654	16,381,312	14,563,654
Less Allowance for expected credit losses		(4,751)	-	(4,751)	-
		16,376,561	14,563,654	16,376,561	14,563,654

Included in convertible currencies is an amount of N4,530 billion (31 December 2017 N4,812 billion), which represents the Naira value of foreign currencies held on behalf of customers in various foreign accounts for letters of credit transactions and other purposes The corresponding liability for this amount is included in deposits (See Note 26b).

	Group		Bank	
	2018	2017	2018	2017
17b Convertible currencies are further analysed by currency as follows:	N'million	N'million	N'million	N'million
United States Dollar	15,361,260	13,737,408	15,361,260	13,737,408
Euro	60,925	63,819	60,925	63,819
Chinese Renminbi	751,964	633,820	751,964	633,820
British Pounds Sterling	110,952	83,420	110,952	83,420
Japanese Yen	14,950	2,693	14,950	2,693
Others	76,510	42,494	76,510	42,494
	16,376,561	14,563,654	16,376,561	14,563,654

	Group		Bank	
	2018	2017	2018	2017
17c Other foreign securities are further analysed as follows:	N'million	N'million	N'million	N'million
Externally managed fund	2,543,791	3,537,584	2,543,791	3,537,584
Internally managed fund	1,705,391	645,249	1,705,391	645,249
	4,248,608	4,182,833	4,248,608	4,182,833

(All amounts are in millions of Naira unless otherwise stated)

17 External reserves (continued)

17d Other foreign securities are further analysed as follows:

	Group 2018	Group 2017	Bank 2018	Bank 2017
	N'million	N'million	N'million	N'million
Short term deposits	12.702	23 800	12,702	23 800
Debt securities				
- Held for trading	3 226,120	3 523 509	3 226,120	3 523 509
- Amortised cost	988,812	637,277	988 812	637 277
- FVOCI	36 950	-	36,950	-
Derivatives				
- Futures contract	(267)	385	(267)	385
- Forward contracts	(15.709)	(2.138)	(15 709)	(2.138)
	4,248,608	4,182,833	4,248,608	4,182,833

17e Cash and bank balances

	Group 2018	Group 2017	Bank 2018	Bank 2017
	N'million	N'million	N'million	N'million
Cash at bank	17,657	24.906	-	-
Call deposit	-	2,009	-	-
Cash at bank (foreign)	1.297	1.282	-	
Cash and bank balances	18,954	28.197	-	-

Cash and cash equivalents comprise time deposits and balances with foreign banks, sundry currency balances and cash component of investments in foreign securities

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December

	Group 2018	Group 2017	Bank 2018	Bank 2017
	N'million	N'million	N'million	N'million
Time deposits and money placements	8,781,465	6,602 231	8,781,465	6,600.222
Current accounts with foreign banks	368,350	601,365	367,053	600,103
Domiciliary accounts	2,892.170	3,073,901	2.892,170	3 073,901
Cash at bank (local)	17,657	24.906	-	-
IMF Holdings of Special Drawing Rights (Note 18a)	639,070	650,824	639,070	650,824
Other foreign securities	12,702	23.800	12,702	23,800
Sundry currencies and travellers' cheques	92,016	106,595	92,016	106,595
	12,803,429	11,083,842	12,784,478	11,055,444

17f Convertible currencies that are subject to impairment under IFRS 9 are as follows:

		Group 2018	Group 2017	Bank 2018	Bank 2017
Amortised cost		N'million	N'million	N'million	N'million
-Time deposits and money placements	(Note 17a)	8,781,465	6.600 222	8.781,465	6,600.222
-Other foreign securities					
Short term deposits	(Note 17d)	12,702	23.800	12,702	23.800
Debt securities	(Note 17d)	988,812	637,277	988,812	637.277
-Current accounts with foreign Banks	(Note 17a)	367,053	600.103	367,053	600 103
-Domiciliary accounts	(Note 17a)	2.892,170	3.073,901	2.892.170	3.073.901
-Sundry currencies and travellers' cheques	(Note 17a)	92,016	106 595	92,016	106 595
FVOCI					
-Other foreign securities					
Debt Securities	(Note 17d)	36,950	-	36,950	-
		13,171,168	11,041,898	13,171,168	11,041,898

Convertible currencies that are not subject to impairment under IFRS 9 are as follows:

		Group 2018	Group 2017	Bank 2018	Bank 2017
FVTPL					
-Other foreign securities					
Debt securities	(Note 17d)	3 226,120	3.523 509	3 226,120	3.523.509
- Derivatives					
- Futures contract	(Note 17d)	(267)	385	(267)	385
- Forward contracts	(Note 17d)	(15,709)	(2.138)	(15,709)	(2.138)
		3,210,144	3,521,757	3,210,144	3,521,757
		16,381,312	14,563,655	16,381,312	14,563,655

Impairment allowance for external reserve

The allowance for ECL below are for convertible currencies and International Monetary Fund Reserve Tranche at amortised cost and FVOCI

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's external credit rating system and year-end classification The amounts presented are gross of impairment allowances Details of the Group's external grading system are explained in Note 3 2 5 2 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 3 2 5 6

	2018				2017
External rating grade (S&P)	**Stage 1 Individual**	**Stage 2 Individual**	**Stage 3**	**Total**	**Total**
	N'million	N'million	N'million	N'million	N'million
Performing					
High grade (AAA - A)	5.177,702	-	-	5,177,702	3,794,634
Standard grade (BBB - B)	7,993,466	-	-	7,993,466	7,247,264
Sub-standard grade (CCC - CC)	-	-	-	-	-
Past due but not impaired (C)	-	-	-	-	-
Non-performing					
Individually impaired	-	-	-	-	-
Total	13,171,168	-	-	13,171,168	11,041,898

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to external reserves is as follows

	Stage 1 Individual	**Stage 2 Individual**	**Stage 3**	**Total**
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2018	11,041,898	-	-	11,041,898
New assets originated or purchased	3,207,803	-	-	3,207,803
Assets derecognised or repaid (excluding write offs)	(1.078,556)	-	-	(1,078,556)
Transfers to stage 1	-	-	-	-
Transfers to stage 2	-	-	-	-
Transfers to stage 3	-	-	-	-
At 31 December 2018	13,171,145	-	-	13 171,145

(All amounts are in millions of Naira unless otherwise stated)

17 **External reserves (continued)**

Impairment allowance for external reserve - continued

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2018 under IFRS 9	1,758	-	-	1,758
New assets originated or purchased	2,993	-	-	2,993
Assets derecognised or repaid (excluding write offs)	-	-	-	-
Transfers to stage 1	-	-	-	-
Transfers to stage 2	-	-	-	-
Transfers to stage 3	-	-	-	-
At 31 December 2018	4,751	-	-	4,751

Financial assets that have low credit risk were assessed for 12-months expected credit and for such financial assets, the practical expedient approach under the ECL model have been considered. Based on the unique nature of the Bank, there is a rebuttable presumption that the 12-months ECL on sovereign securities held by CBN is zero

18 **International Monetary Fund (IMF) related balances**

	Group				Bank			
	2018		2017		2018		2017	
	SDR'million	N'million	SDR'million	N'million	SDR'million	N'million	SDR'million	N'million
Assets								
Holdings of Special Drawing Rights - Note 18a	1,499	639,070	1,500	650,824	1,499	639,070	1,500	650,824
Quota in IMF - Note 18b	2,279	1,046,449	2,455	1,002,558	2,279	1,046,449	2,455	1,002,558
	3,778	1,685,519	3,955	1,653,382	3,778	1,685,519	3,955	1,653,382
Liabilities								
IMF Account No 1	8	3,465	8	3,465	8	3,465	8	3,465
IMF Account No 2	-	26	-	24	-	26	-	24
IMF Securities	2,271	994,521	2,271	950,632	2,271	994,521	2,271	950,632
Total IMF related liabilities - Note 18c	2,279	998,012	2,279	954,121	2,279	998,012	2,279	954,121
Allocation of Special Drawing Rights - Note 18d	1,675	714,179	1,675	727,153	1,675	714,179	1,675	727,153
	3,954	1,712,191	3,954	1,681,274	3,954	1,712,191	3,954	1,681,274

The Central Bank of Nigeria is the fiscal and depository agent of the Federal Republic of Nigeria for transactions with the International Monetary Fund (IMF). Special Drawing Rights (SDR) are issued by the International Monetary Fund (IMF) to member countries and represent allocations available to these member countries in managing and meeting their sovereign payment obligations. Financial resources availed to Nigeria by the Fund are channeled through the Bank. The Bank presents the holdings and allocations of the IMF SDR as an asset and liability, respectively, in the statement of financial position. Repayment of the IMF loans as well as charges is the responsibility of the Bank. The SDR balances in IMF accounts are translated into Naira and any unrealized gains or losses are netted off in Other assets (receivable from Federal Government of Nigeria in respect of SDR). The IMF calculates the daily value of the SDR in terms of the United States of America (US) Dollars by reference to a valuation basket of four currencies (USD, GBP, Euro & Japanese Yen)

	Group		Bank	
	2018	2017	2018	2017
	N'million	N'million	N'million	N'million
18a IMF Holdings of Special Drawing Rights	639,070	611,930	639,070	611,930
At 1 January	650,824	611,930	650,824	611,930
Interest earned during the year	8,206	3,079	8,206	3,079
Interest charged during the year	(8,352)	(3,165)	(8,352)	(3,165)
Exchange (losses)/gains	(11,609)	38,980	(11,609)	38,980
At 31 December	639,070	650,824	639,070	650,824

Maturity analysis

	2018	2017	2018	2017
	N'million	N'million	N'million	N'million
Current	639,070	650,824	639,070	650,824
	639,070	650,824	639,070	650,824

	2018	2017	2018	2017
	N'million	N'million	N'million	N'million
18b Quota in International Monetary Fund	1,046,449	1,002,558	1,046,449	1,002,558
At 1 January	1,002,558	683,175	1,002,558	683,175
Exchange gain	43,891	319,383	43,891	319,383
At 31 December	1,046,449	1,002,558	1,046,449	1,002,558

Maturity analysis

	2018	2017	2018	2017
	N'million	N'million	N'million	N'million
Non-current	1,046,449	1,002,558	1,046,449	1,002,558
	1,046,449	1,002,558	1,046,449	1,002,558

The quota in International Monetary Fund is the reserve tranche held with the IMF by member states. It represents non-interest bearing instrument with no stated maturity

Financial assets that have low credit risk were assessed for 12-months expected credit losses and for such financial assets, the practical expedient approach under the ECL model have been considered. Based on the unique nature of CBN's role, there is a rebuttable presumption that the 12-months ECL on sovereign securities held by CBN is zero

	2018	2017	2018	2017
	N'million	N'million	N'million	N'million
18c IMF related liabilities	998,012	954,121	998,012	954,121
At 1 January	954,121	634,738	954,121	634,738
Exchange gains	43,891	319,383	43,891	319,383
At 31 December	998,012	954,121	998,012	954,121

Maturity analysis

	2018	2017	2018	2017
	N'million	N'million	N'million	N'million
Current	998,012	954,121	998,012	954,121
	998,012	954,121	998,012	954,121

IMF related liabilities represent other payables owed by the Bank to the General Resources Account of IMF

(All amounts are in millions of Naira, unless otherwise stated)

18 International Monetary Fund (IMF) related balances - continued

	2018 N'million	2017 N'million	2018 N'million	2017 N'million
18d IMF allocation of Special Drawing Rights	714,179	727,153	714,179	727,153
At 1 January	727,153	683,603	727,153	683,603
Exchange (losses)/gains	(12,974)	43,550	(12,974)	43,550
At 31 December	714,179	727,153	714,179	727,153

Maturity analysis

	2018 N'million	2017 N'million	2018 N'million	2017 N'million
Current	714,179	727,153	714,179	727,153
	714,179	727,153	714,179	727,153

	Group 2018 N'million	Group 2017 N'million	Bank 2018 N'million	Bank 2017 N'million
19 Loans and receivables				
Asset Management Corporation of Nigeria (AMCON) Notes	4,083,430	4,087,143	4,083,430	4,087,143
Overdraft balances and short term advances	5,340,894	3,314,569	5,340,894	3,314,569
Long term loans	1,897,978	1,953,691	1,897,978	1,953,691
Bank of Industry Debenture (BOI)	535,000	535,000	535,000	535,000
Bank of Industry Loan (BOI)	100,000	-	100,000	-
Real Sector Support Facility (RSSF)	185,487	96,174	185,487	96,174
Nigerian Mortgage Refinance Company Loan	37,599	22,816	37,599	22,816
Other loans	156,616	156,616	156,616	156,616
Nigerian Treasury Bonds	45,020	60,398	45,020	60,398
NESI Stabilization Strategy Limited loan	-	-	183,091	120,212
NESI NBET Payment Assurance Facility	534,181	109,669	534,181	109,669
Loans to Deposit Money Banks on Commercial Agricultural Credit Scheme	296,225	280,948	296,225	280,948
Micro Small and Medium Entreprise loans	228,052	103,315	228,052	103,315
Nigeria Incentive-Based Risk-Sharing System for Agricultural Lending Debenture (NIRSAL)	-	-	75,912	75,167
Staff loans	18,605	23,294	18,392	23,070
NHFP Subordinated loan to MFB	601	-	601	-
6% Perpetual Debentures in Nigerian Export Import Bank (NEXIM)	1,274	1,355	1,274	1,355
Advances to Federal Mortgage Bank of Nigeria	9	9	9	9
Trade receivables	172,211	110,930	-	-
Export Development Facility	50,855	-	50,855	-
Non oil export facility	20,450	-	20,450	-
	13,504,487	10,855,967	13,591,066	10,940,212
Less Allowance for ECL/impairment losses	(202,618)	(570,534)	(202,334)	(570,534)
	13,301,870	10,285,433	13,388,732	10,369,678

Maturity analysis

	Group 2018 N'million	Group 2017 N'million	Bank 2018 N'million	Bank 2017 N'million
Current	172,211	3,509,551	-	3,398,621
Non-current	13,129,658	6,775,882	13,388,732	6,971,057
	13,301,870	10,285,433	13,388,732	10,369,678

Group

Impairment allowance for loans and receivables

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's external credit rating system and year-end classification. The amounts presented are gross of impairment allowances. Details of the Group's external grading system are explained in Note 3.2.5.2 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 3.2.5.6

