

**Access Bank Plc**

**Financial Statements -- 31 March 2005  
Together with Directors' and Auditors' Reports**

## Directors' Report

*For the year ended 31 March 2005*

The directors have pleasure in presenting their annual report together with the audited financial statements of Access Bank Plc, for the year ended 31 March 2005.

### Legal Form and Principal Activity:

The Bank was incorporated as a private limited liability company on 8 February 1989 and commenced business on 11 May 1989. The Bank was converted to a public limited liability company on 24 March 1998 and its shares were listed on the Nigerian Stock Exchange on 18 November 1998. The Bank was issued a universal banking license by the Central Bank of Nigeria on 5 February 2001.

The principal activity of the Bank continues to be the provision of money market activities, retail banking, granting of loans and advances, equipment leasing, corporate finance and foreign exchange operations.

### Operating Results:

Highlights of the Bank's operating results for the year under review are as follows:

|   | <u>2005</u>       | <u>2004</u>      |
|---|-------------------|------------------|
|   | N'000             | N'000            |
| Profit on ordinary activities before taxation   | 751,033           | 951,750          |
| Profit before taxation                          | <u>751,033</u>    | <u>951,750</u>   |
| Taxation  | (249,518)         | (314,277)        |
| Profit after taxation                           | <u>501,515</u>    | <u>637,473</u>   |
| Transfer to statutory reserve                   | (150,455)         | (191,242)        |
| Transfer to small and medium industries reserve | (75,103)          | (95,175)         |
| Proposed dividend                               | -                 | (300,000)        |
| Retained profit for the year                    | <u>275,957</u>    | <u>51,056</u>    |
| Shareholders' funds                             | <u>14,071,924</u> | <u>2,702,830</u> |
| Earnings per share - adjusted                   | 12k               | 16k              |
| unadjusted                                      | 12k               | 21k              |
| Dividend per share - unadjusted                 | -                 | 10k              |

**Directors and their Interests:**

The Directors who held office during the year, together with their direct and indirect interests in the shares of the Bank, are as follows:

|   | <u>Number of Ordinary Shares of ₦1 each held as at</u> |                 |                      |                 |
|---|--|-----------------|----------------------|-----------------|
|   | <u>31 March 2005</u>                                   |                 | <u>31 March 2004</u> |                 |
|   | <u>Direct</u>  | <u>Indirect</u> | <u>Direct</u>        | <u>Indirect</u> |
| G. Oyebode (Chairman)<br>(appointed on 9 February 2005)               | 42,725,813   | -               | 32,044,360           | -               |
| M. Ayo Oni -<br>(resigned as Chairman on 9 February 2005)             | -  | -               | -                    | 12,777,777      |
| Pastor A. W. Odunaiya (Vice Chairman)<br>(resigned on 28 August 2003) | -  | -               | 47,777,777           | -               |
| A. Disu (resigned on 23 November 2004)                                | -  | -               | -                    | 27,777,777      |
| A.I Aig-Imoukhuede - (Managing Director)                              | 77,449,150   | 409,106,271     | 68,669,978           | 317,720,604     |
| H. O. Wigwe (Deputy Managing Director)                                | 77,449,150   | 409,106,271     | 68,669,978           | 317,720,604     |
| H.R.H. Oba S. A. Sule   | 25,722,221   | 214,716,565     | 19,291,666           | 152,787,424     |
| C. M. Maduka  | 900,000  | 352,158,255     | -                    | 262,242,797     |
| Oritsedere Samuel Otubu   | 65,284,333   | 13,793,100      | -                    | -               |
| Taukeme Edwin Koroye  | 11,454,990   | -               | -                    | -               |

The directors to retire by rotation at the next Annual General Meeting are:

