CENTRAL BANK OF NIGERIA
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

CONTENTS

CENTRAL BANK OF NIGERIA

CORPORATE INFORMATION

Directors
Executives:

Mr. Godwin I. Emefiele (CON)	- Governor
Dr. Sarah O. Alade (OON)- Retired 22 March 2017	- Deputy Governor (Economic Policy Directorate)
Mr. Adebayo A. Adelabu	- Deputy Governor (Operations Directorate)
Alhaji Suleiman Barau (OON)- Retired 12 December 2017	- Deputy Governor (Corporate Services Directorate)
Dr. Okwu J. Nnanna	- Deputy Governor (Financial System Stability Directorate)

Corporate Secretary
Alice A. Karau
Central Bank of Nigeria
Abuja

Auditors

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

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Central Business District
Cadastral Zone
Abuja
Federal Capital Territory
Nigeria

CENTRAL BANK OF NIGERIA

REPORT OF THE COMMITTEE OF GOVERNORS

Introduction

The consolidated and separate Financial Statements of the Central Bank of Nigeria ('the Bank') for the year ended 31 December 2017 were prepared based on accounting policies set out on pages 16 to 38 which are derived from the International Financial Reporting Standards (IFRS) and the recommended practices in the guidelines issued by the Financial Reporting Council of Nigeria (FRC), titled "Accounting Guideline for Financial Reporting by Central Bank of Nigeria" (the Guideline) on 12 March 2018 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 N70,166 million (2016: N104,931 million) for the Bank while the Group's Net Income was N107,397 million (2016: N124,470 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 had been dissolved vide Circular Ref. No.SGF.19/S.81XIX/964 dated 15 July 2015 from the Presidency. The business and governance of the Bank has since July 2015 been carried out by the Committee of Governors in conjunction with the presidency in accordance with the Circular which dissolved the Board of Directors. The Committee of Governors had held fifty-one (51) meetings between January and December 2017.

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. Major Contracts Tender Committee
6. Investment Committee
7. Corporate Strategy Committee
8. Financial System Stability Committee
9. Remuneration, Ethics and Anti-Corruption
10. CBN Pension Fund Management

Apart from the Committee of Governors which is the executive management of the Bank, the composition of other Board Committees prior to its dissolution included 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) which is also responsible to the Risk Management Committee and the Governor. 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 Central Bank of Nigeria, must be and should be seen to be an institution of integrity which maintains the highest ethical standards. The Committee of Governors 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 COMMITTEE OF GOVERNORS

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 2017, the results and cash flows of the Group and the Bank in accordance with the accounting policies set out on pages 16 to 38 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, but in its absence, the Committee of Governors as approved by the President of the Federal Republic of Nigeria 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 38 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 whcih are in all material respect in accordance with the accounting principles set out on pages 16 to 38 which are derived from International Financial Reporting Standards (IFRS) and recommended practice in the guideline issued by the Financial Reporting Council of Nigeria (FRC), titled "Accounting Guideline for Financial Reporting by Central Bank of Nigeria" (the Guideline) on 12 March 2018 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 Committee of Governors 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 by the Financial Reporting Council of Nigeria (FRC) titled "Accounting Guidelines for Financial Reporting by Central Bank of Nigeria" (the Guideline) on 12 March 2018 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 Committee of Governors 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 Committee of Governors 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 Committee of Governors 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 Committee of Governors by:

Governor: Mr. Godwin I. Emefiele (CON)
FRC Number: FRC/2013/IODN/00000001080

Deputy Governor, Financial System Stability Directorate: Dr. Okwu J. Nnanna
FRC Number: FRC/2015/ICENNIG/00000011557

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 91, which comprise the consolidated and separate statements of financial position as at 31 December 2017, 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 2017 are prepared, in all material respects, in accordance with the accounting policies set out on pages 16 to 38 which are derived from the International Financial Reporting Standards (IFRS) and the recommended practice in the guidelines issued by the Financial Reporting Council of Nigeria (FRCN) titled "Accounting Guideline for Financial Reporting by Central Bank of Nigeria" (the "Guideline") on 12 March 2018, 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 Auditor's 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.

Emphasis of Matter

We draw attention to Note 2.1.1 to the consolidated and separate financial statements which describes the basis of accounting. The Bank adopted new accounting policies, as allowed in the Guideline issued by the Financial Reporting Council of Nigeria, which relate to the measurement of its intervention loans and foreign exchange in order to appropriately reflect and account for the substance of the transactions given its peculiar functions and activities as a central bank. As permitted by the Guideline, the change in accounting policies has been applied prospectively from 1 January 2017 and not retrospectively as required by IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. Our opinion is not modified in respect of this matter.

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
Impairment of loans and receivables Loans and receivables from banks and government establishments make up a significant portion of the total assets of the Bank. Impairment is a subjective area due to the level of judgement applied by management in determining impairment amounts. The identification of impairment and the determination of the recoverable amount are an inherently uncertain process involving various assumptions made in arriving at the expected future cash flows on individually significant exposures that either continued to be, have become, or were at risk of being impaired. Due to the significance of loans and receivables which represent 35% (2016: 42%) of total assets of the Bank and the related estimation process, this is considered a key audit matter. Impairment of loans and receivables are disclosed in Note 20 to the consolidated and separate financial statements.	Our procedures included the following: We assessed the effectiveness of key controls over the impairment calculation process. We evaluated the accuracy of underlying data that was drawn from the Bank's systems. We tested all facilities by performing detailed reviews of customer files and account statements, assessing whether changes or events have occurred within the customer's business, its industry or economy that may affect the performance and classification of the facility. We tested that the loans were granted in accordance with the requirements of the Central Bank of Nigeria Act No. 7, 2007 and other applicable regulatory requirements. For loan loss impairment calculated on an individual basis, we tested the assumptions underlying the impairment identification and quantification, including the financial condition of the customer, expected future cash flows, availability and valuation of underlying collateral. We further reviewed the adequacy of the Bank's disclosure regarding the loan loss impairment, the related risks such as credit risk and liquidity risk, and the aging of the loans

Key Audit Matters	How the matter was addressed in the audit
Impact of certain changes in accounting policies In view of certain peculiarities of the Bank's functions and activities as a central bank, the Financial Reporting Council of Nigeria (FRCN) issued the "Accounting Guideline for Financial Reporting by Central Bank of Nigeria" permitting the Bank to change certain accounting policies with prospective application. The Bank has adopted these changes from 1 January 2017. It included, amongst others, carrying its intervention loans and receivables at amortized cost using contractual rate as effective interest rate, and stating as off-balance sheet, its foreign exchange derivatives, forward and spot purchases and sales. This is considered a key audit matter as the change in accounting policies has accounting and auditing implications, which includes disclosure requirements as it relates to changes in accounting policies, prospective application of the approved changes in the consolidated and separate financial statements and the resultant impact on the income statement of the current year. Also, the Committee of Governors has revised its statement of compliance as it is no longer complying with the full IFRS framework as issued by the International Accounting Standard Board (IASB). The changes in accounting policies have been disclosed in Note 37 to the consolidated and separate financial statements.	Our procedures included the following: We obtained and reviewed the Accounting Guideline for Financial Reporting by Central Bank of Nigeria which was issued by the Financial Reporting Council of Nigeria. We reviewed the prospective application of the change in accounting policies as it affects the consolidated and separate statements of financial position as at 1 January 2017, and the consolidated and separate income statements, statements of other comprehensive income, statements of changes in equity and statements of cash flows for the year ended 31 December 2017.We reviewed the disclosures made by management to confirm its consistency with the recommended practices in the approved guideline as issued by the Financial Reporting Council of Nigeria We validated that the statement of compliance is appropriately worded in line with the approved guideline. We included an emphasis of matter paragraph in our auditors' report about the change in accounting policies in line with the recommended practices in the guideline issued by the Financial Reporting Council of Nigeria.

Other Information

The Committee of Governors is responsible for the other information. The other information comprises the Report of the Committee of Governors 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.

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

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.

Committee of Governors' Responsibilities for the Consolidated and Separate Financial Statements

The Committee of Governors is 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 Committee of Governors 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 Committee of Governors is 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 Committee of Governors 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.

- 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 Committee of Governors.
- Conclude on the appropriateness of the Committee of Governors' 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 Committee of Governors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

For: Ernst & Young
Lagos, Nigeria

Dayo Babatunde, FCA
FRC/2013/ICAN/00000000702
29 March 2018

For: KPMG
Lagos, Nigeria

Ayodele Othihiwa, FCA
FRC/2012/ICAN/00000000425
29 March 2018

CENTRAL BANK OF NIGERIA
CONSOLIDATED AND SEPARATE INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

		Group		Bank	
		2017	2016	2017	2016
	Notes	N'million	N'million	N'million	N'million
Interest and similar income	5	685,608	754,094	673,217	752,443
Interest and similar expense	6	(1,344,862)	(459,304)	(1,342,961)	(458,002)
Net interest (expense)/ income		**(659,254)**	**294,790**	**(669,744)**	**294,441**
Fees and commission income	7	41,368	30,212	41,311	29,964
Net fair value loss on financial instruments	8	(51,335)	(478,223)	(51,335)	(478,223)
Other operating income	9	1,457,958	898,280	1,450,535	893,400
Total operating Income		**788,736**	**745,059**	**770,767**	**739,582**
Loan impairment charge	15	(347,012)	(72,933)	(347,012)	(72,933)
Impairment charge on financial investments	16	(23,297)	(11,776)	(23,297)	(11,776)
Net operating income		**418,427**	**660,350**	**400,458**	**654,873**
Personnel expenses	11	(135,195)	(121,229)	(129,533)	(117,448)
Financial sector intervention expenses	12	-	(226,403)	-	(226,403)
Depreciation of property, plant and equipment	27	(22,573)	(12,459)	(18,334)	(10,236)
Amortisation of intangible assets	26	(1,371)	(743)	(1,371)	(743)
Currency issue expenses	13	(13,450)	(14,440)	(58,604)	(43,790)
Other operating expenses	14	(155,054)	(173,610)	(122,450)	(151,322)
Total operating expenses		**(327,643)**	**(548,884)**	**(330,292)**	**(549,942)**
Net income before share of associates' profit		**90,784**	**111,466**	**70,166**	**104,931**
Share of profit of associates	24	18,386	13,894	-	-
Net income before tax		**109,170**	**125,360**	**70,166**	**104,931**
Income tax expense	17	(1,773)	(890)	-	-
Net income for the year		**107,397**	**124,470**	**70,166**	**104,931**
Attributable to:					
Equity holder of the Bank		106,013	124,735	70,166	104,931
Non-controlling interests		1,384	(265)	-	-
		107,397	124,470	70,166	104,931

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 2017

	Notes	Group 2017 N'million	Group 2016 N'million	Bank 2017 N'million	Bank 2016 N'million
Net income for the year		**107,397**	**124,470**	**70,166**	**104,931**
Other comprehensive income					
Other comprehensive income to be reclassified to income or loss in subsequent periods net of tax:					
Net gain on available-for-sale financial assets	10,22b	6,347	1,437	6,347	1,437
Share of other comprehensive income of associates	24	34,584	63,512	-	-
Net other comprehensive income to be reclassified to net income or loss in subsequent periods		**40,931**	**64,949**	**6,347**	**1,437**
Other comprehensive income/(loss) not to be reclassified to income or loss in subsequent periods net of tax:					
Re-measurement gains on defined benefit plans	17, 31	31,924	24,126	31,924	23,860
Net other comprehensive income not to be reclassified to income or loss in subsequent periods		**31,924**	**24,126**	**31,924**	**23,860**
Other comprehensive income for the year		**72,855**	**89,075**	**38,271**	**25,297**
Total comprehensive income for the year		**180,252**	**213,545**	**108,437**	**130,228**
Attributable to:					
Equity holder of the Bank		178,868	213,782	108,437	130,228
Non-controlling interests		1,384	(237)	-	-
		180,252	**213,545**	**108,437**	**130,228**

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 2017

		Group		Bank	
		2017	2016	2017	2016
	Notes	N'million	N'million	N'million	N'million
Assets					
Cash and bank balances	18e	28,197	18,123	-	-
External reserves	18	14,563,696	8,351,643	14,563,696	8,351,643
IMF Holdings of Special Drawing Rights	19a	650,824	611,930	650,824	611,930
Loans and receivables	20	10,285,433	8,017,762	10,369,678	8,091,031
Financial assets at fair value through profit or loss	21	-	13,554	-	13,554
Investment securities:					
Available-for-sale	22a,b	50,669	43,514	50,669	43,514
Held to maturity	22c	2,062,360	2,158,310	1,965,705	2,064,919
Investments in subsidiaries	23	-	-	28,098	43,282
Investments in associates	24	271,367	225,995	91,966	91,966
Quota in International Monetary Fund (IMF)	19b	1,002,558	683,175	1,002,558	683,175
Other assets	25	153,346	1,280,784	140,461	1,273,456
Intangible assets	26	3,405	4,990	3,405	4,990
Property, plant and equipment	27	516,515	505,080	446,531	433,423
Total assets		**29,588,371**	**21,914,860**	**29,313,591**	**21,706,883**
Liabilities					
Bank notes and coins in circulation	30	2,140,673	2,171,951	2,156,289	2,178,233
Deposits	28	12,466,903	11,228,524	12,466,903	11,228,524
Central Bank of Nigeria Instruments issued	29	8,919,793	5,106,026	8,919,793	5,106,026
IMF allocation of Special Drawing Rights	19d	727,153	683,603	727,153	683,603
IMF related liabilities	19c	954,121	634,738	954,121	634,738
Financial liabilities at fair value through profit or loss	21	-	282,925	-	282,925
Employee benefit liabilities	31	103,540	116,931	103,616	117,047
Current income tax payable	17a	1,810	1,476	-	-
Deferred tax liabilities	17b	5,598	5,015	-	-
Other liabilities	32	3,449,558	988,567	3,411,843	954,218
Total liabilities		**28,769,149**	**21,219,756**	**28,739,718**	**21,185,314**
Equity					
Share capital	33	5,000	5,000	5,000	5,000
Retained earnings	33	638,488	556,684	524,697	478,740
Available-for-sale reserve	33	47,006	39,350	44,176	37,829
Foreign currency translation reserve	33	121,153	87,879	-	-
Equity attributable to equity holders of the Bank		**811,647**	**688,913**	**573,873**	**521,569**
Non-controlling interests		7,575	6,191	-	-
Total equity		**819,222**	**695,104**	**573,873**	**521,569**
Total liabilities and equity		**29,588,371**	**21,914,860**	**29,313,591**	**21,706,883**

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 Committee of Governors on 21 March 2018 and were approved for signature by the President of the Federal Republic of Nigeria.

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

Dr. Okwu J. Nnanna
FRC/2015/ICENNIG/00000011557
Deputy Governor

CENTRAL BANK OF NIGERIA
CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

GROUP

	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 (Note 31)	-	31,924	-	-	31,924	-	31,924
Share of other comprehensive income of associates	-	-	1,309	33,274	34,583	-	34,583
Total comprehensive income	-	137,937	7,656	33,274	178,867	1,384	180,251
Transfer to the Federal Government of Nigeria (Note 32a)	-	(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

For the year ended 31 December 2016

	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 2016	5,000	491,795	38,984	23,296	559,075	6,428	565,503
Net income/(loss) for the year	-	124,735	-	-	124,735	(265)	124,470
Other comprehensive income:							
Change in fair value of available-for-sale financial assets	-	-	1,437	-	1,437	-	1,437
Re-measurement loss on defined benefit plans net of tax (Note 17 and 31)	-	24,098	-	-	24,098	28	24,126
Share of other comprehensive income/(loss) of associates	-	-	(1,071)	64,583	63,512	-	63,512
Total comprehensive income/(loss)	-	148,833	366	64,583	213,782	(237)	213,545
Transfer to the Federal Government of Nigeria (Note 32a)	-	(83,944)	-	-	(83,944)	-	(83,944)
As at 31 December 2016	5,000	556,684	39,350	87,879	688,913	6,191	695,104

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 2017

BANK

	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
Remeasurement gains on defined benefit plans net of tax (Note 31)	-	31,924	-	31,924
Total comprehensive income	-	102,090	6,347	108,437
Transfer to Federal Government of Nigeria (Note 32a)	-	(56,133)	-	(56,133)
As at 31 December 2017	5,000	524,697	44,176	573,873

For the year ended 31 December 2016

	Share capital N'million	Retained earnings N'million	Available-for-sale reserve N'million	Total equity N'million
As at 1 January 2016	5,000	433,893	36,392	475,285
Net income for the year	-	104,931	-	104,931
Other comprehensive income:				
Change in fair value of available-for-sale financial assets	-	-	1,437	1,437
Re-measurement losses on defined benefit plans net of tax (Note 31)	-	23,860	-	23,860
Total comprehensive income	-	128,791	1,437	130,228
Transfer to the Federal Government of Nigeria (Note 32a)	-	(83,944)	-	(83,944)
As at 31 December 2016	5,000	478,740	37,829	521,569

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 2017

		Group		Bank	
		2017	2016	2017	2016
	Notes	N'million	N'million	N'million	N'million
Cash flows used in operating activities	34	3,555,728	2,754,493	3,537,794	2,728,569
Income tax paid	17a	(856)	(81)	-	-
Employee defined benefit paid	31	(10,666)	(12,539)	(10,666)	(12,525)
Net cash flows from operating activities		3,544,206	2,741,873	3,527,128	2,716,044
Cash flows from investing activities					
Sale/(purchase) of investment securities		95,950	(1,364,404)	99,214	(1,328,558)
Purchase of intangible assets	26	(390)	(679)	(390)	(679)
Purchase of property, plant and equipment	27	(34,926)	(43,476)	(32,354)	(33,637)
Proceeds from sale of property, plant and equipment		735	1,468	729	989
Net cash flows from/(used in) investing activities		61,369	(1,407,091)	67,199	(1,361,885)
Cash flows from financing activities					
Surplus paid to the Federal Government of Nigeria	32a	(83,944)	(86,824)	(83,944)	(86,824)
Net cash flows used in financing activities		(83,944)	(86,824)	(83,944)	(86,824)
Net change in cash and cash equivalents		3,521,631	1,247,958	3,510,383	1,267,334
Net foreign exchange difference on cash and cash eqivalents		1,341,533	1,165,284	1,341,429	1,167,883
Cash and cash equivalents at 1 January	18e	6,220,478	3,807,236	6,203,632	3,768,415
Cash and cash equivalents at 31 December	18e	11,083,642	6,220,478	11,055,444	6,203,632

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 2017 comprises the Bank and its subsidiaries (together referred to as the "Group").

The Bank is wholly owned by the Federal Government of Nigeria. The Bank 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 bank notes and coins together with security documents and products for other businesses. The principal objectives of the subsidiary are:

- Production of Nigerian bank 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 2017 were approved and authorised for issue by the Committee of Governors on 21 March 2018 and were approved for signature by the President of the Federal Republic of Nigeria.

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 financial statements have been prepared in accordance with accounting policies derived from International Financial Reporting Standards (IFRS) and the recommended practice in the guideline issued by the Financial Reporting Council of Nigeria (FRC) titled "Accounting Guidelines for Financial Reporting by Central Bank of Nigeria" (the Guideline) on 12 March 2018 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 2017. Refer to Note 37 on changes in accounting policies.