	2018				2017
External rating grade (S&P)	**Stage 1 Individual**	**Stage 2 Individual**	**Stage 3**	**Total**	**Total**
	N'million	N'million	N'million	N'million	N'million
Performing					
High grade (AAA - A)	-	-	-	-	-
Standard grade (BBB - B)	8,763,596	-	4,131,487	12,895,083	10,026,022
Sub-standard grade (CCC - CC)	18,392	-	-	18,392	22,892
Past due but not impaired (C)	-	-	-	-	-
Non-performing	-	-	-		
Individually impaired	487	-	590,525	591,012	807,053
Total	8,782,475	-	4,722,012	13,504,487	10,855,967

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and receivables is as follows

	Stage 1 Individual N'million	Stage 2 Individual N'million	Stage 3 N'million	Total N'million
Gross carrying amount as at 1 January 2018	5,945,508	-	4,910,459	10,855,967
New assets originated or purchased	3,127,296	-	-	3,127,296
Assets derecognised or repaid (excluding write offs)	(49,405)	-	(429,371)	(478,776)
Transfers to stage 1	-	-	-	-
Transfers to stage 2	(240,923)	240,923	-	-
Transfers to stage 3	-	(240,923)	240,923	-
At 31 December 2018	8,782,476	-	4,722,011	13,504,487

	Stage 1 Individual N'million	Stage 2 Individual N'million	Stage 3 N'million	Total N'million
ECL allowance as at 1 January 2018 under IFRS 9	9,105	-	619,903	629,008
New assets originated or purchased	38,522	-	-	38,522
Assets derecognised or repaid (excluding write offs)	(439)	-	(10,164)	(10,603)
Transfers to stage 1	-	-	-	-
Transfers to stage 2	(37,115)	37,115	-	-
Transfers to stage 3	-	(37,115)	37,115	-
Recoveries	-	-	(454,309)	(454,309)
At 31 December 2018	10,073	-	192,545	202,618

(All amounts are in millions of Naira, unless otherwise stated)

19 Loans and receivables (continued)

Bank

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's external credit rating system and year-end classification. The amounts presented are gross of impairment allowances. Details of the Group's external grading system are explained in Note 3.2.5.2 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 3.2.5.6

	2018				2017
External rating grade	**Stage 1 Individual**	**Stage 2 Individual**	**Stage 3**	**Total**	**Total**
	N'million	**N'million**	**N'million**	**N'million**	**N'million**
Performing					
High grade (AAA - A)	-	-	-	-	-
Standard grade (BBB - B)	8,850,176	-	4,131,487	12,981,663	10,103,828
Sub-standard grade (CCC - CC)	18,392	-	-	18,392	23,070
Past due but not impaired (C)	-	-	-	-	-
Non-performing					
Individually impaired	487	-	590,525	591,012	813,316
Total	**8,869,055**	**-**	**4,722,012**	**13,591,066**	**10,940,214**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and receivables is as follows

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2018	6,029,755	-	4,910,459	10,940,212
New assets originated or purchased	3,127,296	-	-	3,127,296
Assets derecognised or repaid (excluding write offs)	(47,073)	-	(429,371)	(476,442)
Transfers to stage 1	-	-	-	-
Transfers to stage 2	(240,923)	240,923	-	-
Transfers to stage 3	-	(240,923)	240,923	-
At 31 December 2018	**8,869,055**	**-**	**4,722,011**	**13,591,066**

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2018 under IFRS 9	9,105	-	619,903	629,008
New assets originated or purchased	38,522	-	-	38,522
Assets derecognised or repaid (excluding write offs)	(723)	-	(10,164)	(10,888)
Transfers to stage 1	-	-	-	-
Transfers to stage 2	(37,115)	37,115	-	-
Transfers to stage 3	-	(37,115)	37,115	-
Recoveries	-	-	(454,309)	(454,309)
At 31 December 2018	**9,789**	**-**	**192,545**	**202,334**

The increase in ECLs of the portfolio was driven by an increase in the gross size of the portfolio and movements between stages as a result of increases in credit risk and a deterioration in economic conditions. Further analysis of economic factors is outlined in Note 3.2

Set out below is the movement in the allowance for expected credit losses of trade receivables.

	Group
	N'million
As at 1 January	228
Written off during the year	-
Charge for the year	56
As at 31 December	284

Impairment allowance for loans and receivables as at 31 December 2017

An analysis of the allowance for impairment losses under IAS 39 for loans and receivables, by class, as at 31 December 2017 is, as follows

Group	**6% AMCON Notes**	**Other loans**	**Total**
	N'million	**N'million**	**N'million**
At 1 January 2017	56,195	140,384	196,579
Charge for the year (Note 14)	-	403,207	403,207
Reversal (Note 14)	(56,195)		(56,195)
Write-off	-	26,943	26,943
As at 31 December 2017	-	570,534	570,534

Bank	**6% AMCON Notes**	**Other loans**	**Total**
	N'million	**N'million**	**N'million**
At 1 January 2017	56,195	140,384	196,579
Charge for the year (Note 14)	-	403,207	403,207
Reversal (Note 14)	(56,195)	-	(56,195)
Write-off	-	26,943	26,943
As at 31 December 2017	-	570,534	570,534

Overdraft balances and short-term advances:
Overdraft balances represent lending to customers and are collateralized by Nigerian treasury bills and Federal Government bonds

Bank of Industry Debenture (BOI):
The Bank purchased N535 billion debenture stocks issued by the Bank of Industry (BOI) in 2010. The investment is to fund intervention activities initiated by the Bank and was executed through the BOI. The sum of N300 billion will be applied to power projects, N200 billion applied to the refinancing/ restructuring of Deposit Money Bank's existing loan portfolios to Nigerian small and medium scale enterprise and manufacturing sector with N35 billion to the manufacturing sector

Long-term loans:
Long-term loans consist of facilities granted to AMCON, FGN and other banks

Other loans:
Other loans represent facilities given to distressed and liquidated banks

6% Perpetual Debentures in Nigerian Export Import Bank (NEXIM)
This refers to CBN's investment in debentures of the Nigerian Export Import Bank (NEXIM). There was no movement on the account during the year

Nigeria Incentive-Based Risk-Sharing System for Agricultural Lending (NIRSAL) Debenture
The Bank invested in N72.5 debenture stocks issued by NIRSAL Plc in 2014. The investment is to fund the agricultural financing mechanism initiated by the Bank to unlock and upscale lending, reduce transaction costs and establish sustainable financial delivery platforms for agricultural business in the country. The purpose is to spark agricultural industrialization process through increased production and processing of the greater part of the farm produce/output in the country to boost economic earnings across the value chain

(All amounts are in millions of Naira unless otherwise stated)

20 Financial investments other than those measured at FVYPL

	Group 2018 N'million	Group 2017 N'million	Bank 2018 N'million	Bank 2017 N'million
Financial investments–Available-for-sale				
Government debt securities				
Nigerian Treasury Bills	-	4,777	-	4,777
FGN Bonds	-	349	-	349
Total government debt securities	-	5,126	-	5,126
Equities				
Asset Management Corporation of Nigeria (AMCON)	-	-	-	-
Nigeria Deposit Insurance Corporation (NDIC)	-	43,346	-	43,346
International Islamic Liquidity Management Corporation of Malaysia	-	2,197	-	2,197
Federal Mortgage Bank of Nigeria (FMBN)	-	-	-	-
Total equities	-	45,543	-	45,543
Total available-for-sale investments	-	50,669	-	50,669

	Group 2018 N'million	Group 2017 N'million	Bank 2018 N'million	Bank 2017 N'million
Debt instruments measured at FVOCI				
Government debt securities				
Nigerian Treasury Bills	2,184	-	2,184	-
FGN Bonds	347	-	347	-
Total debt instruments measured at FVOCI	2,531	-	2,531	-

Maturity analysis	Group 2018 N'million	Group 2017 N'million	Bank 2018 N'million	Bank 2017 N'million
Current	2,184	4,777	2,184	4,777
Non-current	347	349	347	349
	2,531	5,126	2,531	5,126

	Group 2018 N'million	Group 2017 N'million	Bank 2018 N'million	Bank 2017 N'million
Equity instruments measured at FVOCI				
Asset Management Corporation of Nigeria (AMCON)	-	-	-	-
Nigeria Deposit Insurance Corporation (NDIC)	39,890	-	39,890	-
International Islamic Liquidity Management Corporation of Malaysia	3,712	-	3,712	-
Federal Mortgage Bank of Nigeria (FMBN)	-	-	-	-
Total equity instruments measured at FVOCI	43,602	-	43,602	-

	Group 2018 N'million	Group 2017 N'million	Bank 2018 N'million	Bank 2017 N'million
Debt instruments at amortised cost				
Government debt securities				
Investment in AMCON Bonds	901,957		901,957	
FGN Bonds	1,769,055	-	1,678,170	-
Nigerian Treasury Bills	337,944	-	323,408	-
	3,008,957	-	2,903,535	-
Other debt securities				
Call deposit	3,697	-	-	-
Investment in FARMSMART	630	-	-	-
	4,327	-	-	-
Total debt instruments at amortised cost	3,013,284	-	2,903,535	-

	Group 2018 N'million	Group 2017 N'million	Bank 2018 N'million	Bank 2017 N'million
Financial investments - held-to-maturity				
Government debt securities				
FGN Bonds	-	1,690,744	-	1,684,241
Nigerian Treasury Bills	-	371,562	-	281,464
Call deposit	-	-	-	-
Investment in FARMSMART	-	54	-	-
Total financial investments held-to-maturity	-	2,062,360	-	1,965,705

Maturity analysis	Group 2018 N'million	Group 2017 N'million	Bank 2018 N'million	Bank 2017 N'million
Current	341,641	371,562	323,408	285,049
Non-current	2,671,642	1,690,798	2,580,127	1,680,656
	3,013,284	2,062,360	2,903,535	1,965,705

More information regarding the valuation methodologies can be found in Note 3.5

The Group has designated its equity investments previously classified as available-for-sale as equity investments at FVOCI on the basis that these are not held for trading

Financial assets that have low credit risk were assessed for 12-months expected credit losses and for such financial assets, the practical expedient approach under the ECL model have been considered. Based on the unique nature of CBN's role, there is a rebuttable presumption that the 12-months ECL on sovereign securities held by CBN is zero

20a Equity investments at FVOCI (Available-for-sale under IAS 39)

	Asset Management Corporation of Nigeria (AMCON) N'million	Nigeria Deposit Insurance Corporation (NDIC) N'million	International Islamic Liquidity Management Corporation of Malaysia N'million	Federal Mortgage Bank of Nigeria (FMBN) N'million	Total N'million
Cost as at 1 January 2017	-	37,205	2,009	-	39,214
Fair value gain during the year	-	6,141	188	-	6,329
Balance as at 31 December 2017	-	43,346	2,197	-	45,543
Fair value (loss)/gain during the year	-	(3,456)	1,515	-	(1,941)
Balance as at 31 December 2018	-	39,890	3,712	-	43,602

As at year ended 31 December 2018, valuation experts carried out the valuation of these investments using the Market approach (corroborative calculations). This method considered assumptions and valuation inputs in arriving at the fair value of the investment as at the end of the reporting period and this gave rise to fair value gains on NDIC and IILMC. As at the year ended 31 December 2018 and 2017, the fair value of the Bank's investment in AMCON and FMBN is Nil as at 31 December 2018 (2017: Nil).

(All amounts are in millions of Naira, unless otherwise stated)

20 Financial investments other than those measured at FVPL - continued

Equity investment in Federal Mortgage Bank of Nigeria (FMBN)
The Federal Mortgage Bank of Nigeria (FMBN) was set up to primarily promote the growth of viable primary mortgage institutions to service the need of housing delivery in all parts of Nigeria, mobilizing both domestic and offshore funds into the housing sector, linking the capital market with the housing industry, promoting a viable secondary mortgage market to support the primary mortgage market, and management of the National Housing Fund (NHF) in accordance with the provisions of the NHF Act. The Bank holds an investment in the equity of Federal Mortgage Bank of Nigeria (FMBN). The Bank paid a total of N50million since the establishment of FMBN. The proportion of the Bank equity interest to the total holding in this institution is 30% These shares are measured at fair value with gains/losses recognised in OCI. As at the year ended 31 December 2018 and 2017, the fair value of the investment is Nil

Equity investment in International Islamic Liquidity Management Corporation of Malaysia (IILMC)
The International Islamic Liquidity Management Corporation is an international institution established on 25 October 2010 by central banks, monetary authorities and multilateral organisations to create and issue short-term Shari'ah-compliant financial instruments to facilitate effective cross-border Islamic liquidity management. By creating more liquid Shari'ah-compliant financial markets for institutions offering Islamic financial services (IIFS), the IILM aims to enhance cross-border investment flows, international linkages and financial stability. The Bank holds an investment in the equity of IILMC. The Bank paid a total of USD 5,000,000 since the establishment of IILMC. The proportion of the Bank equity interest to the total holding in this Corporation is 8.67%. These shares are measured at fair value with gains/losses recognised in OCI

Equity investment in Nigeria Deposit Insurance Corporation (NDIC)
The Nigeria Deposit Insurance Corporation (NDIC) was set up to insure all deposit liabilities of licensed banks and other insured financial institutions so as to engender confidence in the Nigerian banking system, to give assistance to insured institutions in the interest of depositors in case of imminent or actual financial difficulties of banks particularly where suspension of payments is threatened, and avoiding damage to public confidence in the Banking system, to guarantee payments to depositors, in case of imminent or actual suspension of payments by insured institutions up to the maximum as provided and to assist monetary authorities in the formulation and implementation of policies so as to ensure sound Banking practice and fair competition among insured institutions in the Nigeria. The Bank holds an investment in the equity of Nigeria Deposit Insurance Corporation (NDIC). The Bank paid a total of N1.38billion since the establishment of NDIC. The proportion of the Bank equity interest to the total holding in this institution is 60%. However, the Federal Ministry of Finance which holds the remaining 40% has power to direct the relevant activities of the Corporation. These shares are measured at fair value with gains/losses recognised in OCI

Equity investment in Asset Management Corporation of Nigeria (AMCON)
The Asset Management Corporation of Nigeria (AMCON) was set up to for the purpose of efficiently resolving the non-performing loan assets of Banks in Nigeria. The Bank holds an investment in the equity of Asset Management Corporation of Nigeria (AMCON). The Bank paid a total of N5billion since the establishment of AMCON. The proportion of the Bank equity interest to the total holding in this institution is 50%. However, the Federal Ministry of Finance which holds the remaining 50% has power to direct the relevant activities as it can reject the courses of action proposed by the CBN regarding the direction of relevant activities if it so wishes. The CBN cannot therefore act in isolation of the Ministry of Finance. Power therefore lies with the Ministry of Finance whose decision on the direction of relevant activities carries the day. These shares are measured at fair value with gains/losses recognised in OCI. As at the year ended 31 December 2018 and 2017, the fair value of the investment is Nil