H. R. H. Oba Shafi A. Sule, Dr C.M. Maduka and Mr. Gbenga Oyebode.

**Analysis of Shareholding.**

| Range                | <u>2005</u>               |                      | <u>2004</u>               |                      |
|----------------------|---------------------------|----------------------|---------------------------|----------------------|
|                      | Number of<br>Shareholders | % of<br>Shareholding | Number of<br>Shareholders | % of<br>Shareholding |
| 1-10,000             | 65,666                    | 3                    | 12,325                    | 1                    |
| 10,001-1,000,000     | 24,252                    | 25                   | 3,777                     | 8                    |
| 1,000,001-10,000,000 | 470                       | 17                   | 134                       | 11                   |
| 10,000,001 and above | 79                        | 55                   | 37                        | 80                   |
|                      | <u>90,467</u>             | <u>100</u>           | <u>16,273</u>             | <u>100</u>           |

The shareholding of the following companies in the bank as at 31 March 2005 in which some directors held interests are as follows:

| <u>Directors</u>       | <u>Shareholder</u>         | <u>31 March 2005</u>  |                | <u>31 March 2004</u>  |                |
|------------------------|----------------------------|-----------------------|----------------|-----------------------|----------------|
|                        |                            | Number of Shares held | % Shareholding | Number of Shares held | % Shareholding |
| Dr. Cosmas Maduka      | Coscharis Motors Limited ) | 352,158,255           | 4.44           | 262,242,797           | 8.74           |
| Dr. Cosmas Maduka      | Coscharis Agro Limited )   |                       |                |                       |                |
| Aigboje Aig-Imoukhuede | United Alliance Limited    | 409,106,271           | }              | 317,720,604           | }              |
| Herbert Wigwe          | United Alliance Limited    | 409,106,271           | } 10.29        | 317,720,604           | } 21.18        |

In addition to the above, Access Bank Staff Investment Scheme has 520,019,979 (2004: 299,209,925) shares of the Bank representing 6.4% of the Bank's issued share capital.

Except for the above, no individual shareholder held up to 5% of the issued share capital as at 31<sup>st</sup> March, 2005.

**Statement of Directors' Responsibilities in Relation to the Financial Statements for the year ended 31 March 2005**

This statement, which should be read in conjunction with the Auditor's report, is made with a view to setting out for shareholders, the responsibilities of the directors of the Bank with respect to the financial statements.

In accordance with the provisions of Sections 334 and 335 of the Companies and Allied Matters Act 1990, and Sections 24 and 28 of the Banks and Other Financial Institutions Act 1991, the Directors are responsible for the preparation of annual financial statements which give a true and fair view of the state of affairs of the Bank and its profit or loss for the financial year.

The responsibilities include ensuring that:

- (a) appropriate internal controls are established both to safeguard the assets of the Bank and to prevent and detect fraud and other irregularities.
- (b) the Bank keeps proper accounting records which disclose with reasonable accuracy the financial position of the bank, and which have been prepared using suitable accounting policies that have been consistently applied and ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act, 1990 and Banks and Other Financial Institutions Act, 1991.
- (c) the Bank has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and all applicable accounting standards have been followed; and

- (d) it is appropriate for the financial statements to be prepared on a going concern basis unless it is presumed that the Bank will not continue in business.

**Fixed Assets:**

Information relating to changes in the fixed assets of the Bank is given in Note 8 to the financial statements.

**Donations and Charitable Gifts:**

Donations and gifts to charitable organization during the year amounted to ₦6,600,000 (2004: ₦2,640,000) as follows:

| <u>Beneficiary</u>                            | ₦'000       |
|---|-------------|
| MUSON School Orchestra Appeal Fund            | 2,500       |
| IBA African Regional Conference               | 100         |
| Veronica Adeleke Foundation                   | 1,000       |
| Business Fellowship Ministries                | 100         |
| Institute of Chartered Accountants of Nigeria | 500         |
| Chartered Institute of Bankers of Nigeria     | 300         |
| NDLEA   | 100         |
| Gombe Flood Victims                           | 2,000       |
|   | <hr/>       |
|   | 6,600       |
|   | <hr/> <hr/> |

**Health and Safety at Work:**

Health and safety regulations are in force within the premises of the Bank. The Bank provides subsidy towards transportation, housing, lunch and medicals to all levels of employees. Incentive schemes designed to meet the circumstances of each individual are implemented whenever appropriate. These schemes include bonus, promotions, employees share investment trust etc.