The consolidated and separate financial statements have been prepared on a historical cost basis, except for available-for- sale (AFS) financial assets, held for trading financial assets and certain derivative financial instruments 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 2.24.

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.

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 statement 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.

Application of change in accounting policies
As permitted by the Guideline issued by the Financial Reporting Council of Nigeria, the Guideline has been early adopted in 2017 and the above changes in accounting policies have been applied prospectively from 1 January 2017 and not retrospectively as required by IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

2.2 Basis of consolidation

The consolidated and separate financial statements comprise the financial statements of the Bank and its subsidiaries as at 31 December 2017. 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.

2.2 Basis of consolidation (continued)

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.

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.

2.3 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.

2.4 Recognition of income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) Interest and similar income and expense

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available– for–sale interest income or expense is recorded using the Effective Interest rate (EIR), which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the Effective Interest Rate (EIR), but not future credit losses.

(a) Interest and similar income and expense (continued)

The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as 'Interest and similar income' for financial assets and Interest and similar expense for financial liabilities.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(b) Fees and commission income

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. It also includes income from buying and selling foreign currency and other related transactions.

(c) 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.

(d) Net trading income

This comprises gains and losses related to trading financial assets and includes all realised and unrealised fair value changes and foreign exchange differences.

(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.

2.5 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.

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.

2.6 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.

2.6 Foreign currency translation (continued)

(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).

2.7 Financial instruments – initial recognition and subsequent measurement

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.

(a) Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into four categories:
• Financial assets at fair value through profit or loss
• Loans and receivables
• Held-to-maturity investments
• Available-for-sale financial investments

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. Financial assets held for trading are recorded in the statement of financial position at fair value. Changes in fair value are recognised in Net fair value gains/losses on financial instruments.

For the year ended 31 December 2017, the Bank has applied the accounting guildelines issued by the Financial Reporting Council of Nigeria and had disicosed 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. This exemption has been applied prospectively by the Group.

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.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, 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 in interest and similar income in income statement. The losses arising from impairment are recognised in income statement in loan impairment charge.

For the year ended 31 December 2017, the Bank has applied the accounting guidelines issued by the Financial Reporting Council of Nigeria and had measured intervention loans at amortised cost using the contractual rate as the EIR. This exemption has been applied prospectively by the Group.

2.7 Financial instruments – Initial recognition and subsequent measurement (continued)

The Group's loans and receivables comprise overdraft balances and short term advances, staff loans, loans to Deposit Money Banks on Commercial Agricultural Credit Scheme, advances to Federal Mortgage Bank of Nigeria, long term loans, Bank of Industry Debenture and 6% Perpetual Debentures in Nigerian Export Import Bank, Asset Management Corporation of Nigeria (AMCON) Note and bonds, Nigerian treasury bonds, debentures, trade and other receivables and cash and cash equivalents.

(iii) Held-to-maturity investments

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.

(iv) Available-for-sale (AFS) financial investments

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.

Reclassification of financial assets

Reclassification is at the election of management, and is determined on an instrument by instrument basis. The Group does not reclassify any financial instrument into the fair value through profit or loss category after initial recognition.

For a financial asset reclassified out of the 'Available-for-sale' category, any previous gain or loss on that asset that has been recognised in equity is amortised to income statement over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flows 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 income statement.

The Group may reclassify a non-derivative trading asset out of the 'held-for-trading' category and into the 'loans and receivables' category if it meets the definition of loans and receivables and the Group has the intention and ability to hold the financial asset for the foreseeable future or until maturity. If a financial asset is reclassified, and if the Group subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate.

2.7 Financial Instruments – Initial recognition and subsequent measurement (continued)

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's statement of financial position) when:
• The rights to receive cash flows from the asset have expired, or
• the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that 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 that the Group could be required to repay.

Impairment of financial assets

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.

(i) Financial assets carried at amortised cost (continued)

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.

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.

Renegotiated loans

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This 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 and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original EIR.

Collateral valuation

The Group seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, securities and credit enhancements such as netting agreements. The fair value of collateral is generally assessed, at a minimum, at inception and based on the Group quarterly reporting schedule, however, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Group uses active market data for valuing financial assets, held as collateral. Other financial assets which do not have a readily determinable market value are valued using models. The collateral that is required by the Group is treasury bills, FGN Bonds and AMCON Bonds and other financial assets.

Collateral repossessed

The Group's policy is to determine whether a repossessed asset is best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets that are determined better to be sold are immediately transferred to assets held for sale at their fair value at the repossession date in line with the Group's policy.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified at initial recognition, as financial liabilities at fair value through profit or loss and other financial liabilities.

All financial liabilities are recognised initially at fair value and, in the case of other financial liabilities, net of directly attributable transaction costs.

The Group's financial liabilities include deposit accounts, Central Bank of Nigeria instruments, IMF related liabilities, financial guarantee contracts, derivative financial instruments, borrowings and trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in income statement.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

(ii) Financial liabilities at amortised cost

Financial instruments issued by the Group, that are not designated at fair value through profit or loss but are classified as financial liabilities at amortised cost, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

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

(iii) Deposits

The Group's deposits are categorized into Government deposits and Financial institution deposits.

Government deposits

These are current accounts maintained by Government parastatal and ministries. They are measured at amortised cost (amount placed) and are interest free.

Financial institution deposits are classified into:

Current account deposits

These are deposits held by the Group on behalf of Deposit Money Banks. They are measured at amortised cost and are interest free.

Reserve account deposits

These are statutory deposits made by Deposit Money Banks to the Bank. They are measured at amortised cost.

Standing deposit facility

These are short term placements made by Deposit Money Banks. They are measured at amortised cost with interest accruing on an effective interest rate basis.

(iv) Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

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

(v) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in income statement.

(c) Derivative financial instruments

Initial recognition and subsequent measurement

The Group holds financial instruments, such as futures, forward currency contracts and interest rate swaps. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under IAS 39 are recognised in the income statement as Net fair vaue gain/loss. Any gains or losses arising from changes in the fair value of derivatives are taken directly to income statement. The derivative financial instruments of the Group include the currency forward swap and futures and forward contracts within the externally managed investment. The derivatives within the externally managed investment are presented as part of external reserves while the currency forward swap contract is presented as financial assets at fair value through profit or loss.

For the year ended 31 December 2017, the Bank has applied the accounting guidelines issued by the Financial Reporting Council of Nigeria and had dislcosed 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 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.

2.9 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.

2.9 Property, plant and equipment (continued)

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.

2.10 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 .

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

2.11 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.

2.11 Impairment of non-financial assets (continued)

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.

2.12 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.

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.

2.13 Fair value measurement

The Group measures financial instruments, such as derivatives, investment in financial instruments classified as available-for-sales 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 2.24
• 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.

2.14 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.

2.15 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.

2.16 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.

2.17 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 2.6 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 IAS 39. 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.

2.18 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.

2.19 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.

2.20 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.

2.21 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.

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.

2.22 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.

2.23 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 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Early adoption of the standard is permitted, however the Financial Reporting Council of Nigeria has prohibited Nigerian entities from early adoption of the standard.

Management intends to seek for a revised guideline with the Financial Reporting Council of Nigeria (FRC) regarding adoption of IFRS 9 during the 2018 financial year. Hence, impact assessment is not deemed necessary.

(a) Classification and measurement
From a classification and measurement perspective, the new standard will require 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 will be replaced by: fair Value through profit or loss (FVPL), fair value through other comprehensive income (FVOCI), and amortised cost. IFRS 9 will also allow entities to continue to irrevocably designate instruments that qualify for amortised cost or fair value through OCI instruments as FVPL, if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Equity instruments that are not held for trading may be irrevocably designated as FVOCI, with no subsequent reclassification of gains or losses to the income statement.

The accounting for financial liabilities will largely be the same as the requirements of IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVPL. Such movements will be presented in OCI with no subsequent reclassification to the income statement, unless an accounting mismatch in profit or loss would arise.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

The Bank expects that:
• The AMCON Notes, BOI debenture, long term loans, Nigerian Treasury Bonds, other loans, NIRSAL Debenture, loans to Deposit Money Bank, NESI loan, staff loans, 6% perpetual debentures in NEXIM, Advances to FMBN, trade receivables that are classified as loans and receivables under IAS 39 are expected to be measured at amortised cost under IFRS 9
• Financial assets and liabilities held for trading and derivatives at FVPL are expected to be continue to be measured at FVPL
• Debt securities classified as available for sale are expected to be measured at FVOCI with recycling while unquoted equity classified as available for sale are expected to be designated at FVOCI without recycling
• Debt securities classified as held to maturity are expected to continue to be measured at amortised cost

Hedge Accounting
IFRS 9 allows entities to continue with the hedge accounting under IAS 39 even when other elements of IFRS become mandatory on 1 January 2018. The bank does not expects this to have any impact since it did not apply hedge accounting under IAS 39.

Impairment of financial assets

Overview
IFRS 9 will also fundamentally change the loan loss impairment methodology. The standard will replace IAS 39's incurred loss approach with a forward-looking expected loss (ECL) approach. The Group will be required to record an allowance for expected losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts. The allowance is based on the expected credit losses associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case, the allowance is based on the probability of default over the life of the asset.

2.23 Standards issued but not yet effective-Continued

The Group will established a policy to perform an assessment at the end of each reporting period of whether 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.

• To calculate ECL, the Group will estimate the risk of a default occurring on the financial instrument during its expected life. ECLs are estimated based on the present value of all cash shortfalls over the remaining expected life of the financial asset, i.e., the difference between: the contractual cash flows that are due to the Group under the contract, and

• The cash flows that the Group expects to receive, discounted at the effective interest rate of the loan.

In comparison to IAS 39, the Group expects the impairment charge under IFRS 9 to be more volatile than under IAS 39 and to result in an increase in the total level of current impairment allowances.

Under IFRS 9, the Group will group its loans into Stage 1, Stage 2 and Stage 3, based on the applied impairment methodology, as described below:

• Stage 1 – Performing loans: when loans are first recognised, the Bank recognises an allowance based on 12-month expected credit losses.

• Stage 2 – Underperforming loans: when a loan shows a significant increase in credit risk, the Bank records an allowance for the lifetime expected credit loss.

• Stage 3 – Impaired loans: the Bank recognises the lifetime expected credit losses for these loans. In addition, in Stage 3 the Bank accrues interest income on the amortised cost of the loan net of allowances.

The Group will record impairment for FVOCI debt securities, depending on whether they are classified as Stage 1, 2, or 3, as explained above. However, the expected credit losses will not reduce the carrying amount of these financial assets in the statement of financial position, which will remain at fair value.

Instead, an amount equal to the allowance that would arise if the asset were measured at amortised cost will be recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss

When estimating lifetime ECLs for undrawn loan commitments, the Group will:

• Estimate the expected portion of the loan commitment that will be drawn down over the expected life of the loan commitment and

• Calculate the present value of cash shortfalls between the contractual cash flows that are due to the entity if the holder of the loan commitment draws down that expected portion of the loan and the cash flows that the entity expects to receive if that expected portion of the loan is drawn down.

For financial guarantee contracts, the Group will estimate the lifetime ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the guarantor expects to receive from the holder, the debtor or any other party. If a loan is fully guaranteed, the ECL estimate for the financial guarantee contract would be the same as the estimated cash shortfall estimate for the loan subject to the guarantee.

For revolving facilities such as credit cards and overdrafts, the Bank measures ECLs by determining the period over which it expects to be exposed to credit risk, taking into account the credit risk management actions that it expects to take once the credit risk has increased and that serve to mitigate losses.
The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Group does not expects a significant impact on its equity due since stocks are not sold on credit to customers, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

Forward looking information
The Group will incorporate forward-looking information in both the assessment of significant increase in credit risk and the measurement of ECLs.

The Group will consider forward-looking information such as macroeconomic factors (e.g., unemployment, GDP growth, interest rates and house prices) and economic forecasts. To evaluate a range of possible outcomes, the Group intends to formulate three scenarios: a base case, a worse case and a better case.

Capital management
The Group is the regulator of all banks in Nigeria. Therefore, IFRS 9 will not impact the capital it currently managed internally.

On-going risk management, operation and finance structure
The Group will present the proposed operating model to the Committee of Governors (COG) in 2018 and further details will be provided once the new operating structure has been approved.

2.23 Standards issued but not yet effective-Continued

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date using the modified retrospective method.

The Group's subsidiary (NSPMC) principal activities are production of Nigerian banknotes and coins together with security documents and products for other businesses.

Management intends to seek for a revised guideline with the Financial Reporting Council of Nigeria (FRC) regarding adoption of IFRS 15 during the 2018 financial year. Hence, impact assessment is not deemed necessary.

IFRS 16 Leases
IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for 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.

Lessee will also 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 under IFRS 16 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.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. 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.

In 2018, the Group plans to assess the potential effect of IFRS 16 on its consolidated financial statements but expects IFRS 16 to have impact on the way it currently accounts for operating leases under IAS 17.

IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.
A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:
• A specific adaptation for contracts with direct participation features (the variable fee approach)
• A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

2.23 Standards issued but not yet effective-Continued

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognised on or after:
(i) The beginning of the reporting period in which the entity first applies the interpretation
Or
(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

The Group is currently assessing the impact of IFRIC 22.

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 specifically addresses whether an entity considers uncertain tax treatments separately, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, how an entity considers changes in facts and circumstances.

An entity 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.

Amendments to 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 ammendment.

Annual Improvements 2014-2016 Cycle
The following is a summary of the amendments from the 2014-2016 annual improvements cycle

IAS 28 Investments in Associates and Joint Ventures
Clarification that measuring investees at fair value through profit or loss is an investment-by investment choice
• The amendments clarifies that:
u An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.
u If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in
subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognised;
(b) the associate or joint venture becomes an investment entity; and
(c) the investment entity associate or joint venture first becomes a parent.
• The amendments should be applied retrospectively and are effective from 1 January 2018, with earlier application permitted. If an entity applies those amendments for an earlier period, it must disclose that fact.

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

2.23 Standards issued but not yet effective-Continued

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 2018 will not have impact on the Group's financial position, performance and/or disclosures.

(i) *Amendments*
Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
IFRS 2 Classification and Measurement of Share based Payment Transactions
IAS 40 Transfers of Investment Property
IFRS 9 Prepayment Features with Negative Compensation -
IAS 28 Long-term interests in associates and joint ventures

(ii) *Annual Improvements 2014-2016 Cycle (issued in December 2016)*
IFRS 1 First-time Adoption of International Financial Reporting Standards

2015-2017 cycle (issued in December 2017)
IFRS 3 Business Combination: Previously held Interests in a joint operation
IFRS 11 Joint Arrangements Previously held Interests in a joint operation
IAS 12 Income Taxes. Income tax consequences of payments on financial instruments classified as equity

2.24 Significant accounting judgments, estimates and assumptions
The preparation of the Group's 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.

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 31

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.

2.24 Significant accounting judgments, estimates and assumptions (continued)

Impairment losses on loans and receivables

The Group reviews its individually significant loans and receivables at each reporting date to assess whether an impairment loss should be recorded in income statement. In particular, management judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Loans and receivables that have been assessed individually and found not to be impaired and all individually insignificant loans and receivables are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective assessment takes account of data from the loan portfolio (such as levels of arrears, credit utilisation, loan to collateral ratios, etc.), and judgments to the effect of concentrations of risks and economic data (including country risk and the performance of different individual groups).

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 31.

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 22.

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.

2.24 Significant accounting judgments, estimates and assumptions (continued)

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.

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 of the respective counties in which it operates. 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.

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.

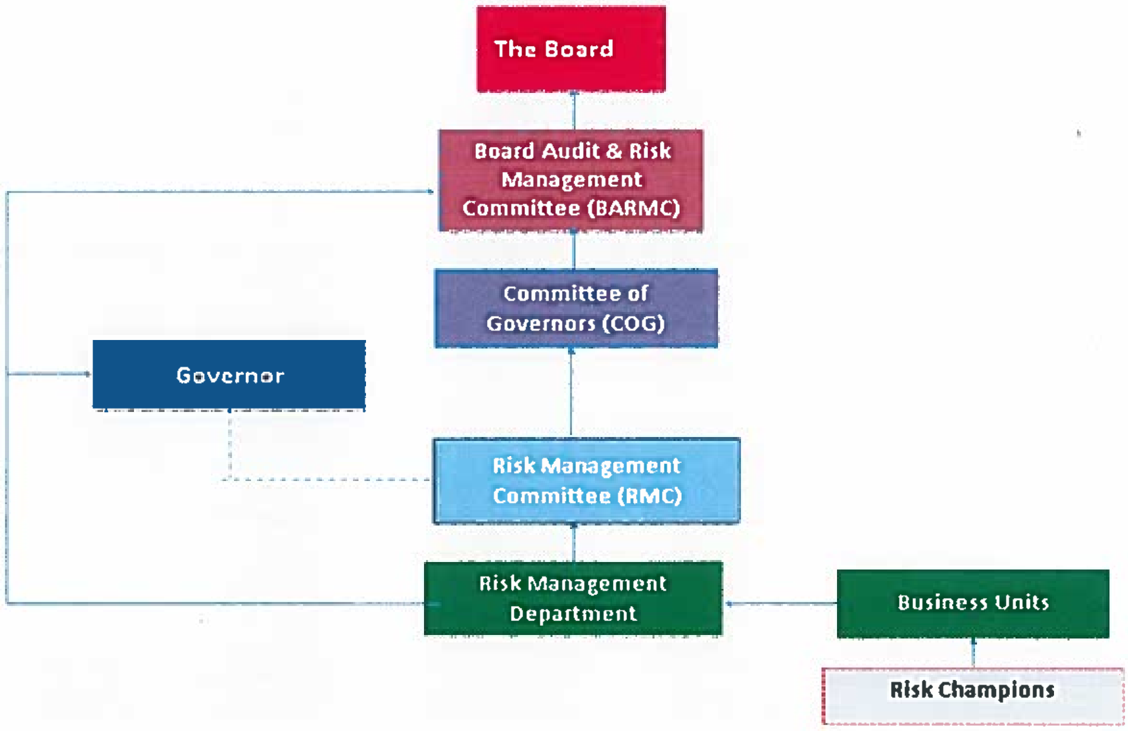
Enterprise Risk Management Framework and Risk Policies

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

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

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.