20b Reconciliation of net gains/losses recognised in OCI and fair value reserve on debt instruments at FVOCI/available for sale instruments:

	Bank		
	Unquoted equity instruments N'million	Quoted debt instruments N'million	Total N'million
As at 1 January 2017	37,834	(5)	37,829
Remeasurement recognised in OCI (Note 10)	6,329	18	6,347
As at 31 December 2017	44,163	13	44,176
Remeasurement recognised in OCI (Note 10)	(1,941)	(20)	(1,961)
As at 31 December 2018	42,222	(7)	42,215

	Bank	
21 Investments in subsidiaries	2018 N'million	2017 N'million
Nigerian Security Printing and Minting Plc (NSPM)	42,891	25,588
Nigeria Incentive-Based Risk-Sharing System for Agricultural Lending Plc (NIRSAL)	2,500	2,500
NESI Stabilization Strategy Limited (NESI)	10	10
Total Investments	45,401	28,098

Additional investment in NSPM
During the year ended 31 December 2018, the Bank paid a total of N17.303 million as a net payment due to the negotiated increase in the share price of NSPM. This did not increase the percentage holding of CBN in NSPM

Maturity analysis

	2018 N'million	2017 N'million
Non-current	45,401	28,098
	45,401	28,098

Percentage shareholding

CBN holds 89.52% equity interest in NSPM Plc. The subsidiary is held by CBN to meet its functions as a Central bank and is thus of a long standing nature. NSPM is a company whose main business activity is the printing and minting of Nigerian banknotes and coins respectively. It also prints security documents and products for other businesses. The investment in NSPM is carried at cost less impairment in the separate financial statements. The principal place of business and country of incorporation is in Abuja, Nigeria

CBN has not made any capital commitments to NSPM. The risk that CBN is exposed to as a result of controlling NSPM is limited to providing additional capital in the event that NSPMC fails to meet its own working capital requirements

The CBN holds 100% equity interest in NIRSAL. The subsidiary was set up by the CBN to spark agricultural industrialization process through increased production and processing of the greater part of the farm produce/output in the country to boost economic earnings across the value chain. The principal place of business and country of incorporation is in Abuja, Nigeria

The CBN has capital commitments of N699 million to NIRSAL. The risk that the CBN is exposed to as a result of controlling NIRSAL is limited to providing additional capital in the event that NIRSAL fails to meet its own working capital requirements. The additional investment in NIRSAL relates to below market rate debenture issued by NIRSAL to CBN

The CBN holds 99.99% equity interest in NESI. NESI is a company whose primary activities are to promote long term sustainability and efficiency of the Nigeria Electricity Supply Industry through the initiation and encouragement of programmes and the creation of mechanisms and processes fundamental to the growth and bankability of the Nigerian Electricity Supply Industry. The principal place of business and country of incorporation is in Abuja, Nigeria

The CBN has capital commitments on N147.87 billion to NESI. The risk that the CBN is exposed to as a result of controlling NESI is limited to providing additional capital in the event that NESI fails to meet its own working capital requirements

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

(All amounts are in millions of Naira unless otherwise stated)

21 Investments in subsidiaries (continued)

(a) Nigerian Security Printing and Minting Plc. (NSPM)
Summarised statement of profit or loss and other comprehensive income

	2018	2017
	N'million	N'million
Revenue	61 452	46,153
Cost of sales	(32 294)	(27 579)
Administrative expenses	(8 165)	(5 058)
Other operating income	720	512
Finance income	(1,045)	117
Finance costs	(1 476)	(1 894)
Profit on ordinary activities before tax	19,182	12,251
Income tax expense	(4 132)	(61)
Profit after tax	15,050	12,190
Remeasurement of post employment benefit obligations	-	-
Deferred tax on remeasurement of post employment benefit obligation	-	-
Total comprehensive income for the year	15,050	12,190
Attributable to		
Equity holders of parents	14,786	12,071
Non-controlling interest	264	119

Summarised statement of financial position

	2018	2017
	N'million	N'million
Inventories and cash and cash equivalents (current)	23,840	20,669
Property, plant and equipment and other non-current assets	66 568	68,726
Trade and other receivables and retirement benefit surplus	21,355	11,210
Trade and other payables (current)	(10,655)	(11,985)
Liabilities (non-current)	(16,779)	(23,361)
Other liabilities (current)	(11,701)	(5,436)
Total equity	72,628	59,823
Attributable to		
Equity holders of parents	72,060	59,519
Non-controlling interest	568	304

Summarised cash flow information for year ended

	2018	2017
	N'million	N'million
Operating	2,902	19,603
Investing	(1,966)	(1,289)
Financing	(9 338)	(9 687)
Net (decrease)/increase in cash and cash equivalents	(8,402)	8,627

	%	%
Proportion of equity interest held by non-controlling interests	10.48	10.48

	2018	2017
	N'million	N'million
Accumulated balances of material non-controlling interests	264	119

(b) Nigeria Incentive-Based Risk-Sharing System for Agricultural Lending Plc (NIRSAL)
Summarised statement of profit or loss and other comprehensive income

	2018	2017
	N'million	N'million
Interest income	17,598	19,419
Interest expense	(2,392)	(725)
Other operating income	453	2,843
Administrative expenses	(2,090)	(1,550)
Other expenses	(9,093)	(6 374)
Profit on ordinary activities before tax	4,476	13,613
Income tax expense	-	(802)
Profit after tax	4,476	12,810

Summarised statement of financial position

	2018	2017
	N'million	N'million
Cash and cash equivalents (current)	12,386	14,626
Investments	109,749	96,655
Other assets	20,163	7,548
Liabilities (non-current)	(89,577)	(74,971)
Other liabilities (current)	(4,918)	(10,894)
Total equity	47,803	32,964

Summarised cash flow information for year ended

	2018	2017
	N'million	N'million
Operating	12,710	9,350
Investing	(12,940)	1,388
Net (decrease)/increase in cash and cash equivalents	(230)	10,738

(All amounts are in millions of Naira, unless otherwise stated)

21 Investments in subsidiaries (continued)

(c) NESI Stabilization Strategy Limited

Summarised statement of profit or loss and other comprehensive income	**2018**	**2017**
	N'million	**N'million**
Interest income	13 749	10,536
Other income	81	26
Interest expense	(8,243)	(8,326)
Administrative expenses	(3,407)	(2,603)
Other expenses	(198)	(59)
Loss on ordinary activities before tax	**1,960**	**1,574**
Income tax expense	(606)	(519)
Profit after tax	**1,355**	**1,055**

Summarised statement of financial position	**2018**	**2017**
	N'million	**N'million**
Cash and cash equivalents (current)	32,585	18,295
Trade and other receivables (current)	153 577	104 840
Trade and other payables (current)	(254)	(169)
Liabilities (non-current)	(183,091)	(120,212)
Other liabilities (current)	(623)	(582)
Total equity	**2,195**	**163**

Summarised cash flow information for year ended	**2018**	**2017**
	N'million	**N'million**
Operating	1,390	(9,383)
Investing	(47,968)	4,049
Financing	62,860	5,239
Net increase/(decrease) in cash and cash equivalents	**16,282**	**(95)**

	Percentage shareholding	**Group**		**Bank**	
		2018	**2017**	**2018**	**2017**
22 Investments in associates		**N'million**	**N'million**	**N'million**	**N'million**
Africa Finance Corporation (AFC)	44 75%	253,323	228,145	77,118	57,958
Nigerian Export Import Bank (NEXIM)	50%	19,490	24,341	25,000	25,000
Bank of Industry (BOI)	5 19%	16,794	15,371	7,655	7,655
Bank of Agriculture (BOA)	14%	-	-	4,027	4,027
Agricultural Credit Guarantee Scheme Fund (ACGSF)	40%	2,973	2,708	1,200	1,200
Nigeria Commodity Exchange (NCX)	59 7%	-	-	408	408
National Economic Reconstruction Fund (NERFUND)	4%	-	-	100	100
FMDQ-OTC Security Exchange	15 6%	1,283	314	100	100
Nigeria Inter-Bank Settlement System (NIBSS)	3 6%	591	488	53	53
		294,454	**271,367**	**115,661**	**96,501**
Less Impairment allowance (Note 22a)		-	-	(4,535)	(4,535)
		294,454	**271,367**	**111,126**	**91,966**

Maturity analysis

	2018	**2017**	**2018**	**2017**
	N'million	**N'million**	**N'million**	**N'million**
Non-current	294,454	271,367	111,126	91,966
	294,454	**271,367**	**111,126**	**91,966**

22a A reconciliation of the allowance for impairment losses for investment in associates, by investees, is as follows

Bank	**Nigerian Export Import Bank (NEXIM)**	**Bank of Agriculture (BOA)**	**Nigeria Commodity Exchange (NCX)**	**National Economic Reconstruction Fund (NERFUND)**	**Total**
	N'million	**N'million**	**N'million**	**N'million**	**N'million**
As at 31 December 2017	-	4,027	408	100	4,535
As at 31 December 2018	-	4,027	408	100	4,535

The CBN holds unlisted equity investments in various entities that are classified as associates These are held by the CBN as part of its functions as a central bank and are thus of a longstanding nature The percentage shareholdings held by the CBN and the cost of the investments are presented above

The investees are involved in activities that promote economic growth and development in Nigeria, which goals form part of the CBN's agenda and mandate The risks faced by the CBN as a result of these investments is limited to the original cost invested

The CBN has not made any capital commitments to any of the associates The investees are carried at cost less impairment in the separate financial statements and equity accounted in the consolidated financial statements Information about the activities of the associates are presented below

Africa Finance Corporation (AFC)
AFC is a private sector-led Pan African multilateral development finance institution, with a capital base of US$1 2 billion, established to be a catalyst for private sector infrastructure investment across African. AFC not only provides access to finance, deal structuring and sector technical expertise, but also advisory services, project development capacity, and funding to bridge the infrastructure investment and access deficits, in the core infrastructure sectors of power, natural resources, heavy industry, transport and telecommunications, all critical pillars for economic growth across Africa Its principal place of business is in Lagos, Nigeria The Group's interest in AFC is accounted for using the equity method in the consolidated financial statements

Nigerian Export Import Bank (NEXIM)
A foremost bank of its nature in Africa, NEXIM was established to carry on the business of provision of export credit guarantee and export credit insurance facilities to its clients, provision of credit in local currency to its clients in support of exports, establishment and management of funds connected with exports, maintenance of a foreign exchange revolving fund for lending to exporters who need to import foreign inputs to facilitate export production, maintenance of a trade information system in support of export business and provision of domestic credit insurance where such a facility is likely to assist exports Its principal place of business is in Abuja, Nigeria The Group's interest in NEXIM is accounted for using the equity method in the consolidated financial statements

Bank of Industry (BOI)
The Bank was incorporated as a private limited liability company under the name Nigerian Industrial Development Bank Limited on 22 January 1964 and it changed its name to Bank of Industry Limited by a special resolution passed at an extra-ordinary general meeting held on 5 October 2001 The principal activity of the group is the provision of development financing services Its principal place of business is in Lagos, Nigeria The Group's interest in BOI is accounted for using the equity method in the consolidated financial statements

(All amounts are in millions of Naira unless otherwise stated)

22 Investments in associates (continued)

Bank of Agriculture (BOA)

The Bank was incorporated on 24 November 1972 as Nigerian Agricultural Bank Limited, changed its name to the Nigerian Agricultural and Co-operative Bank Limited (NACB) in 1978 and later changed to Nigerian Agricultural Co-operative and Rural Development Bank Limited (NARCDB) on 29 December 2000. It enlarged it object clause to include the total development activities of the Peoples Bank of Nigeria and also acquired the risk assets of the Family Economic Advancement Program (FEAP). On 6 October 2010, the Bank further changed to Bank of Agriculture Limited. The Bank is fully owned by the Federal Government of Nigeria through the Ministry of Finance Incorporated and the Central Bank of Nigeria. The Bank grants Micro and Macro loans for Agricultural production, processing and marketing and other financial services, but as from 1 April 2006, marketing ceased to be one of the Bank's principal activities. It also engages in the business of stimulation of rural savings as well as provision of loans to small scale enterprises in order to develop the economic base of the low income populace. Its principal place of business is in Kaduna, Nigeria. The Group's interest in BOA is accounted for using the equity method in the consolidated financial statements.

FMDQ-OTC Plc

FMDQ OTC PLC was incorporated in Nigeria under the companies and Allied matters Act on 6 January 2011 as a public liability company, and was licensed by the Securities and Exchange Commission on 8 November 2012 to perform the function as a securities exchange and self regulatory organisation. The principal activities of the Company are developing, organising and regulating the platform for listing, quotation, registration and trading of debt securities and currencies. Its principal place of business is in Lagos, Nigeria. The Group's interest in FMDQ is accounted for using the equity method in the consolidated financial statements.

Agricultural Credit Guarantee Scheme Fund (ACGSF)

The Fund was established by the Agricultural Credit Guarantee Scheme Fund Decree (No 20) of 1977. The Fund was established for the purpose of providing guarantees in respect of loans granted for agricultural purposes by any bank with a view to encourage banks to make advances to the agricultural sub-sector of the economy. The Fund is managed by the ACGSF Board. The Board was dissolved in October 2007. Its principal place of business is in Abuja, Nigeria. The Group's interest in ACGSF is accounted for using the equity method in the consolidated financial statements.

Nigeria Commodity Exchange (NCX)

The Nigeria Commodity Exchange(NCX) was originally incorporated as a Stock Exchange on June 17, 1998. It commenced electronic trading in securities in May 2001 and was converted to a commodity exchange on 8 August 2001 and brought under the supervision of the Federal Ministry of Commerce. The conversion was premised on the need for an alternative institutional arrangement that would manage the effect of price fluctuations in the marketing of agricultural produce which has adversely affected the earnings of farmers since the abolishment of commodity Boards in 1986. Its principal place of business is in Abuja, Nigeria. The Group's interest in NCX is accounted for using the equity method in the consolidated financial statements.

National Economic Reconstruction Fund (NERFUND)

The Fund was established in 1989 by the National Economic Reconstruction Act, Cap. 254, 1990 Laws of the Federation (NERFUND Act) with the main objective of acting as a catalyst for the rapid rise of real production enterprises in the country. To accomplish this, it is mandated to provide medium to long term financing to small and medium scale enterprises, with special emphasis on the manufacturing and agro-allied sectors. It is also saddled with the responsibility of 'correcting observed inadequacies in the provision of medium to long term financing to small and medium scale enterprises' in the country. Its principal place of business is in Abuja, Nigeria. The Group's interest in NERFUND is accounted for using the equity method in the consolidated financial statements.