**Employment of Disabled Persons:**

The Bank has a non-discriminatory policy on the consideration of applications for employment, including those received from disabled persons. All employees are given equal opportunities to develop themselves. The Bank's policy is that the highest qualified and most experienced persons are recruited for appropriate job levels irrespective of an applicant's state of origin, ethnicity, religion or physical condition.

As at 31 March 2005, the Bank had two persons on the staff list with physical disability.

**Employee Involvement and Training:**

The Bank places a high premium on the development of its manpower and consults with employees on matters affecting their well being. Formal and informal channels of communication are employed in keeping staff abreast of various factors affecting the performance of the Bank.

The Bank draws extensively on training programs around the world. Training courses were offered to employees both locally and overseas in the year under review.

**Auditors:**

KPMG Professional Services have indicated their willingness to continue in office as auditors in accordance with Section 357(2) of the Companies and Allied Matters Act, 1990.

BY ORDER OF THE BOARD

Fatai Oladipo  
Company Secretary

1 June 2005

## **Report of the Audit Committee**

### **To the members of Access Bank Plc:**

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act, 1990, the members of the Audit Committee of Access Bank Plc hereby report on the financial statements for the year ended 31 March 2005 as follows:

- We have exercised our statutory functions under section 359(6) of the Companies and Allied Matters Act 1990 and acknowledge the co-operation of management and staff in the conduct of these responsibilities.
- We are of the opinion that the accounting and reporting policies of the Bank are in agreement with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 March 2005 were satisfactory and reinforce the Bank's internal control systems.
- We are satisfied that the Bank has complied with the provisions of Central Bank of Nigeria Circular BSD/1/2004 dated 18 February 2004 on "Disclosure of insider related credits in the financial statements of banks". We hereby confirm that an aggregate amount of ₦2,391,322,000 was outstanding as at 31 March 2005.
- We have deliberated the findings of the auditors who have confirmed that necessary cooperation was received from management in the course of their statutory audit and we are satisfied with management's responses thereon and with the effectiveness of the Bank's system of accounting and internal control.

Kayode Ayeni  
Chairman, Audit Committee  
23 June 2005

### Members of the Audit Committee are:

|                      |          |
|----------------------|----------|
| Kayode Ayeni         | Chairman |
| Oritsedere Otubu     | Member   |
| Emmanuel Eleoramo    | Member   |
| Ibrahim H. Dankwanbo | Member   |
| Cosmas Maduka        | Member   |
| Gbenga Oyebo         | Member   |

In attendance:  
Fatai Oladipo - Secretary

**To the Members of Access Bank Plc:**

We have audited the balance sheet of **Access Bank Plc** (“the Bank”) as at 31 March 2005 and the related profit and loss account and statement of cash flows for the year then ended set out on pages 5 to 36, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 1 to 4.

**Respective responsibilities of directors and auditors**

As described in the Statement of Directors’ Responsibilities in relation to the financial statements, the Directors are responsible for the preparation of the financial statements. It is our responsibility to express an independent opinion, based on our audit, on the financial statements prepared by the Directors.

**Basis of opinion**

We conducted our audit in accordance with international standards on auditing. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Bank’s circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary, including adequate returns from branches not visited by us, in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements, and assessed whether the Bank’s books of account had been properly kept.

In accordance with CBN circular BSD/1/2004, details of insider related credits are set out in Note 31 to the financial statements.