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 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	18a	-	-	-	600,103	600,103
Time deposits and money placements	18a	-	-	-	6,600,222	6,600,222
Domiciliary accounts	18a	-	-	-	3,073,901	3,073,901
Sundry currencies and travellers' cheques	18a	-	-	-	106,595	106,595
Short term deposits	18d	-	-	-	23,800	23,800
Debt securities:	18d					
- Held for trading	18d	3,523,509	-	-	-	3,523,509
- Held to maturity	18d	-	-	637,277	-	637,277
International Monetary Fund Reserve tranche	18	-	-	-	23	23
Derivatives						
- Derivatives in external reserves	18d	385	-	-	-	385
- Derivatives arising from swaps, OTC futures and forward exchange contracts	21	-	-	-	-	-
IMF Holdings of Special Drawing Rights:						
Holdings of Special Drawing Rights	19a	-	-	-	650,824	650,824
Quota in IMF	19b	-	-	-	1,002,558	1,002,558
Loans and receivables						
Loans and receivables	20	-	-	-	10,225,035	10,225,035
Nigerian Treasury Bonds	20	-	-	-	60,398	60,398
Account receivables	25	-	-	-	62,074	62,074
Available for sale equity investments	22a	-	45,543	-	-	45,543
Cash and bank balances in subsidiary	18e	-	-	-	28,197	28,197
Local debt instruments						
- Nigerian Treasury Bills	22(b)&(c)	-	4,777	371,562	-	376,339
- FGN Bonds	22(b)&(c)	-	349	1,690,744	-	1,691,093
		3,523,894	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)

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	28	6,621,654	-	6,621,654
Other accounts	28	1,538,107	-	1,538,107
Financial institutions- Current and settlement accounts	28	694,518	-	694,518
Financial institutions - Banks' reserve accounts	28	3,393,716	-	3,393,716
IMF related liabilities:				
IMF related liabilities	19c	954,121	-	954,121
IMF allocation of Special Drawing Rights	19d	727,153	-	727,153
				-
Central Bank of Nigeria Instruments:				-
Open Market Operations - Central Bank of Nigeria Bills	29	8,919,793	-	8,919,793
Bank notes and coins in circulation	30	2,140,673	-	2,140,673
				-
Derivatives				
- Derivatives in external reserves	18d	-	2,138	2,138
- Derivatives arising from swaps, OTC futures and forward exchange contracts	21	-	-	-
Other liabilities:				
Accrued charges	32	28,784	-	28,784
Surplus payable to Federal Government of Nigeria	32	56,433	-	56,433
Treasury related payables	32	468,808	-	468,808
Due to Bank of Industry (BOI)	32	149,919	-	149,919
Foreign currency forward contract payables	32	482,597	-	482,597
Sundry payables	32	436,813	-	436,813
IBRD - SME loan	32	51	-	51
Trade payables	32	5,815	-	5,815
Bank borrowings and overdraft	32	17,922		17,922
		26,636,877	2,138	26,639,014

Group

Financial assets 31 December 2016	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	18a	-	-	-	414,320	414,320
Time deposits and money placements	18a	-	-	-	2,254,429	2,254,429
Domiciliary accounts	18a	-	-	-	2,862,017	2,862,017
Sundry currencies and travellers' cheques	18a	-	-	-	38,124	38,124
Short term deposits	18d	-	-	-	22,812	22,812
Debt securities:	18d					
- Held for trading	18d	2,221,170	-	-	-	2,221,170
- Held to maturity	18d	-	-	535,890	-	535,890
International Monetary Fund Reserve tranche	18	-	-	-	23	23
Derivatives						
- Derivatives in external reserves	18d	6,668	-	-	-	6,668
- Derivatives arising from swaps, OTC futures and forward exchange contracts	21	13,554	-	-	-	13,554
IMF Holdings of Special Drawing Rights:						
Holdings of Special Drawing Rights	19a	-	-	-	611,930	611,930
Quota in IMF	19b	-	-	-	683,175	683,175
Loans and receivables	20	-	-	-	7,868,373	7,868,373
Nigerian Treasury Bonds	20	-	-	-	149,389	149,389
Account receivables	25	-	-	-	56,812	56,812
Available for sale equity investments	22a	-	39,214	-	-	39,214
Cash and bank balances in subsidiary	18e	-	-	-	18,123	18,123
Local debt instruments						
- Nigerian Treasury Bills	22(b)&(c)	-	3,955	428,429	-	432,384
- FGN Bonds	22(b)&(c)	-	345	1,729,881	-	1,730,226
		2,241,392	43,514	2,694,200	14,979,527	19,958,633

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

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

Group

Financial liabilities 31 December 2016	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	28	6,097,096	-	6,097,096
Other accounts	28	1,554,349	-	1,554,349
Financial institutions- Current and settlement accounts	28	443,977	-	443,977
Financial institutions - Banks' reserve accounts	28	2,924,490	-	2,924,490
IMF related liabilities:				
IMF related liabilities	19c	634,738	-	634,738
IMF allocation of Special Drawing Rights	19d	683,603	-	683,603
Central Bank of Nigeria Instruments:				
Open Market Operations - Central Bank of Nigeria Bills	29	5,106,026	-	5,106,026
Central Bank of Nigeria Promissory Notes	29	-	-	-
Bank notes and coins in circulation	30	2,171,951	-	2,171,951
Derivatives				
- Derivatives in external reserves	18d	-	3,829	3,829
- Derivatives arising from swap contracts	21	-	282,925	282,925
Other liabilities:				
Accrued charges	32	41,352	-	41,352
Surplus payable to Federal Government of Nigeria	32	84,244	-	84,244
Treasury related payables	32	139,935	-	139,935
Due to Bank of Industry (BOI)	32	106,641	-	106,641
Foreign currency forward contract payables	32	452,586	-	452,586
Sundry payables	32	74,584	-	74,584
IBRD - SME loan	32	51	-	51
Trade payables	32	8,115	-	8,115
Bank borrowings and overdraft	32	24,554	-	24,554
		20,548,292	286,754	20,835,046

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	18a	-	-	-	600,103	600,103
Time deposits and money placements	18a	-	-	-	6,600,222	6,600,222
Domiciliary accounts	18a	-	-	-	3,073,901	3,073,901
Sundry currencies and travellers' cheques	18a	-	-	-	106,595	106,595
Short term deposits	18d	-	-	-	23,800	23,800
Debt securities:	18d					
- Held for trading	18d	3,523,509	-	-	-	3,523,509
- Held to maturity	18d	-	-	637,277	-	637,277
International Monetary Fund Reserve tranche	18	-	-	-	23	23
Derivatives						
- Derivatives in external reserves	18d	385	-	-	-	385
- Derivatives arising from swaps, futures and forward exchange contracts	21	-	-	-	-	-
IMF Holdings of Special Drawing Rights:						
Holdings of Special Drawing Rights	19a	-	-	-	650,824	650,824
Quota in IMF	19b	-	-	-	1,002,558	1,002,558
Loans and receivables	20	-	-	-	10,309,280	10,309,280
Nigerian Treasury Bonds	20	-	-	-	60,398	60,398
Accounts receivables	25	-	-	-	56,721	56,721
Available-for-sale equity investments	22a	-	45,543	-	-	45,543
Local debt instruments						
- Nigerian Treasury Bills	22(b)&(c)	-	4,777	281,464	-	286,241
- FGN Bonds	22(b)&(c)	-	349	1,684,241	-	1,684,590
		3,523,894	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	28	6,621,654	-	6,621,654
Other accounts	28	1,538,107	-	1,538,107
Financial institutions- Current and settlement accounts	28	694,518	-	694,518
Financial institutions - Banks' reserve accounts	28	3,393,716	-	3,393,716
IMF related liabilities:				
IMF related liabilities	19c	954,121	-	954,121
IMF allocation of Special Drawing Rights	19d	727,153	-	727,153
Derivatives				
- Derivatives in external reserves	18d	-	2,138	2,138
- Derivatives arising from swaps, futures and forward exchange contracts	21	-	-	-
Central Bank of Nigeria Instruments:				
Open Market Operations - Central Bank of Nigeria Bills	29	8,919,793	-	8,919,793
Bank notes and coins in circulation	30	2,156,289	-	2,156,289
Other liabilities:				
Accrued charges	32	28,073	-	28,073
Surplus payable to Federal Government of Nigeria	32	56,433	-	56,433
Treasury related payables	32	468,808	-	468,808
Due to Bank of Industry (BOI)	32	149,919	-	149,919
Foreign currency forward contract payables	32	482,597	-	482,597
Sundry payables	32	435,133	-	435,133
IBRD - SME loan	32	51	-	51
		26,626,364	**2,138**	**26,628,502**

Bank

Financial assets **31 December 2016**	**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	18a	-	-	-	414,320	414,320
Time deposits and money placements	18a	-	-	-	2,254,429	2,254,429
Domiciliary accounts	18a	-	-	-	2,862,017	2,862,017
Sundry currencies and travellers' cheques	18a	-	-	-	38,124	38,124
Short term deposits	18d	-	-	-	22,812	22,812
Debt securities:	18d					
- Held for trading	18d	2,221,170	-	-	-	2,221,170
- Held to maturity	18d	-	-	535,890	-	535,890
International Monetary Fund Reserve tranche	18	-	-	-	23	23
Derivatives						
- Derivatives in external reserves	18d	6,668	-	-	-	6,668
- Derivatives arising from swap contracts	21	13,554	-	-	-	13,554
IMF Holdings of Special Drawing Rights:						
Holdings of Special Drawing Rights	19a	-	-	-	611,930	611,930
Quota in IMF	19b	-	-	-	683,175	683,175
Loans and receivables	20	-	-	-	7,941,642	7,941,642
Nigerian Treasury Bonds	20	-	-	-	149,389	149,389
Accounts receivables	25	-	-	-	51,808	51,808
Available for sale equity investments	22a	-	39,214	-	-	39,214
Local debt instruments						
- Nigerian Treasury Bills	22(b)&(c)	-	3,955	335,038	-	338,993
- FGN Bonds	22(b)&(c)	-	345	1,729,881	-	1,730,226
		2,241,392	**43,514**	**2,600,809**	**15,029,669**	**19,915,384**

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

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

Financial liabilities 31 December 2016	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	28	6,097,096	-	6,097,096
Other accounts	28	1,554,349	-	1,554,349
Financial institutions- Current and settlement accounts	28	443,977	-	443,977
Financial institutions - Banks' reserve accounts	28	2,924,490	-	2,924,490
IMF related liabilities:				
IMF related liabilities	19c	634,738	-	634,738
IMF allocation of Special Drawing Rights	19d	683,603	-	683,603
Derivatives				
- Derivative in external reserves	18d	-	3,829	3,829
- Derivatives arising from swap contracts	21	-	282,925	282,925
Central Bank of Nigeria Instruments:				
Open Market Operations - Central Bank of Nigeria Bills	29	5,106,026	-	5,106,026
Central Bank of Nigeria Promissory Notes	29	-	-	-
Bank notes and coins in circulation	30	2,178,233	-	2,178,233
Other liabilities:				
Accrued charges	32	39,605	-	39,605
Surplus payable to Federal Government of Nigeria	32	84,244	-	84,244
Treasury related payables	32	139,935	-	139,935
Due to Bank of Industry (BOI)	32	106,641	-	106,641
Foreign currency forward contract payables	32	452,586	-	452,586
Sundry payables	32	81,153	-	81,153
IBRD - SME loan	32	51	-	51
		20,526,727	286,754	20,813,481

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)

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

FGN Bonds, Treasury Bills, Nigerian Treasury Bonds are sovereign instruments, but are not rated.

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 2017 and 31 December 2016 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 31 December 2017 N'million	Group 31 December 2016 N'million	Bank 31 December 2017 N'million	Bank 31 December 2016 N'million
External reserves- Convertible currencies					
Current accounts with foreign banks	18a	600,103	414,320	600,103	414,320
Time deposits and money employed	18a	6,600,222	2,254,429	6,600,222	2,254,429
Domiciliary accounts	18a	3,073,901	2,862,017	3,073,901	2,862,017
Sundry currencies and travellers' cheques	18a	106,595	38,124	106,595	38,124
External reserves - Other foreign securities					
Cash and cash equivalents	18e	11,083,642	6,220,478	11,055,445	6,203,632
Debt securities:					
- Held for trading	18d	3,523,509	2,221,170	3,523,509	2,221,170
- Held to maturity	18d	637,277	535,890	637,277	535,890
International Monetary Fund Reserve tranche	18	23	23	23	23
Foreign derivatives					
- Futures contract	18d	385	-	385	-
- Forward contracts	18d	-	6,668	-	6,668
Local derivatives					
- Forward contracts	21	-	13,554	-	13,554
- Swap contracts	21	-	-	-	-
IMF Holdings of Special Drawing Rights:					
Holdings of Special Drawing Rights	19a	650,824	611,930	650,824	611,930
Quota in IMF	19b	1,002,558	683,175	1,002,558	683,175
Loans and receivables	20	10,225,035	7,868,373	10,309,280	7,941,642
Nigerian Treasury Bonds	20	60,398	149,389	60,398	149,389
Cash and bank balances in subsidiary	18e	28,197	18,123	-	-
Other assets:					
Account receivables	25	62,074	56,812	56,721	51,808
Local debt securities					
Available-for-sale investments					
Nigerian Treasury Bills	22b	4,777	3,955	4,777	3,955
FGN Bonds	22b	349	345	349	345
Held to maturity investments					
Nigerian Treasury Bills	22c	371,562	428,429	281,464	335,038
FGN Bonds	22c	1,690,744	1,729,881	1,684,241	1,729,881
Investment in FARMSMART	22c	54	-	-	-
Financial guarantee contracts					
Financial guarantee contracts		-	-	-	-
Total		**39,722,230**	**26,117,085**	**39,648,073**	**26,056,990**
Analysis of credit exposure by class:					
Measured at fair value					
At fair value through profit or loss					
Foreign debt securities	18d	3,523,509	2,221,170	3,523,509	2,221,170
Derivatives					
- Derivatives from external reserves	18d	385	6,668	385	6,668
- Derivatives arising from swaps, futures and forward exchange contracts	21	-	13,554	-	13,554
		3,523,894	**2,241,392**	**3,523,895**	**2,241,392**
Available for sale debt securities					
- Nigerian Treasury Bills	22b	4,777	3,955	4,777	3,955
- FGN Bonds	22b	349	345	349	345
		5,126	**4,300**	**5,126**	**4,300**
Measured at amortised cost					
Held to maturity Investments					
Foreign debt securities	18d	637,277	535,890	637,277	535,890
Local debt securities	22c	2,062,360	2,158,310	1,965,705	2,064,919
		2,699,637	**2,694,200**	**2,602,982**	**2,600,809**

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

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

		Group		Bank	
		31 December 2017 N'million	31 December 2016 N'million	31 December 2017 N'million	31 December 2016 N'million
Loans and receivables					
Current account with foreign banks	18a	600,103	414,320	600,103	414,320
Time deposits and money employed	18a	6,600,222	2,254,429	6,600,222	2,254,429
Domiciliary accounts	18a	3,073,901	2,862,017	3,073,901	2,862,017
Sundry currencies and travellers' cheques	18a	106,595	38,124	106,595	38,124
Short term deposits	18e	11,083,642	6,220,476	11,055,445	6,203,632
Holdings of Special Drawing Rights - 20a	19a	650,824	611,930	650,824	611,930
Quota in IMF - 20b	19b	1,002,558	683,175	1,002,558	683,175
International Monetary Fund Reserve tranche	18	23	23	23	23
Loans and receivables	20	10,225,035	7,868,373	10,309,280	7,941,642
Nigerian Treasury Bonds	20	60,398	149,389	60,398	149,389
Other assets:					
Accounts receivable	25	62,074	56,812	56,721	51,808
Cash and bank balances in subsidiary	18e	28,197	18,123	-	-
		33,493,572	**21,177,193**	**33,516,070**	**21,210,489**
Off statement of financial position					
Financial guarantee contracts		-	-	-	-
Total		**39,722,230**	**26,117,085**	**39,648,073**	**26,056,990**

Credit quality of External reserves

	Group		Bank	
	31 December 2017 N'million	31 December 2016 N'million	31 December 2017 N'million	31 December 2016 N'million
A	1,896,129	432,621	1,896,129	432,621
A-	-	4,150,406	-	4,150,406
A+	3,526,073	-	3,526,073	-
AA+	-	-	-	-
AA-	891,753	-	891,753	-
B	45,720	215,002	45,720	215,002
B+	436,047	-	436,047	-
BBB+	23,664	-	23,664	-
BBB-	360,000	-	360,000	-
B-	612,543	-	612,543	-
C	-	294,274	-	294,274
Not rated	6,771,748	3,259,321	6,771,748	3,259,321
	14,563,677	**8,351,624**	**14,563,677**	**8,351,624**

Credit quality of cash and cash equivalents

	Group		Bank	
	31 December 2017 N'million	31 December 2016 N'million	31 December 2017 N'million	31 December 2016 N'million
AAA	2,837	3,906	-	-
AA	25,294	34,824	-	-
A	66	91	-	-
	28,197	**38,821**	-	-

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 2017 N'million	31 December 2016 N'million	31 December 2017 N'million	31 December 2016 N'million
Debt securities				
Federal Government of Nigeria	2,067,432	2,162,610	1,970,831	2,069,219
Financial services sector - Foreign	4,160,786	2,757,060	4,160,787	2,757,060
Total debt securities	6,228,218	4,919,670	6,131,618	4,826,279
Loans and receivables				
Financial services sector - Foreign	23,117,868	6,886,830	23,089,671	6,886,830
Federal Government of Nigeria	960,348	1,049,941	960,348	1,049,941
Agriculture	281,590	117,764	356,777	179,816
Financial services sector of Nigeria	8,662,195	6,713,608	8,633,998	6,695,685
Power and aviation sector of Nigeria	-	-	120,212	121,950
Manufacturing	103,315	81,476	103,315	81,476
Other loans	139,577	129,688	23,070	13,971
Total loans and receivables	**33,264,893**	**14,979,527**	**33,287,391**	**15,029,669**
Derivatives				
Financial services sector of Nigeria	-	13,554	-	13,554
Financial services sector - Foreign	385	6,668	385	6,668
	385	20,222	385	20,222
Off statement of financial position				
Financial guarantee contracts	-	-	-	-
Total	**39,493,497**	**19,919,419**	**39,419,394**	**19,876,170**

(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 2017 N'million	Group 31 December 2016 N'million	Bank 31 December 2017 N'million	Bank 31 December 2016 N'million
Asia	1,265,974	524,483	1,265,974	524,483
Europe	3,632,735	4,837,782	3,632,735	4,837,782
USA	1,592,052	2,814,426	1,592,052	2,814,426
Others	7,513,375	174,934	7,513,375	174,934
Nigeria	25,718,093	17,765,460	25,643,936	17,705,365
	39,722,229	**26,117,085**	**39,648,072**	**26,056,990**

3.2.4 Credit quality

Loans and receivables and debt securities	Group 31 December 2017 N'million	Group 31 December 2016 N'million	Bank 31 December 2017 N'million	Bank 31 December 2016 N'million
Neither past due nor impaired				
- Local debt securities	2,067,432	2,162,610	1,970,831	2,069,219
- External reserves	25,625,657	8,355,453	25,597,461	8,355,453
- Other loans and receivables	10,375,704	8,106,251	10,426,399	8,156,393
- IMF receivables	1,653,382	1,295,105	1,653,382	1,295,105
Past due but not impaired	-	-	-	-
Impaired:				
Individually impaired	642,676	245,601	642,676	245,601
Gross	**40,364,851**	**20,165,020**	**40,290,749**	**20,121,771**
Impairment allowance:				
Specific impairment	(642,676)	(245,601)	(642,676)	(245,601)
Net	**39,722,178**	**19,919,419**	**39,648,073**	**19,876,170**

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 2017 and 31 December 2016 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.

Local debt securities are not rated.