Nigeria Inter-Bank Settlement System (NIBSS)

The Nigeria Inter-Bank Settlement System Plc (NIBSS) was set up by the decision of the Bankers Committee in 1992, as a Banking Industry Shared-Service, to help streamline inter-bank payments and settlement mechanisms and to promote electronic payments in Nigeria. Incorporated in April 1993, it commenced operations on the 13th of June 1994. The Bank holds an investment in the equity of NIBSS. The proportion of the Bank equity interest to the total holding in this institution is 3.6%. These shares are measured at cost less impairment losses. NIBSS is owned by all licensed banks and discount houses in Nigeria, and the Central Bank of Nigeria. The Board consists of representatives of banks, Discount Houses and the Managing Director of NIBSS with Deputy Governor (Operations), Central Bank of Nigeria, as the Chairman. Its principal place of business is in Lagos, Nigeria. The Group's interest in NIBSS is accounted for using the equity method in the consolidated financial statements.

	2018 N'million	2017 N'million
Share of profit of associates	23,575	18,386
Share of OCI of associates	(3,530)	34,584
	20,045	52,970

Although the Group holds less than 20% of the equity shares of BOA, NIBSS, FMDQ OTC, NERFUND and BOI, and it has less than 20% of the voting power at shareholder meetings, the Group exercise significant influence over the relevant activities of the associates and chairs the Board of the companies. Also, CBN owns more than half of the voting right in NCX but does not have control since the guidelines setting up NCX does not give CBN powers to direct the relevant activities of the investee.

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associates financial statements prepared in accordance with IFRSs (adjustments are made to bring the accounting policies of the associates in line with those of the Group). NERFUND ceased operation during the year.

31 December 2018

	Nigeria Inter-Bank Settlement System (NIBSS) N'million	Africa Finance Corporation (AFC) N'million	National Economic Reconstruction Fund (NERFUND) N'million	Nigerian Export Import Bank (NEXIM) N'million	Bank of Agriculture (BOA) N'million	Bank of Industry (BOI) N'million	FMDQ OTC Plc N'million	Agricultural Credit Guarantee Scheme Fund (ACGSF) N'million
Current assets	15,898	241,347	-	22,456	90,287	287,124	6,528	15
Non-current assets	4,542	1,392,073	-	91,164	57,739	791,827	4,269	9,299
Current liabilities	(3,602)	(11,974)	-	(67,095)	(128,815)	(108,324)	(2,375)	(6)
Non-current liabilities	(337)	(1,056,307)	-	(8,081)	(57,584)	(701,736)	(68)	(1,868)
Equity	16,501	565,139	-	38,445	(38,194)	268,891	8,355	7,440
Revenue								
Gross income/(loss)	11,703	65,770	-	6,228	(3,012)	54,113	11,524	1,080
Total expenses	(6,538)	(19,260)	-	(4,127)	(4,457)	(23,404)	(5,274)	(418)
Profit/(loss) before income tax	5,165	46,510	-	2,101	(7,469)	30,709	6,250	662
Income tax expense	(1,217)	-	-	-	-	(2,108)	-	-
Profit/(loss) for the year	3,947	46,510	-	2,101	(7,469)	28,601	6,250	662
Other comprehensive income, net of income tax	-	121,380	-	-	-	216	(26)	-
Total comprehensive income/(loss) for the year	3,947	167,890	-	2,101	(7,469)	28,817	6,224	662
Group share of profit for the year	142	19,656	-	1,050	-	1,486	976	265
Group share of other comprehensive income	-	(3,526)	-	-	-	1	(4)	-
Group share of total comprehensive income	142	16,130	-	1,050	-	1,487	972	265
Unrecognised share of losses for the current year	-	-	-	-	(1,358)	-	-	-
Dividend received	38	7,036	-	-	-	84	3	-

(All amounts are in millions of Naira unless otherwise stated)

22 **Investments in associates (continued)**

31 December 2017

	Nigeria Inter-Bank Settlement System (NIBSS) N'million	Africa Finance Corporation (AFC) N'million	National Economic Reconstruction Fund (NERFUND) N'million	Nigerian Export Import Bank (NEXIM) N'million	Bank of Agriculture (BOA) N'million	Bank of Industry (BOI) N'million	FMDQ OTC Plc N'million	Agricultural Credit Guarantee Scheme Fund (ACGSF) N'million
Current assets	12,907	263,707	-	8,712	9,119	73,449	511	22
Non-current assets	3,972	1,234,545	-	61,129	30,567	640,334	2,594	8,533
Current liabilities	(2,954)	(61,601)	-	(19,182)	(48,640)	(82,156)	(1,035)	(3)
Non-current liabilities	(186)	(894,021)	-	(5,141)	(12,904)	(389,860)	(16)	(1,774)
Equity	**13,739**	**542,630**	-	**45,518**	**(21,858)**	**241,767**	**2,054**	**6,778**
Revenue	8,182	-	-	-	-	-	-	640
Gross income/(loss)	10,758	60,326	-	3,694	(3,785)	42,253	2,496	1,560
Total expenses	(5,699)	(25,163)	-	(3,068)	(4,593)	(15,890)	(2,147)	(339)
Profit/(loss) before tax	**5,069**	**35,163**	-	**626**	**(8,378)**	**26,363**	**349**	**1,221**
Income tax expenses	(1,126)	-	-	-	-	(3,237)	(50)	-
Profit for the year	**3,943**	**35,163**	-	**626**	**(8,378)**	**23,126**	**299**	**1,221**
Other comprehensive income, net of income tax	-	81,825	-	-	-	(72)	14	-
Total comprehensive income for the year	**3,943**	**116,988**	-	**626**	**(8,378)**	**23,054**	**313**	**1,221**
Group share of profit for the year	**142**	**16,134**	-	**313**	-	**1,263**	**46**	**488**
Group share of other comprehensive income	-	**34,582**	-	-	-	**4**	**(2)**	-
Group share of total comprehensive income	**142**	**50,716**	-	**313**	-	**1,267**	**44**	**488**
Unrecognised share of losses for the current year	-	-	-	-	**(1,173)**	-	-	-
Cumulative share of losses at end of period	-	-	-	-	**(10,101)**	-	-	-
Dividend received	**23**	**7,486**	-	**25**	-	**62**	**3**	-

23 **Other assets**

		Group 2018 N'million	Group 2017 N'million	Bank 2018 N'million	Bank 2017 N'million
Account receivables		43,106	56,079	43,106	56,079
Other sundry receivables		120,390	98,137	120,390	98,137
Prepaid staff expenses	(Note 23a)	38,209	33,259	38,209	33,259
Cheques in clearing		-	357	-	357
Prepayments		8,076	7,305	7,573	7,541
Due from Agricultural Credit Guarantee Scheme Fund		458	642	458	642
Other receivables		1,350	5,353	-	-
OTC foreign exchange futures		88,601	18,588	88,601	18,588
Inventories		19,341	7,786	-	-
		317,732	225,488	296,537	212,603
Less: Impairment allowance (Note 23b)		(87,256)	(72,142)	(87,256)	(72,142)
		230,476	153,346	209,281	140,461

Inventories comprise cost of raw materials, work-in-progress, finished goods, goods in transit and consumables

Maturity analysis

	Group 2018 N'million	Group 2017 N'million	Bank 2018 N'million	Bank 2017 N'million
Current	43,506	48,137	22,311	35,252
Non-current	186,970	105,209	186,970	105,209
	230,476	153,346	209,281	140,461

23a Prepaid staff expenses arise from below market interest loans issued to members of staff

Bank

Impairment allowance for other assets

The allowance for ECL below are for account receivables, sundry receivables and due from Agricultural Credit Guarantee Scheme

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's external credit rating system and year-end classification. The amounts presented are gross of impairment allowances. Details of the Group's external grading system are explained in Note 3.2.5.2 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 3.2.5.6

External rating grade (S&P)	2018 Stage 1 Individual N'million	2018 Stage 2 Individual N'million	2018 Stage 3 N'million	2018 Total N'million	2017 Total N'million
Performing					
High grade (AAA - A)					
Standard grade (BBB - B)	163,954	-	-	**163,954**	**154,858**
Sub-standard grade (CCC - CC)	-	-	-	-	-
Past due but not impaired (C)	-	-	-	-	-
Non-performing					
Individually impaired	-	-	-	-	-
Total	**163,954**	-	-	**163,954**	**154,858**

(All amounts are in millions of Naira, unless otherwise stated)

23 Other assets-continued

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to external reserves is as follows

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
Gross carrying amount as at 1 January 2018	154,858	-	-	154,858
New assets originated or purchased	9,096	-	-	9,096
Assets derecognised or repaid (excluding write offs)	-	-	-	-
Transfers to stage 1	-	-	-	-
Transfers to stage 2	-	-	-	-
Transfers to stage 3	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2018	163,954	-	-	163,954

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	N'million	N'million	N'million	N'million
ECL allowance as at 1 January 2018 under IFRS 9	72,142	-	-	72,142
New assets originated or purchased	15,114	-	-	15,114
Assets derecognised or repaid (excluding write offs)	-	-	-	-
Transfers to stage 1	-	-	-	-
Transfers to stage 2	-	-	-	-
Transfers to stage 3	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2018	87,256	-	-	87,256

23b Impairment allowance for other assets under IAS 39

A reconciliation of the allowance for impairment for other assets, by class, as at 31 December 2017 is as follows

	Group				Bank			
	Account receivables	Sundry receivables	Due from Agricultural Credit Guarantee Scheme Fund	Total	Account receivables	Sundry receivables	Due from Agricultural Credit Guarantee Scheme Fund	Total
	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million
At 1 January 2017	28,368	20,411	244	49,023	28,368	20,411	244	49,023
Charge for the year (Note 14)	-	23,771	-	23,771	-	23,771	-	23,771
Reversal during the year (Note 14)	-	(474)	-	(474)	-	(474)	-	(474)
Amounts written off	-	(178)	-	(178)	-	(178)	-	(178)
At 1 January 2018	28,368	43,530	244	72,142	28,368	43,530	244	72,142
Charge for the year (Note 14)	-	15,114	-	15,114	-	15,114	-	15,114
Reversal during the year (Note 14)	-	-	-	-	-	-	-	-
At 31 December 2018	28,368	58,644	244	87,258	28,368	58,644	244	87,258

24 Intangible assets

	Group			Bank		
	Computer software	Software under development	Total	Computer software	Software under development	Total
	N'million	N'million	N'million	N'million	N'million	N'million
Cost						
At 1 January 2017	16,170	4,164	20,334	16,147	4,164	20,311
Additions	390	-	390	390	-	390
Reclassifications	2,434	(2,262)	172	2,434	(2,262)	172
Disposal	(809)	-	(809)	(809)	-	(809)
At 31 December 2017	18,185	1,902	20,087	18,162	1,902	20,064
Additions	4,553	-	4,553	4,553	-	4,553
Reclassification	53	(53)	-	53	(53)	-
Disposal	(28)	-	(28)	(28)	-	(28)
At 31 December 2018	22,763	1,849	24,612	22,740	1,849	24,589
Accumulated amortisation						
At 1 January 2017	15,344	-	15,344	15,321	-	15,321
Amortisation	1,371	-	1,371	1,371	-	1,371
Reclassification	(11)	-	(11)	(11)	-	(11)
Disposal	(22)	-	(22)	(22)	-	(22)
At 31 December 2017	16,682	-	16,682	16,659	-	16,659
Amortisation	1,206	-	1,206	1,206	-	1,206
Disposal	(28)	-	(28)	(28)	-	(28)
At 31 December 2018	17,859	-	17,859	17,836	-	17,836
Net book value						
At 31 December 2018	4,903	1,849	6,752	4,903	1,849	6,752
At 31 December 2017	1,503	1,902	3,405	1,503	1,902	3,405

Maturity analysis

	Group 2018	Group 2017	Bank 2018	Bank 2017
	N'million	N'million	N'million	N'million
Non-current	6,752	3,405	6,752	3,405
	6,752	3,405	6,752	3,405

(All amounts are in millions of Naira, unless otherwise stated)

25 Property, plant and equipment

Group	Land N'million	Building N'million	Plant, machinery and equipment N'million	Furniture and fittings N'million	Computer equipment N'million	Motor vehicles N'million	Capital work in progress N'million	Total N'million
Cost								
At 1 January 2017	1,671	182,632	112,869	8,017	4,859	13,251	273,992	597,291
Additions	-	1,960	4 382	1,736	987	3 242	22,599	34 926
Reclassifications	-	66 227	2 003	2,019	524	-	(70,945)	(172)
Disposals	-	(280)	(1 111)	(687)	(666)	(644)	(396)	(3 806)
At 31 December 2017	1,671	250,559	118,143	11,085	5,682	15,849	225,250	628,235
Additions	1,167	1 577	7,803	1,960	1 311	7,603	19 364	40,785
Reclassifications	-	15 084	270	13	(7)	1,873	(17,234)	-
Disposals	-	(33)	(139)	(153)	(121)	(1 145)	-	(1,591)
At 31 December 2018	2,838	267,187	126,078	12,905	6,865	24,180	227,380	667,428
Accumulated depreciation and impairment								
At 1 January 2017	-	32,971	42,763	5,525	4,642	6,792	-	92,207
Depreciation charged for the year	-	10 099	7 856	2 214	756	1,649	-	22 573
Reclassifications	-	-	82	-	(71)	-	-	11
Disposals	-	(62)	(1,083)	(666)	(688)	(572)	-	(3,071)
At 31 December 2017	-	43,008	48,618	7,073	4,639	7,869	-	111,720
Depreciation charged for the year	-	6,347	7,315	1,640	583	3 027	-	18 913
Reclassifications	-	-	(5)	12	(7)	-	-	-
Disposals	-	(10)	(122)	(138)	(119)	(923)	-	(1,311)
At 31 December 2018	-	49,345	56,806	8,588	5,096	9,973	-	129,322
Net book value								
At 31 December 2018	2,838	217,843	69,271	4,317	1,769	14,208	227,380	538,106
At 31 December 2017	1,671	207,551	69,525	4,012	1,043	7,980	225,250	516,515