**Banks and Other Financial Institutions Act (BOFIA) 1991**

To the best of our knowledge and based on the representation we received, the Bank paid penalties for contraventions of BOFIA in 2004 and 2005 financial years. Details of these are stated in Note 32 of the financial statements.



**Opinion**

In our opinion,

- i. the Bank's books of account have been properly kept;
- ii. the financial statements referred to above, which are in agreement with the books of account, give a true and fair view of the state of affairs of the Bank as at 31 March 2005 and of its profit and cash flow for the year then ended and comply with the Banks and Other Financial Institutions Act, 1991, relevant circulars issued by the Central Bank of Nigeria, relevant Statements of Accounting Standards in Nigeria and the Companies and Allied Matters Act, 1990.

**Capitalisation Plans**

Without qualifying our opinion, we draw attention to Note 34 in the financial statements which explains the Bank's plan to comply with the regulatory requirements by the Central bank of Nigeria.

1 June 2005

## Statement of Accounting Policies

A summary of the principal accounting policies, applied consistently throughout the current and preceding year, is set out below.

(a) **Basis of accounting**

The financial statements are prepared under the historical cost convention.

(b) **Recognition of interest income**

Interest income is recognized on an accrual basis, except for interest overdue for more than 90 days, which is suspended and recognized only to the extent that cash is received. Lease finance income is amortised over the lease period to achieve a constant rate of return on the outstanding net investment.

(c) **Recognition of fees, commissions and other income**

Fees and commissions, where material, are amortised over the life of the related service. Otherwise fees, commissions and other income are recognized as earned upon completion of the related service.

(d) **Loans and advances**

Loans and advances are stated net of provisions. A specific risk provision for loan impairment is established to provide for management's estimate of credit losses as soon as the recovery of an exposure is identified as doubtful. This provision is made for each account that is not performing in accordance with the terms of the related facility. This is in accordance with the Statement of Accounting Standards for Banks and Non-Bank Financial institutions (SAS 10) issued by the Nigerian Accounting Standards Board and the Prudential Guidelines issued by the Central Bank of Nigeria in the manner stated below:

| Number of days of outstanding principal/interest Provision | Classification | Required |
|--|----------------|----------|
|  |                | %        |
| 90 days but less than 180 days                             | Substandard    | 10       |
| 180 days but less than 360 days                            | Doubtful       | 50       |
| Over 360 days  | Lost           | 100      |

A provision of at least 1% is made for all performing accounts to recognize losses in respect of risks inherent in any credit portfolio.

When a loan is deemed not collectible, it is written off against the related provision and subsequent recoveries are credited to the income statement.

(e) **Advances under finance lease**

Advances under finance leases are stated net of unearned lease finance income. Lease finance income is recognised in a manner, which provides a constant yield on the outstanding net investment over the lease period and is included in interest and discount income of the Bank.

In accordance with the Prudential Guidelines for licensed banks, specific provision is made on leases that are non-performing, while a general provision of at least 1% is made on the aggregate net investment in the finance lease.

(f) **Fixed assets**

Fixed assets are stated at historical cost less accumulated depreciation. Depreciation is provided on a straight-line basis to write-off fixed assets over their estimated useful lives. During the year, the Bank revised its estimate of the useful life of computer hardware from 5 years to 3 years. The Bank's rates of depreciation are:

|                                   |   |                              |
|-----------------------------------|---|------------------------------|
| Freehold land and buildings       | - | 2%                           |
| Leasehold improvements            | - | Over the period of the lease |
| Furniture, fixtures and equipment | - | 20%                          |
| Computer Hardware                 | - | 33.33%                       |
| Motor vehicles & generators       | - | 25%                          |

Gains or losses on the disposal of fixed assets are included in the profit and loss account.

(g) **Equipment on lease**

Equipment on lease comprises motor vehicles and equipment and are stated at cost less accumulated depreciation. Equipment on lease is depreciated at the same rate of depreciation applicable to the class of fixed assets.