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 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
Derivatives arising from swaps, futures and forward exchange contracts	-	-	-	-	-	-	-
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	-	-	-	-	-	482,597
Sundry payables	435,184	-	-	-	-	-	435,184
Derivatives arising from swaps, futures and forward exchange contracts	-	-	-	-	-	-	-
Total financial liabilities	**18,369,005**	**1,589,702**	**4,036,043**	**3,338,740**	**-**	**-**	**27,333,490**

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

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

Group 31 December 2016	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	6,097,096	-	-	-	-	-	6,097,096
Other accounts	1,554,349	-	-	-	-	-	1,554,349
Financial institutions- current and settlement accounts	443,977	-	-	-	-	-	443,977
Financial institutions - Banks' reserve accounts	2,924,490	-	-	-	-	-	2,924,490
IMF related liabilities							
IMF related liabilities	634,738	-	-	-	-	-	634,738
IMF allocation of Special Drawing Rights	683,603	-	-	-	-	-	683,603
Central Bank of Nigeria Instruments							
Open Market Operations - Central Bank of Nigeria Bills	127,000	255,793	1,130,777	3,594,509	-	-	5,108,079
Bank notes and coins in circulation	2,171,951	-	-	-	-	-	2,171,951
Other liabilities							
Accrued charges	41,352	-	-	-	-	-	41,352
Surplus payable to Federal Government of Nigeria	84,244	-	-	-	-	-	84,244
Treasury related payables	139,935	-	-	-	-	-	139,935
Due to Bank of Industry (BOI)	106,641	-	-	-	-	-	106,641
Foreign currency forward contract payables	452,586	-	-	-	-	-	452,586
Sundry payables	74,635	-	-	-	-	-	74,635
Trade payables	8,115	-	-	-	-	-	8,115
Bank borrowings and overdraft	24,554	-	-	-	-	-	24,554
Derivatives arising from forwards, swaps and OTC futures exchange contract	13,856	92	127,063	89,449	52,465	-	282,925
Total financial liabilities	**15,583,122**	**255,885**	**1,257,840**	**3,683,958**	**52,465**	**-**	**20,833,270**

Bank 31 December 2016	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	6,097,096	-	-	-	-	-	6,097,096
Other accounts	1,554,349	-	-	-	-	-	1,554,349
Financial institutions- current and settlement accounts	443,977	-	-	-	-	-	443,977
Financial institutions - Banks' reserve accounts	2,924,490	-	-	-	-	-	2,924,490
IMF related liabilities							
IMF related liabilities	634,738	-	-	-	-	-	634,738
IMF allocation of Special Drawing Rights	683,603	-	-	-	-		683,603
Central Bank of Nigeria Instruments							
Open Market Operations - Central Bank of Nigeria Bills	127,000	255,793	1,130,777	3,594,509	-	-	5,108,079
Bank notes and coins in circulation	2,178,233	-	-	-	-	-	2,178,233
Other liabilities							
Accrued charges	39,605	-	-	-	-	-	39,605
Surplus payable to Federal Government of Nigeria	84,244	-	-	-	-	-	84,244
Treasury related payables	139,935	-	-	-	-	-	139,935
Due to Bank of Industry (BOI)	106,641	-	-	-	-	-	106,641
Foreign currency forward contract payables	452,586	-	-	-	-	-	452,586
Sundry payables	81,204	-	-	-	-	-	81,204
Derivatives arising from swap and forward exchange contracts	13,856	92	127,063	89,449	52,465	-	282,925
Total financial liabilities	**15,561,557**	**255,885**	**1,257,840**	**3,683,958**	**52,465**	**-**	**20,811,705**

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 2017, the bench mark price of crude oil increased from USD54 to USD66.73 (2016: crude oil increased from USD34 to USD54).

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 N50,908 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 N17,637 million (31 December 2016: N9,586 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 N45,003 million (31 December 2016: N38,674 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 2017 shows the highest, lowest and average exposures during the year

The exchange rates used for converting foreign denominated balances as at the end of 2017 was N360 to USD 1 (2016: N304.50 to USD 1)

31 December 2017	Group: Carrying Amount in Naira N'million	Group: Effect of a 5% appreciation of the Naira against foreign currencies on income statement N'million	Group: Effect of a 5% depreciation of the Naira against foreign currencies on income statement N'million	Bank: Carrying Amount in Naira N'million	Bank: Effect of a 5% appreciation of the Naira against foreign currencies on income statement N'million	Bank: 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	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	1,653,382.00	(82,669)	82,669	1,653,382	(82,669)	82,669
Cash and cash equivalents from subsidiaries	2,009	(100)	100	-	-	-
	16,219,045	(810,952)	810,952	16,217,036	(810,852)	810,852
Foreign 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

31 December 2017

Financial assets analysed according to currencies	Closing rate N	Group: Carrying Amount in Naira N'million	Group: Effect of a 5% appreciation of the Naira against foreign currencies on income statement N'million	Group: Effect of a 5% depreciation of the Naira against foreign currencies on income statement N'million	Bank: Carrying Amount in Naira N'million	Bank: Effect of a 5% appreciation of the Naira against foreign currencies on income statement N'million	Bank: Effect of a 5% depreciation of the Naira against foreign currencies on income statement N'million
United States Dollar	360.00	13,739,417	(686,771)	686,771	13,737,408	(686,870)	686,870
Euro	366.26	63,819	(3,191)	3,191	63,819	(3,191)	3,191
British Pounds Sterling	412.97	83,420	(4,171)	4,171	83,420	(4,171)	4,171
Chinese Renminbi	46.92	633,820	(31,691)	31,691	633,820	(31,691)	31,691
Japanese Yen	2.71	2,693	(135)	135	2,693	(135)	135
IMF Assets	434.02	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 Assets	434.02	1,681,274	84,064	(84,064)	1,681,274	84,064	(84,064)
United States Dollar	360.00	-	-	-	-	-	-
		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

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

	Group			Bank		
31 December 2016	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	414,320	(62,148)	62,148	414,320	(62,148)	62,148
Time deposits and money employed	2,254,429	(338,164)	338,164	2,254,429	(338,164)	338,164
Domiciliary accounts	2,862,017	(429,303)	429,303	2,862,017	(429,303)	429,303
Other foreign securities	2,782,711	(417,407)	417,407	2,782,711	(417,407)	417,407
Sundry currencies and travellers' cheques	38,124	(5,719)	5,719	38,124	(5,719)	5,719
IMF Assets	1,295,105	(194,266)	194,266	1,295,105	(194,266)	194,266
Derivative financial assets	13,554	(2,033)	2,033	13,554	(2,033)	2,033
Cash and cash equivalents in subsidiary	2,219	(111)	111	-	-	-
	9,662,479	(1,449,151)	1,449,151	9,660,260	(1,449,040)	1,449,040
Foreign currency denominated financial liabilities						
IMF Liabilities	1,318,341	197,751	(197,751)	1,318,341	197,751	(197,751)
Derivative financial liabilities	282,925	42,439	(42,439)	282,925	42,439	(42,439)
	1,601,266	240,190	(240,190)	1,601,266	240,190	(240,190)
Net position	8,061,213	(1,208,961)	1,208,961	8,058,994	(1,208,850)	1,208,850

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

		Group			Bank		
Financial assets analysed according to currencies	Closing rate N	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	304 50	7,675,572	(1,151,114)	1,151,114	7,673,353	(1,151,003)	1,151,003
Euro	321.58	46,308	(6,947)	6,947	46,308	(6,947)	6,947
British Pounds Sterling	374 57	69,441	(10,416)	10,416	69,441	(10,416)	10,416
Chinese Renminbi	43 83	570,698	(85,605)	85,605	570,698	(85,605)	85,605
Japanese Yen	2 60	4,126	(619)	619	4,126	(619)	619
IMF SDR	407.95	1,295,105	(194,266)	194,266	1,295,105	(194,266)	194,266
Others	-	1,229	(184)	184	1,229	(184)	184
		9,662,479	(1,449,151)	1,449,151	9,660,260	(1,449,040)	1,449,040
Financial liabilities analysed according to currencies							
IMF SDR	407 95	1,318,341	197,751	(197,751)	1,318,341	197,751	(197,751)
United States Dollar	304 50	282,925	42,439	(42,439)	282,925	42,439	(42,439)
		1,601,266	240,190	(240,190)	1,601,266	240,190	(240,190)
Net position		8,061,213	(1,208,961)	1,208,961	8,058,994	(1,208,850)	1,208,850

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 measured or disclosed 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 2017

	Level 1 N 'million	Level 2 N 'million	Level 3 N 'million	Total N 'million
Financial assets measured at Fair value				
External reserves				
Debt securities:				
- Held for trading	3,523,509	-	-	3,523,509
Derivatives:				
- Forward contracts	-	385	-	385
Local Derivative financial assets				
- Forward contracts	-	-	-	-
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

	Level 1 N 'million		Level 2 N 'million		Level 3 N 'million		Total N 'million	
Financial Assets not measured at fair values	**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

(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)

	Level 1 N 'million	Level 2 N 'million	Level 3 N 'million	Total N 'million
Liabilities measured at fair value				
Foreign Derivatives:				
- Futures contract	-	2,138	-	2,138
Local derivative financial instruments				
- Forward contracts	-	-	-	-
- Swap contracts	-	-	-	-
- OTC Futures contracts	-	-	-	-
	-	2,138	-	2,138

Financial Liabilities not measured at fair value	Level 1 N 'million Carrying amount	Level 1 Fair value	Level 2 N 'million Carrying amount	Level 2 Fair value	Level 3 N 'million Carrying amount	Level 3 Fair value	Total N 'million Carrying amount	Total 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

Bank
31 December 2017

	Level 1 N 'million	Level 2 N 'million	Level 3 N 'million	Total N 'million
Financial assets measured at Fair value				
External reserves				
Debt securities:				
- Held for trading	3,523,509	-	-	3,523,509
Derivatives:				
- Forward contracts	-	385	-	385
Local Derivative financial assets				
- Forward contracts	-	-	-	-
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 Carrying amount	Level 1 Fair value	Level 2 N 'million Carrying amount	Level 2 Fair value	Level 3 N 'million Carrying amount	Level 3 Fair value	Total N 'million Carrying amount	Total 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 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

(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)

	Level 1 N 'million	Level 2 N 'million	Level 3 N 'million	Total N 'million
Liabilities measured at fair value				
Foreign Derivatives:				
- Futures contract	-	2,138	-	2,138
Local Derivative financial instruments				
- Forward contracts	-	-	-	-
- Swap contracts	-	-	-	-
- OTC Futures contracts	-	-	-	-
	-	2,138	-	2,138

	Level 1 N 'million		Level 2 N 'million		Level 3 N 'million		Total N 'million	
Financial Liabilities not measured at fair value	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

31 December 2016 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	2,221,170	-	-	2,221,170
Derivatives:				
- Forward contracts	-	6,668	-	6,668
Local derivative financial assets				
- Swap contracts	-	13,554	-	13,554
Local securities				
Quoted securities				
Nigerian Treasury Bills - available for sale	-	3,955	-	3,955
FGN Bonds- available for sale	345	-	-	345
Unquoted securities				
Equity shares	-	-	39,214	39,214
	2,221,515	24,177	39,214	2,284,906

(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)

	Level 1 N 'million		Level 2 N 'million		Level 3 N 'million		Total N 'million	
Financial Assets not measured at fair value	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
External reserves								
Debt securities	535,890	510,229	-	-	-	-	535,890	510,229
Loans and receivables	-	-	8,017,762	7,563,369	-	-	8,017,762	7,563,369
Local listed Debt securities								
Nigerian Treasury Bills	-	-	428,429	423,437	-	-	428,429	423,437
- FGN Bonds	1,729,881	1,348,310	-	-	-	-	1,729,881	1,348,310
	2,265,771	1,858,539	8,446,191	7,986,806	-	-	10,711,962	9,845,345

	Level 1 N 'million	Level 2 N 'million	Level 3 N 'million	Total N 'million
Liabilities measured at fair value				
Foreign Derivatives:				
- Futures contract	-	3,829	-	3,829
Local Derivative financial instruments				
- Forward contracts		3,988	-	3,988
- Swap contracts		265,081	-	265,081
- OTC Futures contracts	-	13,856	-	13,856
	-	286,754	-	286,754

	Level 1 N 'million		Level 2 N 'million		Level 3 N 'million		Total N 'million	
Financial Liabilities not measured at fair value	**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	-	-	5,106,026	5,085,778	-	-	5,106,026	5,085,778
	-	-	5,106,026	5,085,778	-	-	5,106,026	5,085,778

(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 2016	Level 1 N 'million	Level 2 N 'million	Level 3 N 'million	Total N 'million
Financial assets measured at fair value				
External reserves				
Debt securities				
- Held for trading	2,221,170	-	-	2,221,170
Derivatives:				
- Futures contract	-	6,668	-	6,668
- Forward contracts				
Local derivative financial assets	-	13,554	-	13,554
Derivatives arising from swap contracts				
Local securities				
Nigerian Treasury Bills- available for sale	-	3,955	-	3,955
FGN bonds- available for sale	345	-	-	345
Unquoted securities				
Equity shares	-	-	39.214	39.214
	2,221,515	**24,177**	**39,214**	**2,284,906**

	Level 1 N 'million		Level 2 N 'million		Level 3 N 'million		Total N 'million	
Financial Assets not measured at fair value	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
External reserves								
Debt securities	535,890	510,229	-	-	-	-	535,890	510,229
Loans and receivables	-	-	8,091,031	7,440,494	-	-	8,091,031	7,440,494
Local securities								
Local listed debt securities								
Nigerian Treasury Bills	-	-	335,038	330,046	-	-	335,038	330,046
FGN Bonds	1,729,881	1,348,310	-	-	-	-	1,729,881	1,348,310
	2,265,771	**1,858,539**	**8,426,069**	**7,770,540**	**-**	**-**	**10,691,840**	**9,629,079**

(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)

	Level 1 N 'million	Level 2 N 'million	Level 3 N 'million	Total N 'million
Liabilities measured at fair value				
Foreign Derivatives:				
- Futures contract	-	3,829	-	3,829
Local derivative financial assets				
- Forward contracts	-	3,988	-	3,988
- Swap contracts		265,081	-	265,081
- OTC Futures contracts		13,856	-	13,856
	-	286,754	-	286,754

	Level 1 N 'million		Level 2 N 'million		Level 3 N 'million		Total N 'million	
Financial Liabilities not measured at fair value	**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	-	-	5,106,026	5,085,778	-	-	5,106,026	5,085,778
	-	-	**5,106,026**	**5,085,778**	-	-	**5,106,026**	**5,085,778**

(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 Market, 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.

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

3.5 Fair value measurement (continued)

(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 2015: 11%). 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

(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.

(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)

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 2017 and 2016 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	2017: 5% - 10% 2016: 5% - 10%	+/-10% (2016: +/-10%) increase/decrease in the marketability discount would result in (decrease)/increase in fair value by (N4,334,639,424)/ N4,334,639,424 (2016: (N4,334,394,000)/N4, 554, 394,000)
		Long-term operating margin	2017: 5% - 10% 2016: 5% - 10%	+/-5% (2016: +/-5%) increase/decrease in the marketability discount would result in (decrease)/increase in fair value by (N2,167,319,712)/N2,167,319,712 (2016: (N2,277,197,000)/ N2,277,197,000
AFS financial assets in unquoted equity shares - IILMC	Market approach (P/B Multiple)	Liquidity/Marketability discount	2017: 5% - 10% 2016: 5% - 10%	+/- 10% (2016: +/-10%) increase/decrease in the marketability discount would result in decrease/increase in fair value by (US$610,589)/US$610,589 (2016: (US$775,000)/US$775,000
			2017: 5% - 10% 2016: 5% - 10%	+/- 5% (2016: +/-5%) increase/decrease in the marketability discount would result in decrease/increase in fair value by (US$305,295)/US$305,295 (2016: (US$388,000)/US$388,000

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.

In the case of AFS financial assets, the impairment charge in the profit or loss would depend on whether the decline is significant or prolonged. Subsequent increase in the fair value would only impact equity (through OCI) and would not have an effect on profit or loss.

(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)

Reconciliation of fair value measurement of unquoted equity shares classified as AFS 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 2016	36,920	813	37,733
Remeasurement recognised in OCI	285	1,196	1,481
As at 1 January 2017	37,205	2,009	39,214
Remeasurement recognised in OCI	6,141	188	6,329
As at 31 December 2017	43,346	2,197	45,543

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)

	Group 2017	2016	Bank 2017	2016
5 Interest and similar income	**N'million**	**N'million**	**N'million**	**N'million**
Analysis by type				
Asset Management Corporation of Nigeria (AMCON) Notes	241,680	410,545	241,680	410,545
Loans and receivables	225,855	112,749	232,860	112,734
Federal Government Securities	145,632	186,590	126,321	184,956
Other foreign securities	37,383	-	37,383	-
Time deposits and money placements	35,058	44,210	34,973	44,208
	685,608	**754,094**	**673,217**	**752,443**
Analysis by geographical location:				
Domestic	613,167	709,884	600,861	708,235
International	72,441	44,210	72,356	44,208
	685,608	**754,094**	**673,217**	**752,443**

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

	Group 2017	2016	Bank 2017	2016
	N'million	**N'million**	**N'million**	**N'million**
Income from instruments measured at amortised cost	684,732	753,774	672,341	752,123
Income from available for sale debt instruments measured at fair value	876	320	876	320
	685,608	**754,094**	**673,217**	**752,443**

The Group had no interest income on impaired financial assets as at 31 December 2017 (2016: Nil).

	Group 2017	2016	Bank 2017	2016
6 Interest and similar expense	**N'million**	**N'million**	**N'million**	**N'million**
Central Bank of Nigeria Instruments	1,317,314	452,199	1,317,314	452,199
Securities Lending	20,317	-	20,317	-
Deposits	3,560	5,734	3,556	5,693
Bank borrowings and overdraft charges	1,896	1,255	-	-
Commitment and service charge on Nigerian Mortgage Refinance Company Loan	1,774	-	1,774	-
Treasury Bonds	-	110	-	110
Debenture	1	6	-	-
	1,344,862	**459,304**	**1,342,961**	**458,002**

	Group 2017	2016	Bank 2017	2016
7 Fees and commission income	**N'million**	**N'million**	**N'million**	**N'million**
Foreign exchange earnings	33,120	21,941	33,120	21,941
Fees	6,700	4,654	6,643	4,406
Commissions	1,548	3,617	1,548	3,617
	41,368	**30,212**	**41,311**	**29,964**

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

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 2017	2016	Bank 2017	2016
8 Net fair value gain/(loss) on financial instruments	**N'million**	**N'million**	**N'million**	**N'million**
Net realised loss on financial assets at FVTPL	(51,335)	(9,350)	(51,335)	(9,350)
Unrealised fair value gain on other foreign securities at FVTPL	-	17,935	-	17,935
Unrealised (loss) / gain on derivative instruments	-	(486,808)	-	(486,808)
	(51,335)	**(478,223)**	**(51,335)**	**(478,223)**

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 2017, the Bank has applied the accounting guildelines issued by the Financial Reporting Council of Nigeria and had dislcosed 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 2017	2016	Bank 2017	2016
9 Other operating income	**N'million**	**N'million**	**N'million**	**N'million**
Unrealised gains on foreign exchange revaluation	1,302,553	961,359	1,302,449	963,958
Net realised loss on derivative instruments	(245,266)	(459,130)	(245,266)	(459,130)
Realised (loss) / gains on foreign exchange revaluation	(60,732)	378,994	(60,732)	378,994
Gains on sale of property, plant and equipment	42	-	47	-
Other income	460,043	15,535	446,399	6,524
Dividend income	102	33	7,638	3,054
Bank notes and security documents revenue	999	1,202	-	-
Agency income	217	287	-	-
	1,457,958	**898,280**	**1,450,535**	**893,400**

(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. Also included in other income is the net impact of the change in accounting policy. Refer to note 37

		Group		Bank	
		2017	2016	2017	2016
10	**Net gains on available-for-sale financial assets**	N'million	N'million	N'million	N'million
	Net gain on available-for-sale financial assets	6,347	1,437	6,347	1,437
		6,347	1,437	6,347	1,437

		Group		Bank	
		2017	2016	2017	2016
11	**Personnel expenses**	N'million	N'million	N'million	N'million
	Other staff allowances	67,727	64,154	67,536	63,922
	Defined benefit plan expenses (note 31)	29,158	20,421	29,158	20,401
	Wages and salaries	19,015	17,270	13,972	14,097
	Other staff expenses	14,348	9,476	14,348	9,476
	Pension costs – Defined contribution plan (note 31)	4,947	9,908	4,519	9,552
		135,195	121,229	129,533	117,448

		Group		Bank	
		2017	2016	2017	2016
12	**Financial sector intervention expenses**	N'million	N'million	N'million	N'million
	Financial sector intervention expenses	-	226,403	-	226,403
		-	226,403	-	226,403

The financial sector intervention expenses represent the amortisation of prepaid intervention expenses arising from the fair valuation of below market interest rate loans to financial institutions for the purposes of onward lending to the agricultural sector, the AMCON notes and the long term loans to AMCON and other banks. These loans are extended as part of the CBN activities in promoting economic growth and development and financial markets stability. The loans are for periods ranging from 2 to 10 years.