Bank	Land N'million	Building N'million	Plant and equipment N'million	Furniture and fittings N'million	Computer equipment N'million	Motor vehicles N'million	Capital work in progress N'million	Total N'million
Cost								
At 1 January 2017	1,617	169,140	40,117	5,806	4,799	12,581	274,005	508,065
Additions	-	1,941	3,711	1,605	614	2 397	22 086	32,354
Reclassifications	-	66,062	1,655	2,019	524	-	(70,432)	(172)
Disposals	-	(280)	(1,111)	(680)	(688)	(633)	(396)	(3 788)
At 31 December 2017	1,617	236,863	44,372	8,750	5,249	14,345	225,263	536,459
Additions	1,167	1,532	6,363	1,727	791	6,175	19,205	36,960
Reclassifications	-	15,084	196	13	(7)	1,673	(17,160)	-
Disposals	-	(33)	(139)	(153)	(121)	(1,039)	-	(1,484)
At 31 December 2018	2,784	253,448	50,792	10,338	5,912	21,355	227,308	571,934

Bank	Land N'million	Building N'million	Plant and equipment N'million	Furniture and fittings N'million	Computer equipment N'million	Motor vehicles N'million	Capital work in progress N'million	Total N'million
Accumulated depreciation and impairment								
At 1 January 2017	-	29,970	29,796	3,994	4,641	6,241	-	66,280
Depreciation charged for the year	-	9 825	4 229	2 087	749	1,445	-	18 334
Reclassifications	-	-	82	-	(71)	-	-	11
Disposals	-	(62)	(1,083)	(659)	(686)	(567)	-	(3,059)
At 31 December 2017	-	39,733	33,024	5,422	4,631	7,119	-	69,928
Depreciation charged for the year	-	6,072	3,663	1,507	423	2,521	-	14,186
Reclassifications	-	-	(5)	12	(7)	-	-	-
Disposals	-	(10)	(122)	(138)	(119)	(850)	-	(1,239)
At 31 December 2018	-	45,795	36,560	6,803	4,928	8,790	-	102,876
Net book value								
At 31 December 2018	2,784	207,651	14,232	3,534	984	12,565	227,308	469,059
At 31 December 2017	1,617	197,130	11,348	3,328	618	7,226	225,283	446,531

Maturity analysis	Group 2018 N'million	Group 2017 N'million	Bank 2018 N'million	Bank 2017 N'million
Non-current	538 106	516 515	469 059	446,531
	538,106	516,515	469,059	446,531

	Group 2018 N'million	Group 2017 N'million	Bank 2018 N'million	Bank 2017 N'million
26 Deposits				
Government deposits				
- Capital and settlement accounts	5,001,171	3,547,753	5,001,171	3,547,753
- Domiciliary accounts	2,892,170	3,073,901	2,892,170	3,073,901
Other accounts (Note 26a)	1,637,911	1,538,107	1,637,911	1,538,107
Financial institutions				
- Current and settlement accounts	358,283	694,518	358,283	694 518
- Banks' reserve accounts	4,244,828	3,393,716	4,244,828	3,393,716
- Special intervention reserve	231,066	218,908	231,066	218,908
	14,365,409	12,466,903	14,365,409	12,466,903

Maturity analysis	2018 N'million	2017 N'million	2018 N'million	2017 N'million
Current	14,365,409	12,466,903	14 365 409	12,466,903
	14,365,409	12,466,903	14,365,409	12,466,903

26a Other accounts are further analysed as follows:	N'million	N'million	N'million	N'million
FGN Petroleum Profits Tax Naira funding account	368,971	906,290	368,971	906,290
FGN excess crude oil proceeds (Naira funding) account	2 048	146,162	2,048	146,162
Letters of credit consolidated account	370,853	239,041	370,853	239,041
FGN (External creditors) funding account	341,583	204,823	341,583	204,823
Special reserve account	330,405	2,031	330,405	2,031
Sundry accounts	224,013	33,305	224,013	33,305
NNPC/NAPIMS cash call account	-	6,353	-	6,353
Sovereign Wealth Fund	38	102	38	102
	1,637,911	1,538,107	1,637,911	1,538,107

(All amounts are in millions of Naira unless otherwise stated)

26 **Deposits - continued**

	Group 2018	2017	Bank 2018	2017

26b Foreign currency deposits held on behalf of customers for letters of credit transactions and other purposes are analysed below

	Group 2018	2017	Bank 2018	2017
	N'million	N'million	N'million	N'million
Other accounts	1,637,911	1,538,107	1,637,911	1,538,107
Domiciliary accounts	2,892,170	3,073,901	2,892,170	3,073,901
	4,530,081	4,612,008	4,530,081	4,612,008

Government deposits:
This represents the position of the accounts of Ministries, Departments and Agencies of the Federal Government of Nigeria with the Central Bank of Nigeria

Financial Institutions:
The current and settlement accounts represent transaction and deposit balances of financial institutions with the Central Bank of Nigeria. The Banks' reserve accounts represent the statutory minimum reserve (SMR) of commercial banks with the Central Bank of Nigeria. This is a statutory ratio for monetary policy. Commercial banks are required to hold a prescribed percentage of their total deposits with the Central Bank of Nigeria

Other accounts:
The other accounts largely represent deposits held on behalf of customers

27 **Central Bank of Nigeria Instruments Issued**	Group 2018	2017	Bank 2018	2017
	N'million	N'million	N'million	N'million
Open Market Operations - Central Bank of Nigeria Bills	12,795,093	8,919,793	12,795,093	8,919,793
	12,795,093	8,919,793	12,795,093	8,919,793
Open Market Operations - Central Bank of Nigeria Bills				
At 1 January	8,919,793	5,106,026	8,919,793	5,106,026
Issued during the year	22,428,732	11,346,482	22,428,732	11,346,482
Redemption during the year	(18,250,876)	(7,323,991)	(18,250,876)	(7,323,991)
Deferred interest and prepayments	(302,557)	(208,724)	(302,557)	(208,724)
At 31 December	12,795,093	8,919,793	12,795,093	8,919,793

Maturity analysis

	2018	2017	2018	2017
	N'million	N'million	N'million	N'million
Current	12,795,093	8,919,793	12,795,093	8,919,793
	12,795,093	8,919,793	12,795,093	8,919,793

Open Market Operations - Central Bank of Nigeria Bills:
Central Bank of Nigeria bills represent bills of the Bank issued to commercial banks as a liquidity management tool and as a means of implementing monetary policy. These instruments have tenors ranging from 7 days - 364 days and carry discount rates ranging from 12.25% - 15.25% per annum

28 **Bank notes and coins in circulation**	Group 2018	2017	Bank 2018	2017
	N'million	N'million	N'million	N'million
Notes	2,296,935	2,139,289	2,327,434	2,154,905
Coins	1,332	1,384	1,332	1,384
	2,298,267	2,140,673	2,328,766	2,156,289

Maturity analysis

	2018	2017	2018	2017
	N'million	N'million	N'million	N'million
Current	2,298,267	2,140,673	2,328,766	2,156,289
	2,298,267	2,140,673	2,328,766	2,156,289

Bank notes and coins in circulation represents the face value of notes and coins in circulation. Notes and coins held by the Bank which are comprised of cash in main vault, intermediary vault and cashier/teller at the end of financial year have been netted off against the liability for notes and coins in circulation because they do not represent currency in circulation

29 **Employee benefits**

The table below outlines where the Group's post employment amounts and activity are included in the financial statements

	Group 2018	2017	Bank 2018	2017
	N'million	N'million	N'million	N'million
Employee defined benefit liabilities recognised in statement of financial position:				
Defined benefit liabilities				
Defined benefit pension scheme (Note 29.1)	774	21,233	954	21,413
Post-employment gratuity scheme (Note 29.2)	64,344	77,373	64,344	77,373
Long service awards (Note 29.3)	964	921	900	857
Post-employment medical aid scheme for pensioners (Note 29.4)	8,183	3,972	8,183	3,972
Defined contribution liabilities (Note 29.5)	(44)	41	(44)	1
Liability in the statement of financial position	74,221	103,540	74,336	103,616

	Group 2018	2017	Bank 2018	2017
	N'million	N'million	N'million	N'million
Net benefit expenses recognised in income statement:				
Defined benefit pension scheme (Note 29.1)	3,148	2,823	3,148	2,823
Post-employment gratuity scheme (Note 29.2)	15,374	25,593	15,374	25,593
Long service awards (Note 29.3)	109	(121)	109	(121)
Post-employment medical aid scheme for pensioners (Note 29.4)	3,265	863	3,265	863
Total defined benefit expenses (Note 11)	21,896	29,158	21,896	29,158
Defined benefit contributions (Note 29.5)	10,147	4,947	9,640	4,519
	32,043	34,105	31,536	33,677

	Group 2018	2017	Bank 2018	2017
Remeasurement (gains)/losses in other comprehensive income:				
Defined benefit pension scheme (Note 29.1)	(607)	947	(607)	947
Post-employment gratuity scheme (Note 29.2)	(8,517)	(30,741)	(8,517)	(30,741)
Post-employment medical aid scheme for pensioners (Note 29.4)	1,492	(2,130)	1,492	(2,130)
	(7,632)	(31,924)	(7,632)	(31,924)

The amount recognised in the income statement under personnel expenses includes current service cost, interest cost and expected return on plan assets past service costs and remeasurement gains or losses (other long term employees benefit) on defined benefit schemes

Maturity analysis

	Group 2018	2017	Bank 2018	2017
	N'million	N'million	N'million	N'million
Current	(44)	41	(44)	1
Non-current	74,265	103,499	74,380	103,615
	74,221	103,540	74,336	103,616

(All amounts are in millions of Naira, unless otherwise stated)

29 Employee benefits - continued

29.1 Defined benefit pension scheme

The Central Bank of Nigeria operates a defined benefit pension scheme for the retired employees of the Bank. This scheme is funded and the Bank is expected to pay monthly pension to the retired staff until death of the last pensioner. An actuarial valuation has been performed to determine the Bank's obligations to the pensioners and the amounts have been appropriately recognised in the statement of financial position.

The assets of the pension plan are held in a separate fund managed by the Trustee to meet the short and long term plan pension liabilities of retired employees. The Trustee is required to act in the best interest of the beneficiary. The Trustee is appointed by the Group. The Trustee select adviser to the fund and are also responsible for preparing proper accounting records of the scheme, safeguarding assets and taking reasonable steps to prevent and detect fraud and any other irregularities. The trustee actively monitors how the duration and the expected yield of the plan assets match the expected cash flows from pension obligations. The Trustee have not change the processes used to manage risks from previous period, no derivatives are used to manage risk. The Trust deed specify that assets of the fund are not available to the Group for other uses and must be used only to fund defined pension obligation.

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

	Group 2018 N'million	Group 2017 N'million	Bank 2018 N'million	Bank 2017 N'million
Present value of funded obligations	81,458	87,492	80,316	86,350
Fair value of plan assets	(80,684)	(66,259)	(79,362)	(64,937)
Shortage of funded plans	774	21,233	954	21,413

The maximum economic benefit available is in the form of a combination of reduction in future contribution and refunds.

The movement in the defined benefit liability over the year is as follows

	Group Present value of obligation N'million	Group Fair value of plan assets N'million	Group Total N'million	Bank Present value of obligation N'million	Bank Fair value of plan assets N'million	Bank Total N'million
At 1 January 2018	87,492	(66,259)	21,233	86,350	(64,937)	21,413
Net interest income	13,756	(10,608)	3,148	13,756	(10,608)	3,148
	13,756	(10,608)	3,148	13,756	(10,608)	3,148
Remeasurements:						
Gain from change in financial assumptions	(3,019)	-	(3,019)	(3,019)		(3,019)
Actuarial losses on plan assets	-	3,763	3,763		3,763	3,763
Experience adjustment	(1,351)	-	(1,351)	(1,351)		(1,351)
	(4,370)	3,763	(607)	(4,370)	3,763	(607)
Employer contributions	-	(23,000)	(23,000)	-	(23,000)	(23,000)
Benefits payments	(15,420)	15,420	-	(15,420)	15,420	-
At 31 December 2018	81,458	(80,684)	774	80,316	(79,362)	954

	Group Present value of obligation N'million	Group Fair value of plan assets N'million	Group Total N'million	Bank Present value of obligation N'million	Bank Fair value of plan assets N'million	Bank Total N'million
At 1 January 2017	84,441	(66,978)	17,463	83,299	(65,656)	17,643
Net interest income	12,198	(9,375)	2,823	12,198	(9,375)	2,823
	12,198	(9,375)	2,823	12,198	(9,375)	2,823
Remeasurements:						
Gain from change in financial assumptions	5,120	-	5,120	5,120	-	5,120
Actuarial losses on plan assets	-	(4,039)	(4,039)	-	(4,039)	(4,039)
Experience adjustment	(134)	-	(134)	(134)	-	(134)
	4,986	(4,039)	947	4,986	(4,039)	947
Benefits payments	(14,133)	14,133	-	(14,133)	14,133	-
At 31 December 2017	87,492	(86,259)	21,233	86,350	(64,937)	21,413

The remeasurements of the net defined benefit liability (asset) relates only to changes in financial assumptions.

Asset mix

The breakdown of the fund's net assets as provided by the Group is shown in the table below

Category	2018 N'million	Percentage	2017 N'million	Percentage
Investments quoted in active markets:				
Equities	3,838	4.76%	4,818	7.19%
Money market	29,584	36.67%	15,877	23.70%
Bonds	45,834	56.81%	40,378	60.29%
Cash	123	0.15%	4,247	6.34%
Unquoted investments:				
Property	1,320	1.64%	1,249	1.86%
Others	180	0.22%	409	0.61%
Gross value of assets	80,879	100.24%	66,978	100.00%
Less: Amount due to active staff	(197)	-0.24%	-	0.00%
Net asset	80,682	100.00%	66,978	100.00%

(All amounts are in millions of Naira unless otherwise stated)

23.1 **Defined benefit pension scheme (continued)**

The breakdown of the fund's net assets as provided by the Bank is shown in the table below

Category	2018 N'million	Percentage	2017 N'million	Percentage
Investments quoted in active markets:				
Equities	3,838	4.84%	4,818	7.42%
Money market	29,584	37.28%	15,877	24.45%
Bonds	45,834	57.75%	40,378	62.18%
Cash	123	0.15%	3,455	5.32%
Unquoted Investments:				
Others	180	0.23%	409	0.62%
Gross value of assets	**79,559**	**100.25%**	**64,937**	**100.00%**
Less: Amount due to active staff	(197)	-0.25%	-	0.00%
Net asset	**79,362**	**100.00%**	**64,937**	**100.00%**

The significant actuarial assumptions were as follows

Financial Assumptions **Long Term Average**	Bank 2018	2017
Discount Rate (p.a)	16%	15%
Rate of Pension Increase(p.a)	2.3%	2.3%
Rate of Inflation	12%	12%

Demographic Assumptions

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience

Mortality of Pensioners	Age of Pensioner	Average Expected Future Lifetime (years)
	55	22
	60	19
	65	15
	70	12
	75	9

The Group's sensitivity of the defined benefit obligation to changes in the weighted principal assumption is

		Impact on defined benefit obligation 2018		2017	
Base:	**Change in assumptions**	**Impact of an increase N'million**	**Impact of a decrease N'million**	**Impact of an increase N'million**	**Impact of a decrease N'million**
Discount rate	1%	(4,618)	3,364	(5,134)	3,261
Pension increase rate	1%	(3,558)	5,457	3,778	(5,636)
Mortality experience	1year	2,929	(606)	584	(2,908)

The Bank's sensitivity of the defined benefit obligation to changes in the weighted principal assumption is

		Impact on defined benefit obligation 2018		2017	
Base:	**Change in assumptions**	**Impact of an increase N'million**	**Impact of a decrease N'million**	**Impact of an increase N'million**	**Impact of a decrease N'million**
Discount rate	1%	(3,478)	3,810	(3,993)	4,401
Pension increase rate	1%	4,898	(4,317)	4,916	(4,495)
Mortality experience	1year	(1,789)	1,745	1,724	(1,767)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period

The following payments are expected contributions to the defined benefit plan in future years

	Group 2018 N'million	2017 N'million	Bank 2018 N'million	2017 N'million
Within the next 12months (next annual reporting period)	14,021	14,597	13,882	14,452
Between 2 and 5 years	53,673	46,153	53,142	45,696
Between 5 and 10 years	175,700	85,386	173,960	84,541
Total expected payments	243,394	146,136	240,984	144,689

The average duration of the defined benefit plan obligation at the end of the reporting period is 5 years (2017: 5 years)

Through its defined benefit plans (pension scheme) the Group is exposed to asset volatility risk and mortality risk

(All amounts are in millions of Naira unless otherwise stated)

29.2 Post-employment gratuity scheme

The Group operates a non-contributory, lump sum, defined benefit gratuity scheme. Under this scheme, qualifying employees are entitled to gratuity payments on exit from the bank after completing 5 years of continuous service with the Bank. Under the previous framework, the Bank recognised yearly liabilities in its financial statements under this scheme. However, under IFRS it has engaged the services of an Actuary to estimate the gratuity plan's accrued liability for each of the years. This plan is unfunded and the amounts recognised in the statement of financial position have been appropriately recognised.

This plan is governed by the employment laws of the Bank. The level of benefits provided depends on the member's length of service and salary at exit from the Bank. The fund has a legal form of a foundation and it is governed by the Board of Trustees, which consists of an equal number of employers and employee representatives.

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

	Group 2018 N'million	Group 2017 N'million	Bank 2018 N'million	Bank 2017 N'million
Present value of obligations	64,344	77,373	64,344	77,373

The movement in the defined benefit liability over the year is as follows:

	Group Present value of obligation N'million	Bank Present value of obligation N'million
At 1 January 2018	77,373	77,373
Current service cost	4,761	4,761
Interest expense	10,613	10,613
	15,374	15,374
Remeasurements:		
Loss from change in financial assumptions	(5,187)	(5,187)
Experience adjustment	(3,330)	(3,330)
	(8,517)	(8,517)
Benefits paid	(19,886)	(19,886)
At 31 December 2018	64,344	64,344
At 1 January 2017	92,819	92,819
Current service cost	10,896	10,896
Interest expense	14,697	14,697
	25,593	25,593
Remeasurements:		
Gains from change in financial assumptions	4,695	4,695
Experience adjustment	(35,436)	(35,436)
	(30,741)	(30,741)
Benefits paid	(10,298)	(10,298)
At 31 December 2017	77,373	77,373

The remeasurements of the net defined benefit liability relates only changes in financial assumption.

The significant actuarial assumptions were as follows:

Financial Assumptions

Long Term Average	Bank 2018	2017
Discount Rate (p.a)	16%	15%
Average Pay Increase (p.a)	11%	11%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory.

Demographic Assumptions

Mortality in service	Sample age	Number of deaths in year out of 10,000 lives
	25	7
	30	7
	35	9
	40	14
	45	26

Withdrawal from service

Age Band	Bank Rate 2018	Bank Rate 2017
Less than or equal to 30	5%	5%
31-39	4%	4%
40-44	3%	3%
45-60	0%	0%

The Bank's sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

Base:	Change in assumption	2018 Impact of an increase N'million	2018 Impact of a decrease N'million	2017 Impact of an increase N'million	2017 Impact of a decrease N'million
		Impact of defined benefit obligation			
Discount rate	1%	(3,527)	3,623	(3,734)	4,156
Salary increase rate	1%	2,676	(4,027)	4,520	(4,116)
Mortality experience	1year	96	(85)	113	(104)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The following payments are expected contributions to the defined benefit plan in future years:

	2018 N'million	2017 N'million
Within the next 12months (next annual reporting period)	3,053	6,337
Between 2 and 5 years	19,309	24,534
Between 5 and 10 years	25,440	34,830
Total expected payments	47,802	65,701

The average duration of the defined benefit plan obligation at the end of the reporting period is 4.33 years (2017: 3.33 years).

Through its defined benefit plans (post employment gratuity scheme) the Group is exposed to inflation risk and mortality risk.

(All amounts are in millions of Naira unless otherwise stated)

29.3 **Long service awards**

The Central Bank of Nigeria provides its employees with a long service award at their tenth, twentieth, thirtieth and thirty fifth year of employment with CBN irrespective of grade and department. This is a graduated fixed sum cash award paid to staff after they have worked for any of these length of service with the Bank. CBN engaged the services of an Actuary to determine its liability with respect to this scheme at the end of the reporting period.

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

	Group 2018 N'million	Group 2017 N'million	Bank 2018 N'million	Bank 2017 N'million
Present value of obligations	964	921	900	857

The movement in the defined benefit liability over the year is as follows

	Group Present value of obligation N'million	Bank Present value of obligation N'million
At 1 January 2018	921	857
Current service cost	81	81
Interest expense	133	133
	214	214
Remeasurements:		
Loss / (Gain) from change in assumptions	(63)	(63)
Experience adjustment	(42)	(42)
	(105)	(105)
Benefits paid	(66)	(66)
At 31 December 2018	964	900
At 1 January 2017	1,101	1,037
Current service cost	73	73
Interest expense	173	173
	246	246
Remeasurements:		
Loss from change in assumptions	55	55
Experience adjustment	(422)	(422)
	(367)	(367)
Benefits payments	(59)	(59)
At 31 December 2017	921	857

The significant actuarial assumptions were as follows:

Financial Assumptions

Long Term Average	2018	2017
Discount Rate (p.a)	16%	15%
Average Pay Increase (p.a)	11%	11%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory

Demographic Assumptions

Mortality in service	Sample age	Number of deaths in year out of 10,000 lives
	25	7
	30	7
	35	9
	40	14
	45	26

Withdrawal from service	Age Band	Rate 2018	Rate 2017
	Less than or equal to 30	5.0%	5.0%
	31-39	4.0%	4.0%
	40-44	3.0%	3.0%
	45-60	0.0%	0.0%
	60	100.0%	100.0%

The Group's sensitivity of the defined benefit obligation to changes in the weighted principal assumption is

		Impact of defined benefit obligation			
		2018		2017	
Base:	Change in assumption	Impact of an increase N'million	Impact of a decrease N'million	Impact of an increase N'million	Impact of a decrease N'million
Discount rate	1%	(103)	18	(79)	12
Salary increase rate	1%	21	(102)	7	(77)
Mortality experience	1year	(65)	60	(39)	(33)

The Bank's sensitivity of the defined benefit obligation to changes in the weighted principal assumption is

		Impact of defined benefit obligation			
		2018		2017	
Base:	Change in assumption	Impact of an increase N'million	Impact of a decrease N'million	Impact of an increase N'million	Impact of a decrease N'million
Discount rate	1%	(41)	45	(16)	75
Salary increase rate	1%	43	(39)	70	(14)
Mortality experience	1year	(3)	2	24	30

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The average duration of the defined benefit plan obligation at the end of the reporting period is 5 years (2017: 5 years)

Through its other long term benefits (long service award) the Group is exposed to inflation risk

(All amounts are in millions of Naira, unless otherwise stated)

29.4 Post-employment medical aid scheme for pensioners

The medical aid scheme is a scheme that is currently being operated by the Bank for the benefits of the pensioners of the former defined benefit scheme which is made up of pensioners (i.e. those who no longer work for the Bank). The pensioners are paid a fixed sum of amount twice every year in January and July of the same year. These payments made to the former employees are a function of the beneficiaries' grade while in employment

This plan is governed by the employment laws of the Bank. The fund has a legal form of a foundation and it is governed by the Board of Trustees, which consists of an equal number of employers and employee representatives

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

	Group 2018 N'million	2017 N'million	Bank 2018 N'million	2017 N'million
Present value of obligations	8,183	3,972	8,183	3,972

The movement in the defined benefit liability over the year is as follows

	Group Present value of obligation N'million	Bank Present value of obligation N'million
At 1 January 2018	3,972	3,972
Interest expense	525	525
Past service cost	2,744	2,744
	3,267	3,267
Remeasurements:		
Loss from change in financial assumptions	(806)	(806)
Experience adjustment	2,298	2,298
	1,492	1,492
Benefits paid	(550)	(550)
At 31 December 2018	8,183	8,183
At 1 January 2017	5,548	5,548
Interest expense	863	863
	863	863
Remeasurements:		
Gain from change in financial assumptions	903	903
Experience adjustment	(3,033)	(3,033)
	(2,130)	(2,130)
Benefits paid	(309)	(309)
At 31 December 2017	3,972	3,972

The remeasurements of the net defined benefit liability relates only changes in financial assumption

The significant actuarial assumptions were as follows

Financial Assumption
Long Term Average

	2018	2017
Discount Rate (p.a)	16%	14%
Average Rate of Inflation (p.a)	13%	12%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory

Demographic Assumptions

Mortality of pensioners	Age of pensioner	Average expected future lifetime (years)
	55	22
	60	19
	65	15
	70	12
	75	9

The Bank's sensitivity of the defined benefit obligation to changes in the weighted principal assumption is

		Impact of defined benefit obligation			
		2018		2017	
Base:	Change in assumption	Impact of an increase N'million	Impact of a decrease N'million	Impact of an increase N'million	Impact of a decrease N'million
Discount rate	1%	(636)	735	(323)	375
Inflation rate	1%	760	(668)	378	(330)
Mortality rate	1 year	(269)	288	152	(150)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period

The average duration of the defined benefit plan obligation at the end of the reporting period is 6.88 years (2017: 9 years)

Through its post-employment medical plans, the Group is exposed to inflation risk and mortality risk

29.5 *Defined contribution liabilities:*

	Group 2018 N'million	2017 N'million	Bank 2018 N'million	2017 N'million
Defined contributory scheme				
At 1 January	41	-	1	-
Contributions	10,147	4,947	9,640	4,519
Amount remitted to selected Pension Fund Administrators	(10,232)	(4,906)	(9,685)	(4,518)
At 31 December	(44)	41	(44)	1

(All amounts are in millions of Naira, unless otherwise stated)

30 **Other liabilities**		Group 2018 N'million	Group 2017 N'million	Bank 2018 N'million	Bank 2017 N'million
Treasury related payables		295 652	468 908	295,852	468 808
Due to Bank of Industry (BOI)		146 767	149 919	146,767	149 919
Due to International Development Association (IDA)		66,010	45 633	66,010	45,633
Securities lending		1,621 509	1,620,000	1 621,509	1 620,000
Foreign currency forward contract payables		634,933	482 597	634 933	482 597
Sundry payables	(Note 30c)	345,078	436,813	363 995	435,133
Surplus payable to Federal Government of Nigeria	(Note 30a)	3,672	56,433	3 672	56,433
Accrued charges	(Note 30d)	35,649	26,764	33 729	25,073
Other provisions	(Note 33c)	267	-	267	-
Deposit for shares		5,116	5,116	-	-
Trade payables		6,054	5,815	-	-
Anchor Borrower Programme		24,859	6,087	-	-
Rural Finance (RUFIN) Fund		294	294	-	-
Dividend payable		90	90	-	-
IBRD - SME loan		51	51	51	51
Banking sector resolution sinking cost fund	(Note 30b)	60 895	125,196	60 695	125,196
Bank borrowings		10 940	17,922	-	-
		3,456,326	3,449,558	3,447,680	3,411,843

30a *Surplus payable to Federal Government of Nigeria*	Group 2018 N'million	Group 2017 N'million	Bank 2018 N'million	Bank 2017 N'million
At 1 January	56 433	84,244	56,433	84,244
Transfer from income statement	3,372	56,133	3,372	56,133
Paid during the year	(56,133)	(83,944)	(56,133)	(83,944)
At 31 December	3,672	56,433	3,672	56,433

Maturity analysis

	Group 2018 N'million	Group 2017 N'million	Bank 2018 N'million	Bank 2017 N'million
Current	3,451,210	3,444 442	3,447,680	3,411,843
Non-current	5,116	5,116	-	-
	3,456,326	3,449,558	3,447,680	3,411,843

30b **Banking sector resolution sinking cost fund:**
The Banking sector resolution sinking cost fund represents the total contributions by Eligible Financial Institutions ("EFI") to establish the Banking Sector Resolution Cost Fund ("the Fund") in Nigeria under the Asset Management Corporation Act and the memorandum of understanding signed by the EFIs with the Central Bank of Nigeria, the Asset Management Corporation of Nigeria ("AMCON")

30c **Sundry payables:**
Sundry payables represent balances held on behalf of Debt Management Office as regards the proceeds from issued bonds, balances payable to AMCON and other payable amounts

30d **Accrued charges:**
Accrued charges consist of productivity bonus, intervention fund on national security and other expense accruals

31 **Share capital and equity reserves**	Group 2018 Million	Group 2017 Million	Bank 2018 Million	Bank 2017 Million
Authorised shares				
Ordinary share of N1 each	100 000	100 000	100,000	100,000
Issued and fully paid up	Million	Million	Million	Million
Ordinary share of N1 each	5,000	5,000	5,000	5,000
	N'million	N'million	N'million	N'million
At 31 December	5 000	5 000	5 000	5,000

Section 4 (1) of the Central Bank of Nigeria Act No 7 2007 gave approval to the increase in authorised capital of the Bank from N5 billion to N100 billion. Section 4 (2) provides that all the capital of the Bank shall be subscribed and held only by the Federal Government of Nigeria

The Federal Government of Nigeria is the sole subscriber to the paid up capital of the Bank and its holding is not transferable in whole or in part nor is it subject to any encumbrance