For the year ended 31 December 2017, the Bank has applied the accounting guidelines issued by the Financial Reporting Council of Nigeria and had measured intervention loans at amortised cost using the contractual rate as the EIR. This exemption has been applied prospectively by the Bank. Refer to note 37

		Group		Bank	
		2017	2016	2017	2016
13	**Currency issue expenses**	N'million	N'million	N'million	N'million
	Currency issue expenses	13,450	14,440	58,604	43,790
		13,450	14,440	58,604	43,790

		Group		Bank	
		2017	2016	2017	2016
14	**Other operating expenses**	N'million	N'million	N'million	N'million
	Intervention activities (note 14b)	19,302	38,534	19,302	38,534
	Banking sector resolution sinking cost fund (note 14a)	50,000	50,000	50,000	50,000
	Administrative expenses	55,983	45,678	46,224	40,494
	Centres of excellence (note 14c)	529	10,668	529	10,668
	Repairs and maintenance	4,499	9,760	3,693	9,212
	Bank charges	1,231	811	1,231	811
	Professional fees	927	796	823	645
	Losses on sale of property, plant and equipment	-	361	-	360
	Audit fees	462	338	400	280
	Donations	153	164	153	164
	Directors' related expenses	213	284	95	156
	Cost of sales (14d)	21,755	16,220	-	-
		155,054	173,610	122,450	151,322

14a The Banking sector resolution sinking cost fund represents the annual contribution by CBN to the Banking Sector Resolution Sinking Cost Fund.

14b 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.

14c Centres of excellence represent expenditure incurred by CBN on various structures in universities across the country known as "Centre of Excellence".

14d Cost of sales relates to the expenses incurred by one of the subsidiaries in respect of production of bank 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.

		Group		Bank	
		2017	2016	2017	2016
15	**Loan impairment charge**	N'million	N'million	N'million	N'million
	Loans and receivables -Charge for the year (Note 20a)	403,207	72,933	403,207	72,933
	Loans and receivables - Reversal of provision (Note 20a)	(56,195)	-	(56,195)	-
		347,012	72,933	347,012	72,933

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

		Group		Bank	
		2017	2016	2017	2016
16	**Impairment charge on financial investments**	N'million	N'million	N'million	N'million
	Other assets - Charge for the year (Note 25b)	23,771	11,776	23,771	11,776
	Other assets - Reversal of provision (Note 25b)	(474)	-	(474)	-
		23,297	11,776	23,297	11,776

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

17 Taxation

17a 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	
	2017	2016	2017	2016
Current income tax	N'million	N'million	N'million	N'million
Income tax	1,143	1,029	-	-
Education tax	31	150	-	-
ITF levy	16	7	-	-
	1,190	1,186	-	-
Deferred tax				
Relating to origination and reversal of temporary differences	583	(296)	-	-
Income tax (credit)/expense reported in the income statement	1,773	890	-	-

Consolidated statement of OCI	Group		Bank	
	2017	2016	2017	2016
	N'million	N'million	N'million	N'million
Net (losses)/gains on remeasurement on post employment benefit obligation	-	(114)	-	-
Deferred tax recognised in OCI	-	(114)	-	-

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	
	2017	2016	2017	2016
	N'million	N'million	N'million	N'million
Net income before tax	109,170	125,360	-	-
Tax calculated at 30%	32,751	37,608	-	-
Adjusted for:				
ITF levy	16	7	-	-
Education tax	31	150		
Share of results of associates	(5,516)	(4,168)	-	-
Tax exempt income	(649,519)	(490,862)	-	-
Tax exempt expense	624,010	448,155	-	-
At the effective income tax rate of 1% (2016: -1%)	1,773	890	-	-

Current income tax payable

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

	Group		Bank	
	2017	2016	2017	2016
	N'million	N'million	N'million	N'million
At 1 January	1,476	371	-	-
Payments during the year	(856)	(81)	-	-
Charge for the year:				
Income tax	1,143	1,029	-	-
Education tax	31	150	-	-
ITF levy	16	7	-	-
At 31 December	1,810	1,476	-	-

17b Deferred tax

Deferred tax relates to the following:

	Group			
	Statement of financial position		Income statement	
	2017	2016	2017	2016
	N'million	N'million	N'million	N'million
Accelerated depreciation for tax purposes	5,681	4,901	583	(296)
Post employment benefits	(83)	114	-	-
Deferred tax (benefit)/expense			583	(296)
Net deferred tax liabilities	5,598	5,015		

Reflected in the statement of financial position as follows:

	2017	2016
Deferred tax liabilities	5,598	5,015
Deferred tax liabilities	5,598	5,015

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

17 Taxation (continued)

Reconciliation of deferred tax liabilities

	Group 2017 N'million	Group 2016 N'million	Bank 2017 N'million	Bank 2016 N'million
At 1 January	5,015	5,197	-	-
Tax credit during the period recognised in income statement	583	(296)	-	-
Tax expense/(credit) during the period recognised in OCI	-	114	-	-
As 31 December	**5,598**	**5,015**	-	-

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 30 % (2016: 30 %).

The analysis of deferred tax liabilities is as follows,

	Group 2017 N'million	Group 2016 N'million	Bank 2017 N'million	Bank 2016 N'million
Deferred tax liabilities:				
- Deferred tax liability to be settled after more than 12 months	5,598	5,015	-	-
	5,598	**5,015**	-	-

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.

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

	Group					
	2017			2016		
	Before tax N'million	Tax charge N'million	After tax N'million	Before tax N'million	Tax charge N'million	After tax N'million
Available-for-sale financial assets	6,347	-	6,347	1,437	-	1,437
Share of other comprehensive income of associates	34,583	-	34,583	63,512	-	63,512
Re-measurement (losses)/gains on defined benefit plans	31,924	-	31,924	24,240	(114)	24,126
Other comprehensive income	**72,854**	-	**72,854**	**89,189**	**(114)**	**89,075**

	Group 2017 N'million	Group 2016 N'million	Bank 2017 N'million	Bank 2016 N'million
18 External reserves				
Convertible currencies (Notes 18a and 18b)	14,563,654	8,351,601	14,563,654	8,351,601
International Monetary Fund Reserve tranche	23	23	23	23
Gold	19	19	19	19
	14,563,696	**8,351,643**	**14,563,696**	**8,351,643**

Maturity analysis

	Group 2017 N'million	Group 2016 N'million	Bank 2017 N'million	Bank 2016 N'million
Current	10,404,621	5,591,702	10,404,621	5,591,702
Non-current	4,159,075	2,759,941	4,159,075	2,759,941
	14,563,696	**8,351,643**	**14,563,696**	**8,351,643**

	Group 2017 N'million	Group 2016 N'million	Bank 2017 N'million	Bank 2016 N'million
18a Convertible currencies comprise:				
-Time deposits and money placements	6,600,222	2,254,429	6,600,222	2,254,429
-Other foreign securities	4,182,833	2,782,711	4,182,833	2,782,711
-Current accounts with foreign Banks	600,103	414,320	600,103	414,320
-Domiciliary accounts	3,073,901	2,862,017	3,073,901	2,862,017
-Sundry currencies and travellers' cheques	106,595	38,124	106,595	38,124
	14,563,654	**8,351,601**	**14,563,654**	**8,351,601**

Included in convertible currencies is an amount of N4.336 billion (31 December 2016: N4,410 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 26)

	Group 2017 N'million	Group 2016 N'million	Bank 2017 N'million	Bank 2016 N'million
18b Convertible currencies are further analysed by currency as follows:				
United States Dollar	13,737,408	7,659,799	13,737,408	7,659,799
Euro	63,619	46,308	63,619	46,308
Chinese Renminbi	633,620	570,698	633,620	570,698
British Pounds Sterling	83,420	69,441	83,420	69,441
Japanese Yen	2,693	4,126	2,693	4,126
Others	42,494	1,230	42,494	1,230
	14,563,654	**8,351,602**	**14,563,654**	**8,351,602**

	Group 2017 N'million	Group 2016 N'million	Bank 2017 N'million	Bank 2016 N'million
18c Other foreign securities are further analysed as follows:				
Externally managed fund	3,537,584	2,246,255	3,537,584	2,246,255
Internally managed fund	645,249	536,456	645,249	536,456
	4,182,833	**2,782,711**	**4,182,833**	**2,782,711**

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

18 External reserves (continued)

18d Other foreign securities are further analysed as follows:

	Group 2017 N'million	Group 2016 N'million	Bank 2017 N'million	Bank 2016 N'million
Short term deposits	23,800	22,812	23,800	22,812
Debt securities:				
- Held for trading	3,523,509	2,221,170	3,523,509	2,221,170
- Held to maturity	637,277	535,890	637,277	535,890
Derivatives:				
- Futures contract	385	(3,829)	385	(3,829)
- Forward contracts	(2,138)	6,668	(2,138)	6,668
	4,182,834	2,782,711	4,182,833	2,782,711

18e Cash and bank balances

	Group 2017 N'million	Group 2016 N'million	Bank 2017 N'million	Bank 2016 N'million
Cash at bank	24,906	15,904	-	-
Call deposit	2,009	2,219	-	-
Cash at bank (foreign)	1,282	-	-	
Cash and bank balances	28,197	18,123	-	-

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 2017 N'million	Group 2016 N'million	Bank 2017 N'million	Bank 2016 N'million
Time deposits and money placements	6,602,231	2,254,429	6,600,222	2,254,429
Current accounts with foreign banks	601,385	416,539	600,103	414,320
Domiciliary accounts	3,073,901	2,862,017	3,073,901	2,862,017
Cash at bank (local)	24,906	15,904	-	-
IMF Holdings of Special Drawing Rights (Note 19a)	650,824	611,930	650,824	611,930
Other foreign securities	23,800	22,812	23,800	22,812
Sundry currencies and travellers' cheques	106,595	38,124	106,595	38,124
Bank overdrafts (Note 32)	-	(1,277)	-	-
	11,083,642	6,220,478	11,055,445	6,203,632

19 International Monetary Fund (IMF) related balances

	Group 2017 SDR'million	Group 2017 N'million	Group 2016 SDR'million	Group 2016 N'million	Bank 2017 SDR'million	Bank 2017 N'million	Bank 2016 SDR'million	Bank 2016 N'million
Assets								
Holdings of Special Drawing Rights - Note 19a	1,500	650,824	1,500	611,930	1,500	650,824	1,500	611,930
Quota in IMF - Note 19b	2,455	1,002,558	2,455	683,175	2,455	1,002,558	2,455	683,175
	3,955	1,653,382	3,955	1,295,105	3,955	1,653,382	3,955	1,295,105
Liabilities								
IMF Account No. 1	8	3,465	8	2,305	8	3,465	8	2,305
IMF Account No. 2	-	24	-	16	-	24	-	16
IMF Securities	2,271	950,632	2,271	632,417	2,271	950,632	2,271	632,417
Total IMF related liabilities - Note 19c	2,279	954,121	2,279	634,738	2,279	954,121	2,279	634,738
Allocation of Special Drawing Rights - Note 19d	1,675	727,153	1,675	683,603	1,675	727,153	1,675	683,603
	3,954	1,681,274	3,954	1,318,341	3,954	1,681,274	3,954	1,318,341

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 channelled 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).

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

19 International Monetary Fund (IMF) related balances (continued)

	Group 2017 N'million	Group 2016 N'million	Bank 2017 N'million	Bank 2016 N'million
19a IMF Holdings of Special Drawing Rights	**650,824**	**611,930**	**650,824**	**611,930**
At 1 January	611,930	456,481	611,930	456,481
Allocation	-	(48,453)	-	(48,453)
Interest earned during the year	3,079	331	3,079	331
Interest charged during the year	(3,165)	(354)	(3,165)	(354)
Exchange gains	38,980	203,925	38,980	203,925
At 31 December	**650,824**	**611,930**	**650,824**	**611,930**

Maturity analysis

	2017 N'million	2016 N'million	2017 N'million	2016 N'million
Current	650,824	611,930	650,824	611,930
	650,824	**611,930**	**650,824**	**611,930**

	2017 N'million	2016 N'million	2017 N'million	2016 N'million
19b Quota in International Monetary Fund	**1,002,558**	**683,175**	**1,002,558**	**683,175**
At 1 January	683,175	484,476	683,175	484,476
Allocation	-	193,812		193,812
Exchange gains	319,383	4,887	319,383	4,887
At 31 December	**1,002,558**	**683,175**	**1,002,558**	**683,175**

Maturity analysis

	2017 N'million	2016 N'million	2017 N'million	2016 N'million
Non-current	1,002,558	683,175	1,002,558	683,175
	1,002,558	**683,175**	**1,002,558**	**683,175**

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

	2017 N'million	2016 N'million	2017 N'million	2016 N'million
19c IMF related liabilities	**954,121**	**634,738**	**954,121**	**634,738**
At 1 January	634,738	484,492	634,738	484,492
Allocation	-	145,359	-	145,359
Exchange losses	319,383	4,887	319,383	4,887
At 31 December	**954,121**	**634,738**	**954,121**	**634,738**

Maturity analysis

	2017 N'million	2016 N'million	2017 N'million	2016 N'million
Current	954,121	634,738	954,121	634,738
	954,121	**634,738**	**954,121**	**634,738**

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

	2017 N'million	2016 N'million	2017 N'million	2016 N'million
19d IMF allocation of Special Drawing Rights	**727,153**	**683,603**	**727,153**	**683,603**
At 1 January	683,603	456,550	683,603	456,550
Exchange losses	43,550	227,053	43,550	227,053
At 31 December	**727,153**	**683,603**	**727,153**	**683,603**

Maturity analysis

	2017 N'million	2016 N'million	2017 N'million	2016 N'million
Current	727,153	683,603	727,153	683,603
	727,153	**683,603**	**727,153**	**683,603**

20 Loans and receivables	Group 2017 N'million	Group 2016 N'million	Bank 2017 N'million	Bank 2016 N'million
Asset Management Corporation of Nigeria (AMCON) Notes	4,087,143	3,292,372	4,087,143	3,292,372
Overdraft balances and short term advances	3,314,589	2,536,545	3,314,589	2,536,545
Long term loans	1,953,691	1,190,320	1,953,691	1,190,320
Bank of Industry Debenture (BOI)	535,000	535,000	535,000	535,000
Real Sector Support Facility Loans	96,174	-	96,174	-
Nigerian Mortgage Refinance Company Loan	22,816	-	22,816	-
Other loans	156,616	185,742	156,616	185,742
Nigerian Treasury Bonds	60,398	149,389	60,398	149,389
NESI Stabilization Strategy Limited loan	-	-	120,212	121,950
NESI NBET Payment Assurance Facility	109,689	-	109,689	-
Loans to Deposit Money Banks on Commercial Agricultural Credit Scheme	280,948	117,486	280,948	117,486
Micro Small and Medium Entreprise loans	103,315	81,476	103,315	81,476
Nigeria Incentive-Based Risk-Sharing System for Agricultural Lending Debenture (NIRSAL)	-	-	75,187	62,032
Staff loans	23,294	14,179	23,070	13,971
6% Perpetual Debentures in Nigerian Export Import Bank (NEXIM)	1,355	1,317	1,355	1,317
Advances to Federal Mortgage Bank of Nigeria	9	9	9	9
Trade receivables	110,930	110,505	-	-
	10,855,967	**8,214,340**	**10,940,212**	**8,287,609**
Less: Impairment allowance (20a)	(570,534)	(196,578)	(570,534)	(196,578)
	10,285,433	**8,017,762**	**10,369,678**	**8,091,031**

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

20 Loans and receivables (continued)

Maturity analysis

	Group 2017	Group 2016	Bank 2017	Bank 2016
	N'million	N'million	N'million	N'million
Current	3,509,551	2,799,419	3,398,621	2,688,914
Non-current	6,775,882	5,218,343	6,971,057	5,402,117
	10,285,433	8,017,762	10,369,678	8,091,031

20a Impairment allowance for loans and receivables

A reconciliation of the allowance for impairment losses for loans and receivables, by class, is as follows

Group	6% AMCON Notes	Other loans	Total
	N'million	N'million	N'million
At 1 January 2016	-	123,646	123,646
Charge for the year (Note 15)	56,195	16,738	72,933
As at 31 December 2016	56,195	140,384	196,579
Charge for the year (Note 15)	-	403,207	403,207
Reversal (Note 15)	(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 2016	-	123,646	123,646
Charge for the year (Note 15)	56,195	16,738	72,933
As at 31 December 2016	56,195	140,384	196,579
Charge for the year (Note 15)	-	403,207	403,207
Reversal (Note 15)	(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 intiated 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.

21 Financial liabilities at fair value through profit or loss

	Group			Bank		
31 December 2017	Fair value of assets N'million	Fair value of liabilities N'million	Contract /Notional amount N'million	Fair value of assets N'million	Fair value of liabilities N'million	Contract /Notional amount N'million
Forward contracts	-	-	-	-	-	-
Swap contracts	-	-	-	-	-	-
OTC Futures contracts	-	-	-	-	-	-
Total derivatives	-	-	-	-	-	-
31 December 2016						
Forward contracts	13,554	(3,988)	503,297	13,554	(3,988)	503,297
Swap contracts	-	(265,081)	1,023,739	-	(265,081)	1,023,739
OTC Futures contracts	-	(13,856)	1,113,003	-	(13,856)	1,113,003
Total derivatives	13,554	(282,925)	2,640,039	13,554	(282,925)	2,640,039

The derivatives arose from foward, swaps and futures contracts entered into by CBN which were still open at the reporting date. Forward contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. The Central Bank of Nigeria entered into futures, forward exchange and swaps contracts to sell fixed amounts of foreign currencies at fixed exchange rates against the Naira at future dates. These futures contracts are customised contracts that were transacted in the over-the-counter market. The futures, forward exchange and swap agreements resulted in both derivative assets and liabilities positions at the reporting date.

The table above shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amount recorded gross, is the amount that is used to calculate the fair value of the derivative asset or liability in response to the movements in the underlying derivative contracts which is the foreign exchange rates. It is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are neither indicative of the market risk nor the credit risk.

For the year ended 31 December 2017, the Bank has applied the accounting guildelines issued by the Financial Reporting Council of Nigeria and had disloosed 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 Refer to note 37 and 2.1.1.

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

21 Financial liabilities at fair value through profit or loss (continued)

At their inception, these derivatives involved only a mutual exchange of promises with no transfer of consideration. However, these instruments are very volatile. A relatively small movement in the foreign exchange rates underlying the derivative contracts may have a significant impact in the income statement of CBN.

OTC Futures Contract Outstanding	Group 2017 Fair value of liabilities N'million	Group 2016 Fair value of liabilities N'million	Bank 2017 Fair value of liabilities N'million	Bank 2016 Fair value of liabilities N'million
Outstanding contracts	-	246,947	-	246,947
OTC Futures Margin funded	-	(233,091)	-	(233,091)
	-	13,856	-	13,856

The OTC Futures margin account represents advance payments made by CBN to Fund Futures transactions in line with the FMDQ OTC Foreign Exchange Market Framework.

Maturity analysis

	2017 N'million	2016 N'million	2017 N'million	2016 N'million
Assets:				
Current	-	13,554	-	13,554
	-	13,554	-	13,554
Liabilities:	N'million	N'million	N'million	N'million
Current	-	230,460	-	230,460
Non-current	-	52,465	-	52,465
	-	282,925	-	282,925

22 Investment securities	Group 2017 N'million	Group 2016 N'million	Bank 2017 N'million	Bank 2016 N'million
Available-for-sale equity investments (Note 22a)	45,543	39,214	45,543	39,214
Available-for-sale debt instruments (Note 22b)	5,126	4,300	5,126	4,300
Held to maturity (Note 22c)	2,062,360	2,158,310	1,965,705	2,064,919
	2,113,029	2,201,824	2,016,374	2,108,433

22a Available for sale equity investments

	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 2016	-	36,920	813	-	37,733
Fair value gain during the year		285	1,196		1,481
Balance as at 31 December 2016	-	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

As at year ended 31 December 2017, 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 2017 and 2016, the fair value of the Bank's investment in AMCON and FMBN is Nil as at 31 December 2017 (2016: Nil).

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 N60million 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 2017 and 2016, 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 6.67%. 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 2017 and 2016, the fair value of the investment is Nil.

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

22 Investment securities (continued)

	Group		Bank	
	2017	2016	2017	2016
22b Available-for-sale debt instruments	N'million	N'million	N'million	N'million
Nigerian Treasury Bills-Available-for-sale	4,777	3,955	4,777	3,955
FGN Bonds-Available-for-sale	349	345	349	345
Total	5,126	4,300	5,126	4,300

Maturity analysis

	2017	2016	2017	2016
	N'million	N'million	N'million	N'million
Current	4,777	3,955	4,777	3,955
Non-current	349	345	349	345
	5,126	4,300	5,126	4,300

Reconciliation of net gains/losses recognised in OCI and AFS reserve on available for sale instruments:

	Bank		
	Unquoted equity instruments	Quoted debt instruments	Total
	N'million	N'million	N'million
As at 1 January 2016	36,353	39	36,392
Remeasurement recognised in OCI	1,481	(44)	1,437
As at 31 December 2016	37,834	(5)	37,829
Remeasurement recognised in OCI	6,329	18	6,347
As at 31 December 2017	44,163	13	44,176

	2017	2016	2017	2016
22c Held to maturity	N'million	N'million	N'million	N'million
Debt instruments				
FGN Bonds	1,690,744	1,729,881	1,684,241	1,729,881
Nigerian Treasury Bills	371,562	428,429	281,464	335,038
Call deposit	-	-	-	-
Investment in FARMSMART	54	-	-	-
	2,062,360	2,158,310	1,965,705	2,064,919

Maturity analysis

	2017	2016	2017	2016
	N'million	N'million	N'million	N'million
Current	371,562	428,429	285,049	335,038
Non-current	1,690,798	1,729,881	1,680,656	1,729,881
	2,062,360	2,158,310	1,965,705	2,064,919

	Bank	
	2017	2016
23 Investments in subsidiaries	N'million	N'million
Nigerian Security Printing and Minting Plc (NSPM)	25,588	25,588
Nigeria Incentive-Based Risk-Sharing System for Agricultural Lending Plc (NIRSAL)	2,500	17,684
NESI Stabilization Strategy Limited (NESI)	10	10
Total investments	28,098	43,282

NIRSAL investment

In 2016, the Bank granted a below market rate intervention loan to NIRSAL. At origination, the difference between the loan amount and its initial fair value using the market interest rate was treated as an additional equity contribution to the subsidiary, which represents a further investment by the parent in the subsidiary.

For the year ended 31 December 2017, the Bank has applied the accounting guidelines issued by the Financial Reporting Council of Nigeria to measure intervention loans granted to NIRSAL at amortised cost using the contractual rate as against the market rate. This exemption has been applied prospectively by the Bank.

Maturity analysis

	2017	2016
	N'million	N'million
Non-current	28,098	43,282
	28,098	43,282

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 longstanding 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 N147.57 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.

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

23 Investments in subsidiaries (continued)

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

(a) Nigerian Security Printing and Minting Plc. (NSPM)

Summarised statement of profit or loss and other comprehensive income	**2017**	**2016**
	N'million	**N'million**
Revenue	46,153	30,552
Cost of sales	(27,579)	(20,092)
Administrative expenses	(5,058)	(3,883)
Other operating income	512	338
Finance income	117	17
Finance costs	(1,894)	(3,854)
Profit on ordinary activities before tax	**12,251**	**3,078**
Income tax credit/(expense)	(61)	(571)
Profit after tax	**12,190**	**2,507**
Remeasurement of post employment benefit obligations	-	381
Deferred tax on remeasurement of post employment benefit obligation	-	(114)
Total comprehensive income for the year	**12,190**	**2,774**
Attributable to		
Equity holders of parents	12,071	3,373
Non-controlling interest	119	(599)

Summarised statement of financial position	**2017**	**2016**
	N'million	**N'million**
Inventories and cash and cash equivalents (current)	20,669	9,709
Property, plant and equipment and other non-current assets	68,726	71,522
Trade and other receivables and retirement benefit surplus	11,210	19,408
Trade and other payables (current)	(11,985)	(15,859)
Liabilities (non-current)	(23,361)	(27,160)
Other liabilities (current)	(5,436)	(9,967)
Total equity	**59,823**	**47,633**
Attributable to		
Equity holders of parents	59,519	47,448
Non-controlling interest	304	184

Summarised cash flow information for year ended	**2017**	**2016**
	N'million	**N'million**
Operating	19,603	6,883
Investing	(1,289)	(9,693)
Financing	(9,687)	105
Net increase/(decrease) in cash and cash equivalents	**8,627**	**(2,705)**

	%	**%**
Proportion of equity interest held by non-controlling interests	**10.48**	**10.48**

	2017	**2016**
	N'million	**N'million**
Accumulated balances of material non-controlling interests		(599)

(b) Nigeria Incentive-Based Risk-Sharing System for Agricultural Lending Plc (NIRSAL)

Summarised statement of profit or loss and other comprehensive income	**2017**	**2016**
	N'million	**N'million**
Interest income	19,419	10,494
Interest expense	(725)	(3,502)
Other operating income	2,843	248
Administrative expenses	(1,550)	(198)
Other expenses	(6,374)	(1,252)
Profit on ordinary activities before tax	**13,613**	**5,790**
Income tax expense	(802)	(139)
Profit after tax	**12,811**	**5,651**

Summarised statement of financial position	**2017**	**2016**
	N'million	**N'million**
Cash and cash equivalents (current)	14,626	3,886
Investments	96,655	93,391
Other assets	7,548	2,166
Liabilities (non-current)	(74,971)	(62,054)
Other liabilities (current)	(10,894)	(2,049)
Total equity	**32,964**	**35,340**

Summarised cash flow information for year ended	**2017**	**2016**
	N'million	**N'million**
Operating	9,350	6,105
Investing	1,388	(30,183)
Net increase in cash and cash equivalents	**10,738**	**(24,075)**

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

23 Investments in subsidiaries (continued)

(c) NESI Stabilization Strategy Limited

Summarised statement of profit or loss and other comprehensive income

	2017 N'million	2016 N'million
Interest income	10 536	8,940
Other income	26	22
Interest expense	(6,326)	(5,405)
Administrative expenses	(2,603)	(2,211)
Other expenses	(59)	(653)
Loss on ordinary activities before tax	**1,574**	**693**
Income tax expense	(519)	(229)
Profit after tax	**1,055**	**464**

Summarised statement of financial position

	2017 N'million	2016 N'million
Cash and cash equivalents (current)	16,286	16,360
Trade and other receivables (current)	104,840	108,696
Trade and other payables (current)	(169)	(198)
Liabilities (non-current)	(120,212)	(114,671)
Other liabilities (current)	(582)	(10,432)
Total equity	**163**	**(425)**

Summarised cash flow information for year ended

	2017 N'million	2016 N'million
Operating	(9,383)	6,237
Investing	4,049	(43,763)
Financing	5,239	50,009
Net increase/(decrease) in cash and cash equivalents	**(95)**	**12,483**

	Percentage shareholding	Group 2017 N'million	Group 2016 N'million	Bank 2017 N'million	Bank 2016 N'million
24 Investments in associates					
Africa Finance Corporation (AFC)	42.3%	228,145	184,915	57,958	57,958
Nigerian Export Import Bank (NEXIM)	50%	24,341	24,053	25,000	25,000
Bank of Industry (BOI)	5 19%	15,371	14,166	7,655	7,655
Bank of Agriculture (BOA)	14%	-	-	4,027	4,027
Agricultural Credit Guarantee Scheme Fund (ACGSF)	40%	2,708	2,220	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%	314	273	100	100
Nigeria Inter-Bank Settlement System (NIBSS)	3 6%	488	368	53	53
		271,367	**225,995**	**96,501**	**96,501**
Less: Impairment allowance (Note 24a)		-	-	(4,535)	(4,535)
		271,367	**225,995**	**91,966**	**91,966**

Maturity analysis

	2017 N'million	2016 N'million	2017 N'million	2016 N'million
Non-current	271,367	225,995	91,966	91,966
	271,367	**225,995**	**91,966**	**91,966**

24a A reconciliation of the allowance for impairment losses for investment in associates, by investees, is as follows:

Bank	Bank of Agriculture (BOA) N'million	Nigeria Commodity Exchange (NCX) N'million	National Economic Reconstruction Fund (NERFUND) N'million	Total N'million
As at 31 December 2016	**4,027**	**408**	**100**	**4,535**
As at 31 December 2017	**4,027**	**408**	**100**	**4,535**

24 Investments in associates (continued)

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.

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 6 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. As at 31 December 2017 the Bank paid a total of Nxxxx million (2016: N53 million). 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.

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

24 Investments in associates (continued)

	2017 N'million	2016 N'million
Share of profit of associates	18,386	13,894
Share of OCI of associates	34,584	63,512
	52,970	77,406

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 excercise 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 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	-	-	-		-	-	-
Gross income/(loss)	10,768	60,326	-	3,694	(3,785)	42,253	2,498	1,560
Total expenses	(5,699)	(25,163)	-	(3,068)	(4,593)	(15,890)	(2,147)	(339)
Profit/(loss) before income tax	**5,069**	**35,163**	-	**626**	**(8,378)**	**26,363**	**349**	**1,221**
Income tax expense	(1,126)	-	-	-	-	(3,237)	(50)	-
Profit/(loss) 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/(loss) 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**	**483**
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**	-

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

24 Investments in associates (continued)

31 December 2016

	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	9,749	109,353	782	6,730	22,596	56,722	499	30
Non-current assets	3,000	935,225	1,310	58,792	18,903	625,807	2,029	7,264
Current liabilities	(2,098)	(22,823)	(5,257)	(16,704)	(41,568)	(39,706)	(24)	(8)
Non-current liabilities	(164)	(580,923)	(5,635)	(4,229)	(13,297)	(426,124)	(837)	(1,734)
Equity	**10,487**	**440,832**	**(8,800)**	**44,589**	**(13,366)**	**216,699**	**1,667**	**5,552**
Revenue	10,743	-	-	-	-	-	-	640
Gross income/(loss)	12,835	35,311	2,210	6,461	(8,270)	36,616	2,041	640
Total expenses	(6,581)	(7,300)	(3,699)	(3,567)	(4,972)	(22,206)	(1,601)	(341)
Profit/(loss) before tax	**6,254**	**28,011**	**(1,489)**	**2,894**	**(13,242)**	**14,410**	**440**	**299**
Income tax expenses	(1,063)	-	-	-	-	(1,094)	(119)	-
Profit for the year	**5,191**	**28,011**	**(1,489)**	**2,894**	**(13,242)**	**13,316**	**321**	**299**
Other comprehensive income, net of income tax	-	151,245	-	-	-	-	(73)	-
Total comprehensive income for the year	**5,191**	**179,256**	**(1,489)**	**2,894**	**(13,242)**	**13,316**	**248**	**299**
Group share of profit for the year	**187**	**11,618**	**-**	**1,431**	**-**	**492**	**46**	**120**
Group share of other comprehensive income	**-**	**63,523**	**-**	**-**	**-**	**-**	**(11)**	**-**
Group share of total comprehensive income	**187**	**75,141**	**-**	**1,431**	**-**	**492**	**35**	**120**
Unrecognised share of losses for the current year	**-**	**-**	**(60)**	**-**	**(1,854)**	**-**	**-**	**-**
Cumulative share of losses at end of period	**-**	**-**	**(2,783)**		**(8,928)**		**-**	**-**
Dividend received	**27**	**2,938**	**-**	**-**	**-**	**56**	**-**	**-**

25 Other assets

		Group 2017 N'million	Group 2016 N'million	Bank 2017 N'million	Bank 2016 N'million
Prepaid intervention expenses	(Note 25a)	-	1,195,228	-	1,195,228
Account receivables		56,079	51,510	56,079	51,510
Other sundry receivables		98,137	51,310	98,137	54,310
Prepaid staff expenses	(Note 25a)	33,259	15,282	33,259	15,282
Cheques in clearing		357	2,025	357	2,025
Prepayments		7,305	3,714	7,541	3,826
Due from Agricultural Credit Guarantee Scheme Fund		642	298	642	298
Other receivables		5,353	5,004	-	-
OTC foreign exchange futures		16,588	-	16,588	-
Inventories		7,768	5,436	-	-
		225,488	**1,329,807**	**212,603**	**1,322,479**
Less: Impairment allowance (Note 25b)		(72,142)	(49,023)	(72,142)	(49,023)
		153,346	**1,280,784**	**140,461**	**1,273,456**

Inventories comprise cost of raw materials, work-in-progress, finished goods, goods in transit and consumables.

Maturity analysis

	Group 2017 N'million	Group 2016 N'million	Bank 2017 N'million	Bank 2016 N'million
Current	48,137	37,296	35,252	26,968
Non-current	105,209	1,243,488	105,209	1,246,488
	153,346	**1,280,784**	**140,461**	**1,273,456**

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

25 Other assets (continued)

25a Prepaid staff expenses and prepaid intervention expenses arise from below market interest loans issued to staff members and loans to the financial services sector respectively. The loans to financial services sector are in pursuit of the CBN's developmental agenda and also to ensure financial markets stability. These prepaid expenses are amortised over the tenor of the respective loans. Refer to disclosure in note 12 relating to prepaid intervention expenses

25b **Impairment allowance for other assets**
A reconciliation of the allowance for impairment for other assets, by class, is as follows

	Group				Bank			
	Account receivables N'million	Sundry receivables N'million	Due from Agricultural Credit Guarantee Scheme Fund N'million	Total N'million	Account receivables N'million	Sundry receivables N'million	Due from Agricultural Credit Guarantee Scheme Fund N'million	Total N'million
At 1 January 2016	28,368	8,635	244	37,247	28,368	8,635	244	37,247
Charge for the year [Note 16]	-	11,776	-	11,776	-	11,776	-	11,776
At 1 January 2017	28,368	20,411	244	49,023	28,368	20,411	244	49,023
Charge for the year [Note 16]	-	23,771	-	23,771	-	23,771	-	23,771
Reversal during the year (Note 16)	-	(474)	-	(474)	-	(474)	-	(474)
Amounts written off	-	(178)	-	(178)	-	(178)	-	(178)
At 31 December 2017	28,368	43,530	244	72,142	28,368	43,530	244	72,142

26 Intangible assets

	Group			Bank		
	Computer software N'million	Software under development N'million	Total N'million	Computer software N'million	Software under development N'million	Total N'million
Cost						
At 1 January 2016	15,631	4,024	19,655	15,608	4,024	19,632
Additions	539	140	679	539	140	679
At 31 December 2016	16,170	4,164	20,334	16,147	4,164	20,311
Additions	390	-	390	390	-	390
Reclassification	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
Accumulated amortisation						
At 1 January 2016	14,601	-	14,601	14,578	-	14,578
Amortisation	743	-	743	743	-	743
At 31 December 2016	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
Net book value						
At 31 December 2017	1,503	1,902	3,405	1,503	1,902	3,405
At 31 December 2016	826	4,164	4,990	826	4,164	4,990

Maturity analysis	Group 2017 N'million	Group 2016 N'million	Bank 2017 N'million	Bank 2016 N'million
Non-current	3,405	4,990	3,405	4,990
	3,405	4,990	3,405	4,990

27 Property, plant and equipment

Group	Land N'million	Building N'million	Plant, machinery and equipment N'million	Furnitures 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 2016	1,671	176,663	77,892	7,703	5,233	11,002	275,445	557,629
Additions	-	664	3,351	610	40	2,518	36,293	43,476
Reclassifications	-	5,181	32,079	-	46	148	(37,454)	-
Derecognition	-	(180)	(109)	-	-	-	(292)	(581)
Disposals	-	(1,716)	(344)	(296)	(460)	(417)	-	(3,233)
At 31 December 2016	1,671	182,632	112,869	8,017	4,859	13,251	273,992	597,287
Additions	-	1,980	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)	(688)	(644)	(396)	(3,806)
At 31 December 2017	1,671	250,559	118,143	11,085	5,682	15,849	225,250	628,235
Accumulated depreciation and impairment								
At 1 January 2016	-	28,057	37,944	4,646	4,863	6,136	-	81,646
Depreciation charged for the year	-	4,914	5,150	1,172	238	985	-	12,459
Derecognition	-	-	(8)	-	-	-	-	(8)
Disposals	-	-	(323)	(293)	(459)	(329)	-	(1,404)
At 31 December 2016	-	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	49,618	7,073	4,639	7,869	-	111,720
Net book value								
At 31 December 2017	1,671	207,551	68,525	4,012	1,043	7,980	225,250	516,515
At 31 December 2016	1,671	149,661	70,106	2,492	217	6,459	273,992	505,080

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

27 Property, plant and equipment (continued)

Bank	Land	Building	Plant and equipment	Furnitures and fittings	Computer equipment	Motor vehicles	Capital work in progress	Total
	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million
Cost								
At 1 January 2016	**1,617**	**170,372**	**36,924**	**5,521**	**5,173**	**10,489**	**248,126**	**478,224**
Additions	-	664	2,790	579	40	2,345	27,219	33,637
Reclassifications	-	-	856	-	46	148	(1,050)	-
Derecognition	-	(180)	(109)	-	-	-	(292)	(581)
Disposals	-	(1,718)	(344)	(294)	(460)	(401)	-	(3,215)
At 31 December 2016	**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	-	66,082	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**

Bank	Land	Building	Plant and equipment	Furnitures and fittings	Computer equipment	Motor vehicles	Capital work in progress	Total
	N'million	N'million	N'million	N'million	N'million	N'million	N'million	N'million
Accumulated depreciation and impairment								
At 1 January 2016	-	**25,706**	**26,809**	**3,284**	**4,862**	**5,619**	-	**66,280**
Depreciation charged for the year	-	4,745	3,318	1,001	238	934	-	10,236
Derecognition	-	-	(8)	-	-	-	-	(8)
Disposals	-	(481)	(323)	(291)	(459)	(312)	-	(1,866)
At 31 December 2016	-	**29,970**	**29,796**	**3,994**	**4,641**	**6,241**	-	**74,642**
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)	(688)	(567)	-	(3,059)
At 31 December 2017	-	**39,733**	**33,024**	**5,422**	**4,631**	**7,119**	-	**89,928**
Net book value								
At 31 December 2017	**1,617**	**197,130**	**11,348**	**3,328**	**618**	**7,226**	**225,263**	**446,531**
At 31 December 2016	**1,617**	**139,170**	**10,321**	**1,812**	**158**	**6,340**	**274,005**	**433,423**

Derecognition

Asset under construction
This relates to partial de-recognition of a portion of the cost paid in relation to the purchase of some properties. At the point of payment, the payment of taxes were no longer necessary as the Nigerian tax legislation exempts WHT on the property (one-off sale transaction).