Fair value reserve
The fair value reserve comprises the cumulative change in the fair value of equity and debt financial investments until the investment is derecognised or impaired

Foreign currency translation reserve
The foreign currency translation reserve comprises translation of investments in foreign associates

Retained earnings
Retained earnings refers to 20% of the operating surplus of the Bank. It also includes accumulated losses in the periods where the CBN posted net losses. Retained earnings and losses are cumulative from year to year

32 **Cash generated from operating activities**

	Notes	Group 2018 N'million	Group 2017 N'million	Bank 2018 N'million	Bank 2017 N'million
Net income before tax		51,502	107,397	4,215	70,168
Adjustments for non cash items:					
Depreciation of property, plant and equipment	25	18,913	22 573	14,186	18,334
Amortisation of intangible assets	24	1,206	1,371	1,206	1,371
Loss on disposal of property, plant and equipment	13	171	-	142	-
Credit loss expense	14	(409,941)		(409,997)	(370,309)
Unrealised gains on foreign exchange revaluation	9,18	(1,710,617)	(1,560,490)	(1,711,668)	(1,555,649)
Share of profit of associates	22	(23,575)	(18,386)	-	-
Defined benefit expense	11	21,896	29,158	21,896	29,158
		(2,050,445)	(1,418,378)	(2,080,020)	(1,807,129)
Change in operating assets and liabilities:					
Increase in loans and receivables		(2,630,153)	(2,267,671)	(2,648,428)	(1,908,338)
Increase in external reserves		(15,024)	(1,399,135)	(15,024)	(1,399,135)
Increase in investment securities - FVOCI/AFS		-	(808)	-	(808)
(Increase)/decrease in other assets		(92,244)	1,132,008	(83,934)	1,137,565
Increase in deposits		1,898,506	1,238,379	1,898,506	1,238,379
Increase in Central Bank of Nigeria Instruments		3,875,300	3,813 767	3,875,300	3,813,767
Increase/(Decrease) in Bank notes and coins in circulation		157,594	(31,278)	172,477	(21,944)
Increase/(decrease) in other liabilities		30,210	2,488,843	59,318	2,485,437
		3,224,169	4,974,104	3,258,215	5,344,922
Net cash flows from operating activities		1,173,744	3,555,728	1,178,195	3,537,794

33 Contingent liabilities and commitments

To meet the financial needs of customers the Bank enters into various irrevocable commitments and contingent liabilities including financial guarantees. Even though these obligations may not be recognised in the consolidated and separate statements of financial position, they do contain credit risk and are therefore part of the overall risk of the Group (see Note 3 2 2)

33a Legal proceedings

There were a number of legal proceedings outstanding against the Bank as at 31 December 2018 with contingent liabilities of N6 449 billion (31 December 2017 N3 099 billion). The Directors estimate that provision made for the contingent liabilities will be adequate to meet any liability that may crystalise

The Bank is involved in a litigation case with an appeal pending at the Court of Appeal The Bank appealed against the judgment that was delivered by the Federal High Court on 11 March 2014 to pay the sum of GBP 2 159 billion (N993 2 billion) together with an interest of 15% per annum from 22 June 1995 until the total sum is paid

Management is of the view that a high level of success is expected at the Court of appeal based on professional legal advice and the likelihood of outflow of economic resource is considered remote Consequently no provision was recognized in the financial statements

The Directors are also of the opinion that all known liabilities and commitments which are relevant in the assessment of the state of financial affairs of the Bank have been taken into consideration in the preparation of these consolidated and separate financial statements

Capital and other commitments	Group 2018 N'million	Group 2017 N'million	Bank 2018 N'million	Bank 2017 N'million
Intervention funds	827,676	1,087,535	827,676	1,087,535
FX forwards, OTC futures and currency swaps	7,575,265	5,715,075	7,575,265	5,715,075
Capital commitments	32,053	21,795	18,109	21,795
	8,434,994	6,824,405	8,421,050	6,824,405

Intervention funds balance of N125 billion (31 December 2017 N1,088 billion) represents commitments made in respect of Commercial Agricultural Credit Guarantee Scheme, Real Sector Support Facility Micro, Small and Medium Scale Enterprise Fund, Power and Aviation Fund SME/Manufacturing Sector Intervention Fund and other intervention activities of the Bank.

Foreign exchange forwards, currency swaps and OTC futures refer to the amounts that the Bank has committed to provide to counterparties in future

The capital commitments of the Group are in respect of property, plant and equipment, and the funds to meet the capital commitments will be sourced from internally generated funds

33b Operating lease commitments - Bank as lessee

The Group leases various houses under non-cancellable operating lease agreements The lease terms are between two and five years, and majority of these lease agreements are renewable at the end of the each lease period at market rate

The future aggregate minimum lease payments under non-cancellable operating leases are as follows

	Bank 2018 N'million	Bank 2017 N'million
No later than 1 year	137	39
Later than 1 year and no later than 5 years	35	73
Later than 5 years	-	-
Total	172	112

33c Guarantees

The Group provided credit risk guarantee to Small and Medium Enterprises (SME) and agricultural lenders in case the borrowers fail to repay the loans when they fall due and also a guarantee of interest repayment if the borrowers repay the loans within the tenor of the loan The maximum amounts guaranteed as at 31 December 2018 is N 115 4 billion (2017 N 51 billion)

Impairment losses on other undrawn commitments

An analysis of changes in the gross carrying amount and the corresponding allowance for impairment losses in relation to other undrawn commitments is, as follows

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's external credit rating system and year-end stage classification Details of the Group's external grading system are explained in Note 3 2.5 2 and policies on whether ECLs are calculated on an individual or collective basis are set out in Note 3 2 5 6

Outstanding exposure

External rating grade (S&P)	2018 Stage 1 Individual N'million	2018 Stage 2 Individual N'million	2018 Stage 3 N'million	2018 Total N'million	2017 Total N'million
Performing					
High grade (AAA - A)					
Standard grade (BBB - B)	-	-	-	-	-
Sub-standard grade (CCC - CC)	346,928	-	-	346,928	249,654
Past due but not impaired (C)	9,029	-	-	9,029	10,300
Non-performing	-	-	-	-	-
Individually impaired	-	-	-	-	28,135
Total	355,957	-	-	355,957	288,089

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to Other undrawn commitments is, as follows

	Stage 1 Individual N'million	Stage 2 Individual N'million	Stage 3 N'million	Total N'million
Outstanding exposure as at 1 January 2018	259,854	-	28,135	288,089
New exposures	253,064	-	-	253,064
Exposures derecognised or matured/lapsed (excluding write offs)	(157,061)	-	(28,135)	(185,196)
Transfers to stage 1	-	-	-	-
Transfers to stage 2	-	-	-	-
Transfers to stage 3	-	-	-	-
At 31 December 2018	355,957	-	-	355,957

33 Contingent liabilities and commitments

In millions of Naira	Stage 1 Individual N'million	Stage 2 Individual N'million	Stage 3 N'million	Total N'million
ECLs as at 1 January 2018 under IFRS 9	440	-	1,048	1,488
New exposures	-	-	-	-
Exposures derecognised or matured (excluding write offs)	(335)	-	(886)	(1,221)
Transfers to stage 1	-	-	-	-
Transfers to stage 2	-	-	-	-
Transfers to stage 3	-	-	-	-
At 31 December 2018	105	-	162	267

(All amounts are in millions of Naira, unless otherwise stated)

34 Related party transactions

Central Bank of Nigeria is wholly-owned and controlled by the Federal Government of Nigeria (FGN)

The Federal Government of Nigeria also controls the Ministry of Finance Incorporated, other Government Ministries, Departments and Agencies (MDAs), Nigeria Securities Printing and Minting Company (NSPMC), Nigeria Incentive-Based Risk-Sharing System for Agricultural Lending Plc (NIRSAL) and NESI Stabilization Strategy Limited (NESI). These entities (in addition to the key management personnel of the Bank) are related parties to the Central Bank of Nigeria

(i) Advances to the Federal Government of Nigeria

The transactions with the Federal government and fellow subsidiaries (under control of the Federal Government) are exempted from the disclosure requirement of IAS 24 due to their nature. However material transactions and balances are disclosed

	Group 2018 N'million	Group 2017 N'million
At 1 January	3,950,963	2,912,901
Additions	2,121,290	1,038,062
At 31 December	6,072,253	3,950,963

(ii) Key management compensation

The Bank's key management personnel comprises the Governor, the 4 Deputy Governors and 12 Non Executive Directors of the Bank

The compensation paid or payable to key management for employee services is shown below

	Group 2018 N'million	Group 2017 N'million
Salaries and other short-term employee benefits	428	418
Total	428	418

(iii) Balances with Key Management Personnel

	Group 2018 N'million	Group 2017 N'million
Loans and advances	819	445
	819	445

The Bank has applied the exemption granted by IAS 24 relating to the disclosure requirements in relation to related party transactions and outstanding balances with (a) a government that has control and significant influence over the Bank (b) another entity that is a related party because the same government has control or significant influence over both the Bank and the other entity. Hence, the Bank has not disclosed transactions and balances with its subsidiaries and associates as they are controlled by the Federal Government of Nigeria which also controls the Bank. The Bank's collectively significant transactions with the Federal Government of Nigeria and other entities controlled, jointly controlled or significantly influenced by Federal Government arises from the normal business activities of the CBN including government deposits held by the Bank, investment in securities issued by the Federal Government and its agencies, transfer to the Federal Government in compliance with the Fiscal Responsibility Act among others

35 Changes in Accounting Policy and Disclosures

As at 1 January 2017, the Bank changed its accounting policy for foreign exchange derivatives (i.e. currency forward, currency futures and interest rate and currency swap) and loans and receivables. Foreign exchange derivatives were initially recognised at fair value on the date on which a derivative contract was entered into and are subsequently re-measured at fair value. The derivatives were carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Changes in the fair value are recognised in the income statement as Net fair value gain/ (loss) on financial instruments. The foreign exchange transactions are recognized on the statement of financial position at the respective settlement/maturity date

Under the new accounting policy, forward purchases and sales are recognized off-balance sheet from the trade date to the settlement/maturity date. Thus, sales of foreign exchange are now recognized at the spot rate of the transaction at maturity and therefore, no fair value gains and losses on currency forward are recognised in income statement between the date of entering into the derivative contract and maturity date. Swap transactions are recognized on the statement of financial position on the settlement/maturity dates but the fair value gains or loss on the swap contracts are not recognised as derivative assets or liabilities. While the initial margin and variation margin deposits in respect of futures contracts are recognised in the statement of financial position under other assets, fair value gains/losses on futures contract are not recognised as derivative assets and liabilities

Loans and receivables are measured at amortized cost using the effective interest rate method. Up till 2016, the MPR has been applied as the market rate for the purpose of determining the initial fair value of intervention loans granted by the Bank. The difference between the original amount granted and the fair value has been treated as prepayment and amortised over the tenor of the loan. Effective 1 January 2017, the Bank changed its accounting policy such that the market rate for the intervention loans granted by the Bank has been revised as the contractual rate for the specific loans. This is based on the premise that there is no other market available to obtain intervention loans in Nigeria, as compared to the market for commercial loans. Intervention loans and receivables are still measured at amortized cost using the effective interest method (EIM). The un-amortized portion of the prepaid intervention expenses to loans and receivables position as at 1 January 2017 and revised such that the EIR equals the contractual rate. The difference arising from the change in the policy is reflected on the income statement as part of other operating income in Note 9 These changes in the policies is reflected in the current year (2017). As at 1 January 2017, the Bank has applied the Guideline of FRCN prospectively by de-recognizing all forward, swap and futures derivative asset and liability

The changes made by the Bank were done to ensure that the financial statements provide a reliable and more relevant information about the intervention loans given out by the Bank as well as derivative contracts executed which is the core of its mandate as the lender of last resort, while also achieving financial system stability. As a result of this change, the entity has applied the policy prospectively in line with approved Guideline, as issued by the Financial Reporting Council of Nigeria. The provisions of the Guideline issued by FRC are set out in note 2.1.1 in the financial statements

(All amounts are in millions of Naira unless otherwise stated)

35 **Changes in Accounting Policy and Disclosures - continued**

STATEMENT OF FINANCIAL POSITION (1 January 2017)

	N'million
Loans and receivables:	
Balance as at 1 January 2017 per IFRS	8 077 058
Derecognition of prepaid intervention expense	1 195 229
Derecognition of difference arising from fair valuation of NIRSAL debenture and resultant impact on investment in subsidiary	15,184
Adjustment to de-recognize the impact of the change in policy	(52,347)
Face value as at 1 January 2017	9,235,124
Other assets:	
Balance as at 1 January 2017 per IFRS	1,273,457
Derecognition of prepaid intervention expense	(1,195,229)
Adjustment to de-recognize the impact of the change in policy	218,525
Face value as at 1 January 2017	296,754
Financial assets at fair value through profit or loss:	
Balance as at 1 January 2017 per IFRS	13,554
Adjustments to de-recognize the carrying value on derivative assets that are future transactions	(13,554)
Face value as at 1 January 2017	-
Financial liabilities at fair value through profit or loss:	
Balance as at 1 January 2017 per IFRS	282,925
Adjustments to de-recognize the carrying value on derivative assets that are forward, futures and swaps	(282,925)
Face value as at 1 January 2017	-
Investment in subsidiary:	
Balance as at 1 January 2017 per IFRS	43,282
Adjustment to derecognize impact of FV of NIRSAL Debenture	(15,184)
Face value as at 1 January 2017	28,098
Net Impact on the Income statement	435,549

36 **Events after the reporting date**

No significant events occurred between the reporting dates and the sign off dates requiring disclosure in, or adjustment to, the consolidated and separate financial statements for the year ended 31 December 2018

OTHER NATIONAL DISCLOSURES

OTHER NATIONAL DISCLOSURES
CONSOLIDATED AND SEPARATE STATEMENTS OF VALUE ADDED
(All amounts are in millions of Naira, unless otherwise stated)

	Group				Bank			
	2018		2017		2018		2017	
	N'million	%	N'million	%	N'million	%	N'million	%
Income	1,882,386		2,184,933		1,861,854		2,165,063	
Less:								
Brought in materials and services- local	(1,670,031)		(1,860,491)		(1,713,010)		(1,945,659)	
Value added	212,355	100%	324,442	100%	148,844	100%	219,404	100%
Applied as follows:								
To pay employees:								
Staff costs	137,361	65%	135,195	42%	129,237	87%	129,533	59%
To pay providers of capital:								
Transfer to FGN consolidated revenue fund	3,372	2%	56,133	17%	3,372	2%	56,133	26%
To pay Government:								
Taxation	5,238	2%	1,190	0%	-		-	
Maintenance of assets and retention for future operations:								
For replacement of property and equipment/intangible assets (depreciation and amortisation)	20,119	9%	23,944	7%	15,392	10%	19,705	9%
Deferred tax	2,494	1%	583	0%	-	-	-	-
Retained surplus for the year	43,770	21%	107,397	33%	843	1%	14,033	6%
	212,355	100%	324,442	100%	148,844	100%	219,404	100%