Building
A contractor was given an advance payment for the renovation of CBN Enugu branch. However, the contractor did not perform in line with the stated agreement and as such the Advance Payment Guarantee (APG) provided by the contractor was utilised by the Bank. Consequently, the need to derecognise the Advance Payment Guarantee portion from the total amount paid to the contractor. The remaining portion relates to the amount of work done so far.

Plant, machinery and equipment
This relates to the derecognition of asset supplied by a contractor as the invoice was cancelled because it failed to meet required specification. The asset was returned to the vendor and

Maturity analysis	Group 2017	2016	Bank 2017	2016
	N'million	N'million	N'million	N'million
Non-current	516,515	505,080	446,531	433,423
	516,515	**505,080**	**446,531**	**433,423**

	Group 2017	2016	Bank 2017	2016
	N'million	N'million	N'million	N'million
28 Deposits				
Government deposits:				
- Capital and settlement accounts	3,547,753	3,235,078	3,547,753	3,235,078
- Domiciliary accounts	3,073,901	2,862,018	3,073,901	2,862,018
Other accounts (Note 28a)	1,538,107	1,554,349	1,538,107	1,554,349
Financial Institutions:				
- Current and settlement accounts	694,518	443,977	694,518	443,977
- Banks' reserve accounts	3,393,716	2,924,490	3,393,716	2,924,490
- Special intervention reserve	218,908	208,612	218,908	208,612
	12,466,903	**11,228,524**	**12,466,903**	**11,228,524**

Maturity analysis	2017	2016	2017	2016
	N'million	N'million	N'million	N'million
Current	12,466,903	11,228,524	12,466,903	11,228,524
	12,466,903	**11,228,524**	**12,466,903**	**11,228,524**

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

28a Other accounts are further analysed as follows:	Group 2017 N'million	Group 2016 N'million	Bank 2017 N'million	Bank 2016 N'million
FGN Petroleum Profits Tax Naira funding account	906,290	1,012,687	906,290	1,012,687
FGN excess crude oil proceeds (Naira funding) account	146,162	193,194	146,162	193,194
Letters of credit consolidated account	239,041	225,758	239,041	225,758
FGN (External creditors) funding account	204,823	52,850	204,823	52,850
Special reserve account	2,031	1,271	2,031	1,271
Sundry accounts	33,305	62,147	33,305	62,147
NNPC/NAPIMS cash call account	6,353	6,353	6,353	6,353
Sovereign Wealth Fund	102	90	102	90
	1,538,107	1,554,349	1,538,107	1,554,349

28b Foreign currency deposits held on behalf of customers for letters of credit transactions and other purposes are analysed below:

	Group 2017 N'million	Group 2016 N'million	Bank 2017 N'million	Bank 2016 N'million
Other accounts	1,538,107	1,554,349	1,538,107	1,554,349
Domiciliary accounts	3,073,901	2,862,018	3,073,901	2,862,018
	4,612,008	4,416,367	4,612,008	4,416,367

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

29 Central Bank of Nigeria Instruments Issued	Group 2017 N'million	Group 2016 N'million	Bank 2017 N'million	Bank 2016 N'million
Open Market Operations - Central Bank of Nigeria Bills	8,919,793	5,106,026	8,919,793	5,106,026
Central Bank of Nigeria Promissory Notes	-	-	-	-
	8,919,793	5,106,026	8,919,793	5,106,026
Open Market Operations - Central Bank of Nigeria Bills:				
At 1 January	5,106,026	2,239,981	5,106,026	2,239,981
Issued during the year	11,346,482	7,859,619	11,346,482	7,859,619
Redemption during the year	(7,323,991)	(4,517,441)	(7,323,991)	(4,517,441)
Deferred interest and prepayments	(208,724)	(476,133)	(208,724)	(476,133)
At 31 December	8,919,793	5,106,026	8,919,793	5,106,026
Central Bank of Nigeria Promissory Notes:				
At 1 January	-	96	-	96
Redemption in the year	-	(96)	-	(96)
At 31 December	-	-	-	-

Maturity analysis

	2017 N'million	2016 N'million	2017 N'million	2016 N'million
Current	8,919,793	5,106,026	8,919,793	5,106,026
	8,919,793	5,106,026	8,919,793	5,106,026

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 9.5% - 19% per annum.

Central Bank of Nigeria Promissory Notes:
The CBN issued promissory notes to Ecobank Nigeria Plc , as part of a Purchase and Assumption Arrangement over the private sector deposits and certain assets of defunct African International Bank Limited. The promissory notes have a tenor of 1 year and carry coupon rates of 14.69%.

30 Bank notes and coins in circulation	Group 2017 N'million	Group 2016 N'million	Bank 2017 N'million	Bank 2016 N'million
Notes	2,139,289	2,170,641	2,154,905	2,176,923
Coins	1,384	1,310	1,384	1,310
	2,140,673	2,171,951	2,156,289	2,178,233

Maturity analysis

	2017 N'million	2016 N'million	2017 N'million	2016 N'million
Current	2,140,673	2,171,951	2,156,289	2,178,233
	2,140,673	2,171,951	2,156,289	2,178,233

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.

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

31 Employee benefits

The table below outlines where the Group's post employment amounts and activity are included in the financial statements

	Group 2017	2016	Bank 2017	2016
	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 31 1)	21,233	17,463	21,413	17,643
Post-employment gratuity scheme (Note 31.2)	77,373	92,819	77,373	92,819
Long service awards (Note 31 3)	921	1,101	857	1,037
Post-employment medical aid scheme for pensioners (Note 31 4)	3,972	5,548	3,972	5,548
Defined contribution liabilities (Note 31.5)	41	-	1	-
Liability in the statement of financial position	**103,540**	**116,931**	**103,616**	**117,047**

	Group 2017	2016	Bank 2017	2016
	N'million	N'million	N'million	N'million
Net benefit expenses recognised in income statement:				
Defined benefit pension scheme (Note 31 1)	2,823	(2,431)	2,823	(2,451)
Post-employment gratuity scheme (Note 31.2)	25,593	22,159	25,593	22,159
Long service awards (Note 31.3)	(121)	188	(121)	188
Post-employment medical aid scheme for pensioners (Note 31.4)	863	505	863	505
Total defined benefit expenses (Note 11)	**29,158**	**20,421**	**29,158**	**20,401**
Defined benefit contributions (Note 31.5)	4,947	9,908	4,519	9,552
	34,105	**30,329**	**33,677**	**29,953**
Remeasurement (gains)/losses in other comprehensive income:				
Defined benefit pension scheme (Note 31 1)	947	(19,361)	947	(18,981)
Post-employment gratuity scheme (Note 31.2)	(30,741)	(6,202)	(30,741)	(6,202)
Post-employment medical aid scheme for pensioners (Note 31 4)	(2,130)	1,323	(2,130)	1,323
	(31,924)	**(24,240)**	**(31,924)**	**(23,860)**

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 2017	2016	Bank 2017	2016
	N'million	N'million	N'million	N'million
Current	41	-	1	-
Non-current	103,499	116,931	103,615	117,047
	103,540	**116,931**	**103,616**	**117,047**

31 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 2017	2016	Bank 2017	2016
	N'million	N'million	N'million	N'million
Present value of funded obligations	87,492	84,441	86,350	83,299
Fair value of plan assets	(66,259)	(66,978)	(64,937)	(65,656)
Surplus/(shortage) of funded plans	**21,233**	**17,463**	**21,413**	**17,643**

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			Bank		
	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total
	N'million	N'million	N'million	N'million	N'million	N'million
At 1 January 2017	**84,441**	**(66,978)**	**17,463**	**83,299**	**(65,656)**	**17,643**
Net interest expenses	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
Employer contributions	-	-	-	-	-	-
Benefits payments	(14,133)	14,133	-	(14,133)	14,133	-
At 31 December 2017	**87,492**	**(66,259)**	**21,233**	**86,350**	**(64,937)**	**21,413**

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

31.1 Defined benefit pension scheme (continued)

	Group			Bank		
	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total
	N'million	N'million	N'million	N'million	N'million	N'million
At 1 January 2016	125,453	(86,198)	39,255	123,825	(84,750)	39,075
Net interest income	12,137	(14,568)	(2,431)	11,970	(14,421)	(2,451)
	12,137	(14,568)	(2,431)	11,970	(14,421)	(2,451)
Remeasurements:						
Gain from change in financial assumptions	(19,298)	-	(19,298)	(18,981)	-	(18,981)
Actuarial losses on plan assets	-	15,263	15,263	-	15,197	15,197
Experience adjustment	(15,326)	-	(15,326)	(15,197)	-	(15,197)
	(34,624)	15,263	(19,361)	(34,178)	15,197	(18,981)
Benefits payments	(18,525)	18,525	-	(18,318)	18,318	-
At 31 December 2016	84,441	(66,978)	17,463	83,299	(65,656)	17,643

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	2017 N'million	Percentage	2016 N'million	Percentage
Investments quoted in active markets:				
Equities	4,818	7.19%	4,152	6.20%
Money market	15,877	23.70%	13,731	20.49%
Bonds	40,378	60.29%	44,073	65.77%
Cash	4,247	6.34%	3,758	5.61%
Unquoted Investments:				
Property	1,249	1.86%	1,249	1.86%
Others	409	0.61%	49	0.07%
Gross value of assets	66,978	100.00%	67,012	100.00%
Less: Amount due to active staff	-	0.00%	(34)	-0.05%
Net asset	66,978	100.00%	66,978	99.95%

The breakdown of the fund's net assets as provided by the Bank is shown in the table below:

Category	2017 N'million	Percentage	2016 N'million	Percentage
Investments quoted in active markets:				
Equities	4,818	7.42%	4,074	6.21%
Money market	15,877	24.45%	13,731	20.91%
Bonds	40,378	62.18%	44,073	67.13%
Cash	3,455	5.32%	3,729	5.68%
Unquoted Investments:				
Others	409	0.62%	49	0.07%
Gross value of assets	64,937	99.99%	65,656	100.00%
Less: Amount due to active staff	-	0.00%	-	0.00%
Net asset	64,937	99.99%	65,656	100.00%

The significant actuarial assumptions were as follows:

Financial Assumptions **Long Term Average**	**Bank** **2017**	**2016**
Discount Rate (p.a)	15%	16%
Rate of Pension Increase(p.a)	2.3%	2.3%

Demographic Assumptions

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience.

	Age of Pensioner	Average Expected Future Lifetime (years)
Mortality of Pensioners	55	22
	60	19
	65	15
	70	12
	75	9

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

31.1 **Defined benefit pension scheme (continued)**

The Groups's sensitivity of the defined benefit obligation to changes in the weighted principal assumption is.

		Impact on defined benefit obligation			
		2017		2016	
	Change in assumptions	Impact of an increase	Impact of a decrease	Impact of an increase	Impact of a decrease
Base:		N'million	N'million	N'million	N'million
Discount rate	1%	(5,134)	3,261	(4,316)	2,337
Pension Increase rate	1%	3,776	(5,636)	7,271	2,881
Mortality experience	1year	564	(2,908)	(1,065)	(1,215)

The Bank's sensitivity of the defined benefit obligation to changes in the weighted principal assumption is

		Impact on defined benefit obligation			
		2017		2016	
	Change in assumptions	Impact of an increase	Impact of a decrease	Impact of an increase	Impact of a decrease
Base:		N'million	N'million	N'million	N'million
Discount rate	1%	(3,993)	4,401	(3,177)	3,477
Pension Increase rate	1%	4,916	(4,495)	(8,411)	(4,022)
Mortality experience	1year	1,724	(1,767)	75	(75)

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 2017	2016	Bank 2017	2016
	N'million	N'million	N'million	N'million
Within the next 12months (next annual reporting period)	14,597	14,691	14,452	14,546
Between 2 and 5 years	46,153	47,392	45,696	46,923
Between 5 and 10 years	85,386	52,545	84,541	52,025
Total expected payments	146,136	114,628	144,689	113,494

The average duration of the defined benefit plan obligation at the end of the reporting period is 5 years (2016: 5.78 years)

Through its defined benefit plans (pension scheme) the Group is exposed to asset volatility risk and mortality risk.

31.2 **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 2017	2016	Bank 2017	2016
	N'million	N'million	N'million	N'million
Present value of obligations	77,373	92,819	77,373	92,819

The movement in the defined benefit liability over the year is as follows:

	Group Present value of obligation	Bank Present value of obligation
	N'million	N'million
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:		
Loss 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
At 1 January 2016	88,996	88,996
Current service cost	8,093	8,093
Interest expense	14,066	14,066
	22,159	22,159
Remeasurements:		
Gains from change in financial assumptions	(5,972)	(5,972)
Experience adjustment	(230)	(230)
	(6,202)	(6,202)
Benefits paid	(12,134)	(12,134)
At 31 December 2016	92,819	92,819

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

31.2 Post-employment gratuity scheme (continued)

The remeasurements of the net defined benefit liability relates only changes in financial assumption.

The significant actuarial assumptions were as follows:

Financial Assumptions	**Bank**	
Long Term Average	**2017**	**2016**
Discount Rate (p.a)	15%	16%
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		**Bank Rate**	
	Age Band	**2017**	**2016**
	Less than or equal to 30	5%	2%
	31-39	4%	6%
	40-44	3%	3%
	45-60	0%	1%

The Bank's sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

		Impact of defined benefit obligation			
		2017		**2016**	
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%	(3,734.00)	4,156.00	(3,493)	3,668
Salary increase rate	1%	4,520.00	(4,116.00)	3,334	(3,245)
Mortality experience	1year	113.00	(104.00)	82	(82)

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:

	2017 N'million	**2016 N'million**
Within the next 12months (next annual reporting period)	6,337	13,737
Between 2 and 5 years	24,534	55,562
Between 5 and 10 years	34,830	288,159
Total expected payments	65,701	357,458

The average duration of the defined benefit plan obligation at the end of the reporting period is 3.33 years (2016: 7.84 years)

Through its defined benefit plans (post employment gratuity scheme) the Group is exposed to inflation risk and mortality risk.

31.3 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		**Bank**	
	2017 N'million	**2016 N'million**	**2017 N'million**	**2016 N'million**
Present value of obligations	921	1,101	857	1,037

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 2017	1,101	1,037
Current service cost	73	73
Interest expense	173	173
	246	246
Remeasurements:		
Loss / (Gain) from change in assumptions	55	55
Experience adjustment	(422)	(422)
	(367)	(367)
Benefits paid	(59)	(59)
At 31 December 2017	921	857

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

31 3 Long service awards (continued)

At 1 January 2016	1,002	925
Current service cost	110	104
Interest expense	149	141
	259	245
Remeasurements:		
Loss from change in assumptions	240	253
Experience adjustment	(310)	(310)
	(70)	(57)
Benefits payments	(90)	(76)
At 31 December 2016	1,101	1,037

The significant actuarial assumptions were as follows:

Financial Assumptions

Long Term Average	**2017**	**2016**
Discount Rate (p a)	15%	16%
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

	Sample age	**Number of deaths in year out of 10,000 lives**
Mortality in service		
	25	7
	30	7
	35	9
	40	14
	45	26

Withdrawal from service

	Rate	
Age Band	**2017**	**2016**
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%	

The Group's sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

		Impact of defined benefit obligation			
		2017		**2016**	
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%	(79)	12	(298)	248
Salary increase rate	1%	7	(77)	235	(295)
Mortality experience	1year	(39)	(33)	(61)	235

The Bank's sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

		Impact of defined benefit obligation			
		2017		**2016**	
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%	(16)	75	(236)	310
Salary increase rate	1%	70	(14)	32	(10)
Mortality experience	1year	24	30	1	(1)

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 (2016: 4.2 years)

Through its other long term benefits (long service award) the Group is exposed to inflation risk.

31.4 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		**Bank**	
	2017	**2016**	**2017**	**2016**
	N'million	**N'million**	**N'million**	**N'million**
Present value of obligations	3,972	5,548	3,972	5,548

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

31.4 Post-employment medical aid scheme for pensioners (continued)

The movement in the defined benefit liability over the year is as follows:

	Group Present value of obligation	Bank Present value of obligation
	N'million	N'million
At 1 January 2017	5,548	5,548
Interest expense	863	863
	863	863
Remeasurements:		
Loss 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
At 1 January 2016	4,035	4,035
Interest expense	505	505
	505	505
Remeasurements:		
Gain from change in financial assumptions	1,927	1,927
Experience adjustment	(604)	(604)
	1,323	1,323
Benefits paid	(315)	(315)
At 31 December 2016	5,548	5,548

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**	2017	2016
Discount Rate (p.a)	14%	16%
Average Rate of Inflation (p.a)	12%	11%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory

Demographic Assumptions

	Age of pensioner	Average expected future lifetime (years)
Mortality of pensioners		
	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			
		2017		2016	
	Change in assumption	Impact of an increase	Impact of a decrease	Impact of an increase	Impact of a decrease
Base:		N'million	N'million	N'million	N'million
Discount rate	1%	(323)	375	(510)	604
Inflation rate	1%	378	(330)	168	(56)
Mortality rate	1 year	152	(150)	5	(5)

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 9 years (2016: 8.95 years)

Through its post-employment medical plans, the Group is exposed to inflation risk and mortality risk.

31.5 *Defined contribution liabilities:*

	Group 2017	Group 2016	Bank 2017	Bank 2016
Defined contributory scheme:	N'million	N'million	N'million	N'million
At 1 January	-	502	-	502
Contributions	4,947	9,908	4,519	9,552
Amount remitted to selected Pension Fund Administrators	(4,906)	(10,410)	(4,518)	(10,054)
At 31 December	41	-	1	-

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

			Group		Bank	
			2017	2016	2017	2016
32	**Other liabilities**		N'million	N'million	N'million	N'million
	Treasury related payables		468,808	139,935	468,808	139,935
	Due to Bank of Industry (BOI)		149,919	106,641	149,919	106,641
	Due to International Development Association (IDA)		45,633	-	45,633	-
	Securities lending		1,620,000	-	1,620,000	-
	Foreign currency forward contract payables		482,597	452,586	482,597	452,586
	Sundry payables	(Note 32c)	438,813	74,584	435,133	81,153
	Surplus payable to Federal Government of Nigeria	(Note 32a)	56,433	84,244	56,433	84,244
	Accrued charges	(Note 32d)	28,784	41,352	28,073	39,605
	Deposit for shares		5,116	5,085	-	-
	Trade payables		5,815	8,115	-	-
	Anchor Borrower Programme		6,087	-	-	-
	Rural Finance (RUFIN) Fund		294	-	-	-
	Dividend payable		90	140	-	-
	IBRD - SME loan		51	51	51	51
	Banking sector resolution sinking cost fund	(Note 32b)	125,196	50,003	125,196	50,003
	Bank borrowings		17,922	24,554	-	-
	Bank overdraft		-	1,277	-	-
			3,449,558	**988,567**	**3,411,843**	**954,218**

		Group		Bank	
		2017	2016	2017	2016
32a	***Surplus payable to Federal Government of Nigeria***	N'million	N'million	N'million	N'million
	At 1 January	84,244	87,124	84,244	87,124
	Transfer from income statement	56,133	83,944	56,133	83,944
	Paid during the year	(83,944)	(86,824)	(83,944)	(86,824)
	At 31 December	**56,433**	**84,244**	**56,433**	**84,244**

	Group		Bank	
Maturity analysis	2017	2016	2017	2016
	N'million	N'million	N'million	N'million
Current	3,444,442	983,482	3,411,843	954,218
Non-current	5,116	5,085	-	-
	3,449,558	**988,567**	**3,411,843**	**954,218**

32b 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").

32c 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.

32d Accrued charges:

Accrued charges consist of productivity bonus, intervention fund on national security and other expense accruals.

		Group		Bank	
		2017	2016	2017	2016
33	**Share capital and equity reserves**	Million	Million	Million	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.

Available-for-sale reserve

The available-for-sale reserve comprises the cumulative change in the fair value of available-for-sale 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

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

34 Cash generated from operating activities

	Notes	Group 2017 N'million	Group 2016 N'million	Bank 2017 N'million	Bank 2016 N'million
Net income before tax		107,397	125,360	70,166	104,931
Adjustments for non cash items:					
Depreciation of property plant and equipment	27	22.573	12 459	18.334	10 236
Amortisation of intangible assets	26	1.371	743	1.371	743
Loss on disposal of property, plant and equipment	14	-	361	-	360
Unrealised loss/(gains) on financial assets at FVTPL	8.21	-	251,436	-	251,436
Unrealised gains on foreign exchange revaluation	8.19	(1.560.490)	(977.946)	(1.555.849)	(1.043.248)
Share of profit of associates	24	(16,366)	(13.894)	-	-
Derecognition of property, plant and equipments	27	-	573	-	573
Defined benefit expense	11	29.158	20.421	29.158	20 401
		(1,418,376)	(580,487)	(1,436,820)	(654,568)
Change in operating assets and liabilities:					
Increase in loans and receivables		(2.267,671)	(1,616,260)	(2.278,647)	(1,620.122)
Increase in external reserves		(1.399,135)	(790,109)	(1.399.135)	(790,109)
Increase in investment securities - AFS		(808)	(1,430)	(808)	(1,430)
Decrease in other assets		1.132,008	37,660	1.137,565	79.769
Increase in deposits		1,238,379	2.543,368	1,238,379	2,543,368
Increase in Central Bank of Nigeria Instruments		3,813,767	2,865,949	3,813,767	2,865,949
(Decrease)/increase in Bank notes and coins in circulation		(31,278)	314,163	(21.944)	320,428
Increase/(decrease) in other liabilities		2,486 643	(18,361)	2,485 437	(14,716)
Net cash flows from operating activities		4,974,104	3,334,980	4,974,613	3,383,137
		3,555,728	2,754,493	3,537,794	2,728,569

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

35 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).

35a Legal proceedings

There were a number of legal proceedings outstanding against the Bank as at 31 December 2017 with contingent liabilities of N1.099billion (31 December 2016: N2.142billion). The Directors estimate that provision made for the contingent liabilities will be adequate to meet any liability that may crystallise.

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.

	Group		Bank	
	2017	2016	2017	2016
Capital and other commitments:	N'million	N'million	N'million	N'million
Intervention funds	1,087,535	646,651	1,087,535	646,651
FX forwards, OTC futures and currency swaps	5,979,626	2,640,039	5,979,626	2,640,039
Capital commitments	21,795	32,315	21,795	32,315
	7,088,956	3,319,005	7,088,956	3,319,005

Intervention funds balance of N1,088 billion (31 December 2016: N647 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.

35b 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	
	2017	2016
	N'million	N'million
No later than 1 year	39	78
Later than 1 year and no later than 5 years	73	6
Later than 5 years	-	95
Total	112	179

35c 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 2017 is N51 billion (2016: Nil)

36 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 contols 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	
	2017	2016
	N'million	N'million
At 1 January	2,912,901	1,959,730
Additions	1,038,062	953,171
At 31 December	3,950,963	2,912,901

(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	
	2017	2016
	N'million	N'million
Salaries and other short-term employee benefits	418	490
Total	418	490

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

36 Related party transactions

(iii) Balances with Key Management Personnel

	Group 2017 N'million	2016 N'million
Loans and advances	445	1,037
	445	1,037

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.

37 Change in Accounting Policy

During the year, 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.

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

38 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 2017.

OTHER NATIONAL DISCLOSURES

CONSOLIDATED AND SEPARATE STATEMENTS OF VALUE ADDED

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

	Group				Bank			
	2017 N'million	%	2016 N'million	%	2017 N'million	%	2016 N'million	%
Income	2,184,933		1,682,586		2,165,063		1,675,807	
Less:								
Brought in materials and services- local	(1,860,491)		(1,338,851)		(1,945,659)		(1,442,449)	
Value added	**324,442**	**100%**	**343,735**	**100%**	**219,404**	**100%**	**233,358**	**100%**
Applied as follows:								
To pay employees:								
Staff costs	135,195	42%	121,229	35%	129,533	59%	117,448	50%
To pay providers of capital:								
Transfer to FGN consolidated revenue fund	56,133	17%	83,944	24%	56,133	26%	83,944	36%
To pay Government:								
Taxation	1,190	0%	1,186	0%	-		-	
Maintenance of assets and retention for future operations:								
For replacement of property and equipment/intangible assets (depreciation and amortisation)	23,944	7%	13,202	4%	19,705	9%	10,979	5%
Deferred tax	583	0%	(296)	0%	-	-	-	-
Retained surplus for the year	107,397	33%	124,470	36%	14,033	6%	20,987	9%
	324,442	**100%**	**343,735**	**100%**	**219,404**	**100%**	**233,358**	**100%**

CONSOLIDATED AND SEPARATE FIVE-YEAR FINANCIAL SUMMARY

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

Bank
Income Statement

	2017 N'million	2016 N'million	2015 N'million	2014 N'million	2013 N'million
Interest and similar income	673,217	752,443	566,967	434,712	477,693
Interest and similar expense	(1,342,961)	(458,002)	(430,660)	(396,291)	(541,099)
Net interest income	**(669,744)**	**294,441**	**136,307**	**38,421**	**(63,406)**
Fees and commission income	41,311	29,964	67,638	142,674	111,435
Net fair value gain/(loss) on financial instruments	(51,335)	(478,223)	5,065	(17,034)	(5,727)
Other operating income	1,450,535	893,400	513,129	279,704	59,191
Total operating income	**770,767**	**739,582**	**722,139**	**443,765**	**101,493**
Loan impairment (charge) / reversal	(347,012)	(72,933)	2,221	24,102	141,981
Impairment (charge)/reversal on financial investments	(23,297)	(11,776)	(1,493)	(1,830)	283,647
Net operating income	**400,458**	**654,873**	**722,867**	**466,037**	**527,121**
Personnel expenses	(129,533)	(117,448)	(164,251)	(96,991)	(75,755)
Financial sector intervention expenses	-	-	(154,305)	(136,968)	(42,774)
Depreciation of property, plant and equipment	(18,334)	(10,236)	(8,832)	(11,191)	(8,009)
Amortisation of intangible assets	(1,371)	(743)	(2,519)	(2,688)	(2,915)
Currency issue expenses	(58,604)	(43,790)	(52,611)	(22,791)	(40,057)
Other operating expenses	(122,450)	(151,322)	(231,819)	(159,986)	(147,990)
Total operating expenses	**(330,292)**	**(323,539)**	**(614,337)**	**(430,615)**	**(317,500)**
Net income for the year	**70,166**	**331,334**	**108,530**	**35,422**	**209,621**

Bank
Statement of other comprehensive income

	2017	2016	2015	2014	2013
Net income for the year	**70,166**	**104,931**	**108,530**	**35,422**	**209,621**
Other comprehensive income/(loss) to be reclassified to income or loss in subsequent periods net of tax:					
Net gain/(loss) on available-for-sale financial assets	6,347	1,437	36,494	(44)	(85)
Net other comprehensive income/(loss) to be reclassified to net income or loss in subsequent periods	**6,347**	**1,447**	**36,494**	**(44)**	**(85)**
Other comprehensive income/(loss) not to be reclassified to income or loss in subsequent periods net of tax:					
Re-measurement (losses)/gains on defined benefit plans	31,924	23,860	(49,903)	9,198	9,614
Net other comprehensive loss/(income) not to be reclassified to income or loss in subsequent periods	**31,924**	**23,860**	**(49,903)**	**9,198**	**9,614**
Other comprehensive income/(loss) for the year	**38,271**	**25,307**	**(13,409)**	**9,154**	**9,529**
Total comprehensive income for the year	**108,437**	**130,238**	**95,121**	**44,576**	**219,150**
Attributable to:					
Equity holder of the Bank	108,437	130,238	95,121	44,576	219,150
	108,437	**130,238**	**95,121**	**44,576**	**219,150**

CONSOLIDATED AND SEPARATE FIVE-YEAR FINANCIAL SUMMARY

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

Bank

Statement of financial postion	2017 N'million	2016 N'million	2015 N'million	2014 N'million	2013 N'million
Assets					
External reserves	14,563,696	8,351,643	5,263,831	5,837,660	6,642,813
IMF Holdings of Special Drawing Rights	650,824	611,930	456,481	406,403	400,351
Loans and receivables	10,369,678	8,091,031	6,470,909	5,002,834	4,392,324
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	4,540
Held to maturity	1,965,705	2,064,919	736,361	177,642	169,394
Investments in subsidiaries	28,098	43,282	28,098	25,588	23,575
Investments in associates	91,966	91,966	91,966	91,966	91,866
Quota in International Monetary Fund (IMF)	1,002,558	683,175	484,476	421,713	412,015
Employee defined benefit assets	-	-	-	28,665	7,622
Other assets	140,461	1,273,456	1,330,097	1,273,474	1,404,237
Intangible assets	3,405	4,990	5,054	5,041	7,412
Property, plant and equipment	446,531	433,423	411,944	374,448	337,355
Total assets	**29,313,591**	**21,706,883**	**15,329,440**	**13,652,468**	**13,893,504**
Liabilities					
Bank notes and coins in circulation	2,156,289	2,178,233	1,857,805	1,797,842	1,776,305
Deposits	12,466,903	11,228,524	8,685,156	6,779,515	6,128,809
Central Bank of Nigeria Instruments	8,919,793	5,106,026	2,240,077	2,755,611	3,739,093
IMF allocation of Special Drawing Rights	727,153	683,603	456,550	406,458	400,402
IMF related liabilities	954,121	634,738	484,492	421,727	412,028
Financial liabilities at fair value through profit or loss	-	282,925	25,230	24,704	-
Employee benefit liabilities	103,616	117,047	133,533	81,832	66,492
Other liabilities	3,411,843	954,218	971,312	887,828	918,000
Total liabilities	**28,739,718**	**21,185,314**	**14,854,155**	**13,155,517**	**13,441,129**
Equity					
Share capital	5,000	5,000	5,000	5,000	5,000
Retained earnings	524,697	478,740	433,893	492,053	447,433
Available-for-sale reserve	44,176	37,829	36,392	(102)	(58)
Equity attributable to equity holders of the Bank	**573,873**	**521,569**	**475,285**	**496,951**	**452,375**
Total liabilities and equity	**29,313,591**	**21,706,883**	**15,329,440**	**13,652,468**	**13,893,504**

CONSOLIDATED AND SEPARATE FIVE-YEAR FINANCIAL SUMMARY

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

Group
Income Statement

	2017 N'million	2016 N'million	2015 N'million	2014 N'million	2013 N'million
Interest and similar income	685,608	754,094	567,164	434,773	477,787
Interest and similar expense	(1,344,862)	(459,304)	(434,963)	(396,321)	(541,134)
Net interest income	**(659,254)**	**294,790**	**132,201**	**38,452**	**(63,347)**
Fees and commission income	41,368	30,212	67,638	142,674	111,435
Net fair value gain/(loss) on financial instruments	(51,335)	(478,223)	5,065	(17,034)	(5,727)
Other operating income	1,457,958	898,280	527,110	280,770	57,887
Total operating income	**788,736**	**745,059**	**732,014**	**444,862**	**100,248**
Loan impairment (charge) / reversal	(347,012)	(72,933)	3,045	24,001	142,368
Impairment (charge)/reversal on financial investments	(23,297)	(11,776)	(1,493)	(1,830)	283,647
Net operating income	**418,427**	**660,350**	**733,566**	**467,033**	**526,263**
Personnel expenses	(135,195)	(121,229)	(167,818)	(101,406)	(78,835)
Financial sector intervention expenses	-	-	(154,305)	(136,968)	(42,774)
Depreciation of property, plant and equipment	(22,573)	(12,459)	(9,517)	(14,427)	(9,755)
Amortisation of intangible assets	(1,371)	(743)	(2,519)	(2,688)	(2,918)
Currency issue expenses	(13,450)	(14,440)	(30,612)	(5,509)	(18,699)
Other operating expenses	(155,054)	(173,610)	(255,140)	(172,142)	(162,973)
Total operating expenses	**(327,643)**	**(322,481)**	**(619,911)**	**(433,140)**	**(315,954)**
Net income before share of associates' profit	**90,784**	**337,869**	**113,655**	**33,893**	**210,309**
Share of profit of associates	18,386	13,894	7,697	6,227	3,407
Net income before tax	**109,170**	**351,763**	**121,352**	**40,120**	**213,716**
Income tax credit/(expense)	(1,773)	(890)	1,722	(6,520)	(154)
Net income for the year	**107,397**	**350,873**	**123,074**	**33,600**	**213,562**

Group
Statement of other comprehensive income

	2017	2016	2015	2014	2013
Net income for the year	**107,397**	**124,470**	**123,074**	**33,600**	**213,562**
Other comprehensive income/(loss) to be reclassified to income or loss in subsequent periods net of tax:					
Net gain/(loss) on available-for-sale financial assets	6,347	1,437	36,494	(44)	(85)
Share of other comprehensive income of associates	34,584	63,512	23,152	5,904	(2,271)
Net other comprehensive income/(loss) to be reclassified to net income or loss in subsequent periods	**40,931**	**64,959**	**59,646**	**5,860**	**(2,356)**
Other comprehensive income/(loss) not to be reclassified to income or loss in subsequent periods net of tax:					
Re-measurement (losses)/gains on defined benefit plans	31,924	24,126	(50,099)	9,465	9,536
Share of other comprehensive income of associates	-	-	-	554	13
Net other comprehensive loss/(income) not to be reclassified to income or loss in subsequent periods	**31,924**	**24,126**	**(50,099)**	**10,019**	**9,549**
Other comprehensive income/(loss) for the year	**72,855**	**89,085**	**9,547**	**15,879**	**7,193**
Total comprehensive income for the year	**180,252**	**213,555**	**132,621**	**49,479**	**220,755**
Attributable to:					
Equity holder of the Bank	178,868	213,782	95,784	50,347	220,714
Non-controlling interests	1,384	(237)	(62)	(868)	41
	180,252	**213,545**	**95,722**	**49,479**	**220,755**

CONSOLIDATED AND SEPARATE FIVE-YEAR FINANCIAL SUMMARY

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

Group

Statement of financial postion	**2017**	**2016**	**2015**	**2014**	**2013**
	N'million	**N'million**	**N'million**	**N'million**	**N'million**
Assets					
Cash and bank balances	28,197	18,123	38,821	3,301	7,892
External reserves	14,563,696	8,351,643	5,263,831	5,837,660	6,642,813
IMF Holdings of Special Drawing Rights	650,824	611,930	456,481	406,403	400,351
Loans and receivables	10,285,433	8,017,762	6,401,502	5,005,685	4,392,773
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	4,540
Held to maturity	2,062,360	2,158,310	793,906	177,642	169,394
Investments in associates	271,367	225,995	151,611	125,570	112,698
Quota in International Monetary Fund (IMF)	1,002,558	683,175	484,476	421,713	412,015
Employee defined benefit assets	-	-	-	28,751	7,622
Other assets	153,346	1,280,784	1,341,572	1,290,908	1,424,971
Intangible assets	3,405	4,990	5,054	5,041	7,412
Property, plant and equipment	516,515	505,080	475,983	431,993	373,230
Total assets	**29,588,371**	**21,914,860**	**15,463,460**	**13,741,701**	**13,955,711**
Liabilities					
Bank notes and coins in circulation	2,140,673	2,171,951	1,857,788	1,797,832	1,776,302
Deposits	12,466,903	11,228,524	8,685,156	6,779,515	6,128,809
Central Bank of Nigeria Instruments	8,919,793	5,106,026	2,240,077	2,755,611	3,739,093
IMF allocation of Special Drawing Rights	727,153	683,603	456,550	406,458	400,402
IMF related liabilities	954,121	634,738	484,492	421,727	412,028
Financial liabilities at fair value through profit or loss	-	282,925	25,230	24,704	-
Employee benefit liabilities	103,540	116,931	133,790	81,891	66,715
Current income tax payable	1,810	1,476	371	672	475
Deferred tax liabilities	5,598	5,015	5,197	6,586	2,834
Other liabilities	3,449,558	988,567	1,009,306	917,036	928,863
Total liabilities	**28,769,149**	**21,219,756**	**14,897,957**	**13,192,032**	**13,455,521**
Equity					
Share capital	5,000	5,000	5,000	5,000	5,000
Retained earnings	638,488	556,684	491,795	535,545	491,058
Available-for-sale reserve	47,006	39,350	38,984	1,727	951
Foreign currency translation reserve	121,153	87,879	23,296	907	(4,177)
Equity attributable to equity holders of the Bank	**811,647**	**688,913**	**559,075**	**543,179**	**492,832**
Non-controlling interests	7,575	6,191	6,428	6,490	7,358
Total equity	**819,222**	**695,104**	**565,503**	**549,669**	**500,190**
Total liabilities and equity	**29,588,371**	**21,914,860**	**15,463,460**	**13,741,701**	**13,955,711**