OTHER NATIONAL DISCLOSURES
CONSOLIDATED AND SEPARATE FIVE-YEAR FINANCIAL SUMMARY
(All amounts are in millions of Naira, unless otherwise stated)

Bank

Income Statement	2018 N'million	2017 N'million	2016 N'million	2015 N'million	2014 N'million
Interest and similar income calculated using the effective interest method	852,539	-	-	-	-
Interest and similar income	-	673,217	752,443	566,967	434,712
Other interest and similar income	39,228	-	-	-	-
Interest and similar expense calculated using the effective interest method	(1,900,876)	(1,342,961)	(458,002)	(430,660)	(396,291)
Net interest income	**(1,009,109)**	**(669,744)**	**294,441**	**136,307**	**38,421**
Fees and commission income	54,270	41,311	29,964	67,638	142,674
Net fair value gain/(loss) on financial instruments	61,928	(51,335)	(478,223)	5,065	(17,034)
Other operating income	853,889	1,450,535	893,400	513,129	279,704
Total operating income	**(39,022)**	**770,767**	**739,582**	**722,139**	**443,765**
Credit loss expense	409,997	(347,012)	(72,933)	2,221	24,102
Impairment (charge)/reversal on financial investments	-	(23,297)	(11,776)	(1,493)	(1,830)
Net operating income	**370,975**	**400,458**	**654,873**	**722,867**	**466,037**
Personnel expenses	(129,237)	(129,533)	(117,448)	(164,251)	(96,991)
Financial sector intervention expenses	-	-	(226,403)	(154,305)	(136,968)
Depreciation of property, plant and equipment	(14,186)	(18,334)	(10,236)	(8,832)	(11,191)
Amortisation of intangible assets	(1,206)	(1,371)	(743)	(2,519)	(2,688)
Currency issue expenses	(74,453)	(58,604)	(43,790)	(52,611)	(22,791)
Other operating expenses	(147,678)	(122,450)	(151,322)	(231,819)	(159,986)
Total operating expenses	**(366,760)**	**(330,292)**	**(549,942)**	**(614,337)**	**(430,615)**
Net income for the year	**4,215**	**70,166**	**104,931**	**108,530**	**35,422**

Bank
Statement of other comprehensive income

Net income for the year	**4,215**	**70,166**	**104,931**	**108,530**	**35,422**
Other comprehensive income/(loss) to be reclassified to income or loss in subsequent periods net of tax:					
Debt instruments at fair value through other comprehensive income:					
Net change in fair value during the year	(20)	-	1,437	36,494	(44)
	(20)	-	1,437	36,494	(44)
Available-for-sale financial assets:					
Net change in fair value during the year	-	6,347	-	-	-
Net gains/(losses) on available for sale financial assets	-	6,347	-	-	-
Total items that will be reclassified to the income statement	**(20)**	**6,347**	**1,437**	**36,494**	**(44)**
Other comprehensive income/(loss) not to be reclassified to income or loss in subsequent periods net of tax:					
Net change in fair value during the year on equity instruments at fair value through other comprehensive income	(1,941)				
Re-measurement (losses)/gains on defined benefit plans	7,632	31,924	23,860	(49,903)	9,198
Share of other comprehensive income of associates					
Total items that will not be reclassified to the income statement	**5,691**	**31,924**	**23,860**	**(49,903)**	**9,198**
Other comprehensive income for the year	**5,671**	**38,271**	**25,297**	**(13,409)**	**9,154**
Total comprehensive income for the year	**9,886**	**108,437**	**130,228**	**95,121**	**44,576**
Attributable to:					
Equity holder of the Bank	9,886	108,437	130,228	95,121	44,576
	9,886	**108,437**	**130,228**	**95,121**	**44,576**

OTHER NATIONAL DISCLOSURES

CONSOLIDATED AND SEPARATE FIVE-YEAR FINANCIAL SUMMARY

(All amounts are in millions of Naira, unless otherwise stated)

Bank

Statement of financial position

	2018 N'million	2017 N'million	2016 N'million	2015 N'million	2014 N'million
Assets					
External reserves	16,376,603	14,563,696	8,351,643	5,263,831	5,837,660
IMF Holdings of Special Drawing Rights	639,070	650,824	611,930	456,481	406,403
Loans and receivables	13,388,732	10,369,678	8,091,031	6,470,909	5,002,834
Investment securities:					
Available-for-sale	-	50,669	43,514	40,647	4,630
Held to maturity	-	1,965,705	2,064,919	736,361	177,642
Financial assets at fair value through profit or loss	2,531	-	13,554	9,576	2,404
Equity instruments at fair value through other comprehensive income	43,602	-	-	-	-
Debt instruments at amortised costs	2,903,535				
Investments in subsidiaries	45,401	28,098	43,282	28,098	25,588
Investments in associates	111,126	91,966	91,966	91,966	91,966
Quota in International Monetary Fund (IMF)	1,046,449	1,002,558	683,175	484,476	421,713
Employee defined benefit assets	-	-	-	-	28,665
Other assets	209,281	140,461	1,273,456	1,330,097	1,273,474
Intangible assets	6,752	3,405	4,990	5,054	5,041
Property, plant and equipment	469,059	446,531	433,423	411,944	374,448
Total assets	**35,242,141**	**29,313,591**	**21,706,883**	**15,329,440**	**13,652,468**
Liabilities					
Bank notes and coins in circulation	2,328,766	2,156,289	2,178,233	1,857,805	1,797,842
Deposits	14,365,409	12,466,903	11,228,524	8,685,156	6,779,515
Central Bank of Nigeria Instruments	12,795,093	8,919,793	5,106,026	2,240,077	2,755,611
IMF allocation of Special Drawing Rights	714,179	727,153	683,603	456,550	406,458
IMF related liabilities	998,012	954,121	634,738	484,492	421,727
Financial liabilities at fair value through profit or loss	-	-	282,925	25,230	24,704
Employee benefit liabilities	74,336	103,616	117,047	133,533	81,832
Other liabilities	3,447,680	3,411,843	954,218	971,312	887,828
Total liabilities	**34,723,475**	**28,739,718**	**21,185,314**	**14,854,155**	**13,155,517**
Equity					
Share capital	5,000	5,000	5,000	5,000	5,000
Retained earnings	471,451	524,697	478,740	433,893	492,053
Fair value reserve	42,215	44,176	37,829	36,392	(102)
Equity attributable to equity holders of the Bank	**518,666**	**573,873**	**521,569**	**475,285**	**496,951**
Total liabilities and equity	**35,242,141**	**29,313,591**	**21,706,883**	**15,329,440**	**13,652,468**

OTHER NATIONAL DISCLOSURES
CONSOLIDATED AND SEPARATE FIVE-YEAR FINANCIAL SUMMARY
(All amounts are in millions of Naira, unless otherwise stated)

Group
Income Statement

	2018 N'million	2017 N'million	2016 N'million	2015 N'million	2014 N'million
Interest and similar income calculated using the effective interest method	874,973	-	-	-	-
Interest and similar income	-	685,608	754,094	567,164	434,773
Other interest and similar income	39,228	-	-	-	-
Interest and similar expense calculated using the effective interest method	(1,902,881)	(1,344,862)	(459,304)	(434,963)	(396,321)
Net interest income	**(988,681)**	**(659,254)**	**294,790**	**132,201**	**38,452**
Fees and commission income	54,440	41,368	30,212	67,638	142,674
Net fair value gain/(loss) on financial instruments	61,928	(51,335)	(478,223)	5,065	(17,034)
Other operating income	851,817	1,457,958	898,280	527,110	280,770
Total operating income	**(20,495)**	**788,736**	**745,059**	**732,014**	**444,862**
Credit loss expense	409,941	(347,012)	(72,933)	3,045	24,001
Impairment (charge)/reversal on financial investments	-	(23,297)	(11,776)	(1,493)	(1,830)
Net operating income	**389,445**	**418,427**	**660,350**	**733,566**	**467,033**
Personnel expenses	(137,361)	(135,195)	(121,229)	(167,818)	(101,406)
Depreciation of property, plant and equipment	(18,913)	(22,573)	(12,459)	(9,517)	(14,427)
Amortisation of intangible assets	(1,206)	(1,371)	(743)	(2,519)	(2,688)
Currency issue expenses	(14,165)	(13,450)	(14,440)	(30,612)	(5,509)
Other operating expenses	(189,873)	(155,054)	(173,610)	(255,140)	(172,142)
Total operating expenses	**(361,518)**	**(327,643)**	**(322,481)**	**(619,911)**	**(433,140)**
Net income before share of associates' profit	**27,927**	**90,784**	**337,869**	**113,655**	**33,893**
Share of profit of associates	23,575	18,386	13,894	7,697	6,227
Net income before tax	**51,502**	**109,170**	**351,763**	**121,352**	**40,120**
Income tax credit/(expense)	(7,733)	(1,773)	(890)	1,722	(6,520)
Net income for the year	**43,770**	**107,397**	**350,873**	**123,074**	**33,600**

Group
Statement of other comprehensive income

	2018	2017	2016	2015	2014
Net income for the year	**43,770**	**107,397**	**124,470**	**123,074**	**33,600**
Other comprehensive income/(loss) to be reclassified to income or loss in subsequent periods net of tax:					
Debt instruments at fair value through other comprehensive income:					
Net change in fair value during the year	(20)	-	-	-	-
Changes in allowance for expected credit losses	-	-	-	-	-
	(20)	-	-	-	-
Available-for-sale financial assets:					
Net change in fair value during the year	-	6,347	1,437	36,494	(44)
Share of other comprehensive income of associates	(3,530)	34,584	63,512	23,152	5,904
Net gains/(losses) on available for sale financial assets	**(3,530)**	**40,931**	**64,949**	**59,646**	**5,860**
Total items that will be reclassified to the income statement	**(3,550)**	**40,931**	**64,949**	**59,646**	**5,860**
Other comprehensive income/(loss) not to be reclassified to income or loss in subsequent periods net of tax:					
Net change in fair value during the year on equity instruments at fair value through other comprehensive income	(1,941)	-	-	-	-
Re-measurement (losses)/gains on defined benefit plans	7,632	31,924	24,126	(50,099)	9,465
Share of other comprehensive income of associates	-	-	-	-	554
Total items that will not be reclassified to the income statement	**5,691**	**31,924**	**24,126**	**(50,099)**	**10,019**
Other comprehensive income/(loss) for the year	**2,141**	**72,855**	**89,075**	**9,547**	**15,879**
Total comprehensive income for the year	**45,910**	**180,252**	**213,545**	**132,621**	**49,479**
Attributable to:					
Equity holder of the Bank	44,096	178,868	213,782	95,784	50,347
Non-controlling interests	1,814	1,384	(237)	(62)	(868)
	45,910	**180,252**	**213,545**	**95,722**	**49,479**

OTHER NATIONAL DISCLOSURES
CONSOLIDATED AND SEPARATE FIVE-YEAR FINANCIAL SUMMARY
(All amounts are in millions of Naira, unless otherwise stated)

Group

Statement of financial postion	2018 N'million	2017 N'million	2016 N'million	2015 N'million	2014 N'million
Assets					
Cash and bank balances	18,954	28,197	18,123	38,821	3,301
External reserves	16,376,603	14,563,696	8,351,643	5,263,831	5,837,660
IMF Holdings of Special Drawing Rights	639,070	650,824	611,930	456,481	406,403
Loans and receivables	13,301,870	10,285,433	8,017,762	6,401,502	5,005,685
Financial assets at fair value through profit or loss	-	-	13,554	9,576	2,404
Investment securities:					
Available-for-sale	-	50,669	43,514	40,647	4,630
Held to maturity	-	2,062,360	2,158,310	793,906	177,642
Debt instruments at fair value through other comprehensive income	2,531	-	-	-	-
Equity instruments at fair value through other comprehensive income	43,602	-	-	-	-
Debt instruments at amortised costs	3,013,284	-	-	-	-
Investments in associates	294,454	271,367	225,995	151,611	125,570
Quota in International Monetary Fund (IMF)	1,046,449	1,002,558	683,175	484,476	421,713
Employee defined benefit assets	-	-	-	-	28,751
Other assets	230,476	153,346	1,280,784	1,341,572	1,290,908
Intangible assets	6,752	3,405	4,990	5,054	5,041
Property, plant and equipment	538,106	516,515	505,080	475,983	431,993
Total assets	**35,512,151**	**29,588,371**	**21,914,860**	**15,463,460**	**13,741,701**
Liabilities					
Bank notes and coins in circulation	2,298,267	2,140,673	2,171,951	1,857,788	1,797,832
Deposits	14,365,409	12,466,903	11,228,524	8,685,156	6,779,515
Central Bank of Nigeria Instruments	12,795,093	8,919,793	5,106,026	2,240,077	2,755,611
IMF allocation of Special Drawing Rights	714,179	727,153	683,603	456,550	406,458
IMF related liabilities	998,012	954,121	634,738	484,492	421,727
Financial liabilities at fair value through profit or loss	-	-	282,925	25,230	24,704
Employee benefit liabilities	74,221	103,540	116,931	133,790	81,891
Current income tax payable	3,041	1,810	1,476	371	672
Deferred tax liabilities	10,868	5,598	5,015	5,197	6,586
Other liabilities	3,456,326	3,449,558	988,567	1,009,306	917,036
Total liabilities	**34,715,415**	**28,769,149**	**21,219,756**	**14,897,957**	**13,192,032**
Equity					
Share capital	5,000	5,000	5,000	5,000	5,000
Retained earnings	619,679	638,488	556,684	491,795	535,545
Fair value reserve	43,430	47,006	39,350	38,984	1,727
Foreign currency translation reserve	119,238	121,153	87,879	23,296	907
Equity attributable to equity holders of the Bank	**787,346**	**811,647**	**688,913**	**559,075**	**543,179**
Non-controlling interests	9,389	7,575	6,191	6,428	6,490
Total equity	**796,735**	**819,222**	**695,104**	**565,503**	**549,669**
Total liabilities and equity	**35,512,151**	**29,588,371**	**21,914,860**	**15,463,460**	**13,741,701**