(h) **Taxation**

Income tax payable is provided on taxable profits at the current rate.

(i) **Deferred Taxation**

Deferred tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes at the rate of tax likely to be in force at the time of reversal.

(j) **Foreign currency items**

Transactions denominated in foreign currencies are translated into Naira at the rates of exchange ruling at the dates of the transactions. Assets and liabilities denominated in foreign currencies are converted into Naira at the rates of exchange prevailing at year end (or, where appropriate, the rate of the related forward contract). Gains or losses arising from changes in the rates of exchange subsequent to the dates of the transactions are accounted for in the profit and loss account.

(k) **Investments**

Short-term investments are stated at face value. Unearned income is deferred and amortised as earned. Any diminution in value is recognised as appropriate. Long-term investments comprise debt and equity securities which the Bank intends to hold to maturity. Interest received on the debt securities during the year is reported as part of interest income. A change in market value is taken into account only if it is considered to be permanent.

(l) **Off Balance sheet transactions**

Transactions to which there are no direct balance sheet risks to the Bank are reported and accounted for as off balance sheet transactions and comprised:

*Acceptances:*

Acceptances are undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be settled simultaneously with the reimbursement from customers.

Acceptances, which meet the conditions, set out in Central Bank of Nigeria (CBN) Guidelines on the treatment of Bankers Acceptances and commercial papers are accounted for and disclosed as contingent liabilities. The income and expense relating to these acceptances are recognized and reported net in the financial statements.

*Guarantees and performance bonds:*

The Bank provides financial guarantees and bonds to third parties on the request of customers in form of bid and performance bonds or advance payment guarantees.

The amounts reflected in the financials statements for bonds and guarantees represent the maximum loss that would be recognized at the balance sheet date if counterparties failed completely to perform as contracted. Commissions and fees charged to customers for services rendered in respect of bonds and guarantees are recognized at the time the services or transactions are effected.

*Letters of credit*

The bank provides letters of credit to guarantee the performance of customers to third parties. These are accounted for as off balance sheet.

(m) **Retirement benefits**

The Bank operates a defined contribution pension scheme. Employees are entitled to join the scheme on confirmation of their employment. Prior to January 2005, the employees' and the Bank's contributions were 5% and 15% of the employees' annual basic salary respectively. With effect from January 2005, the employees' and the Bank's contributions changed to 7.5% each of employees' annual basic salary, housing and transport allowances in line with the new Pension Reform Act. Employee benefits under this scheme are paid as a lump sum on retirement based on the employees' years of service.

(n) **Cash and cash equivalents**

For the purpose of reporting cash flows, cash and cash equivalent comprise cash and short term funds and has been reported gross of provision for doubtful balances.

(o) **Repurchase Agreements**

The Bank enters into purchases (sales) of securities under agreements to resell (repurchase) substantially identical securities at a certain date at a certain date in the future at a fixed price. Securities purchased subject to commitments to resell them at future dates are accounted for as repurchase transactions.

Securities sold under repurchase agreements continue to be recognized in the balance sheet and the proceeds from the sale of the securities are reported as liabilities to either banks or customers. The difference between the sale and repurchase consideration is recognized on an accrual basis over the period of the transaction.

(p) **Forward Contracts**

The Bank enters into sales or purchase of securities under agreements to deliver such securities at a future date (forward contracts) at a fixed price. Securities sold under a forward contract agreement are accounted for as payable and receivable on execution of the contracts. Fees earned on the transaction are accounted for as fee income in the profit and loss account.

## Balance Sheet

*At 31 March 2005*

|   | <u>Notes</u> | <u>2005</u>       | <u>2004</u>       |
|---|--------------|-------------------|-------------------|
|   |              | N'000             | N'000             |
| <b>ASSETS:</b>  |              |                   |                   |
| Cash and short-term funds   | 1            | 11,811,850        | 5,527,375         |
| Short-term investments  | 2            | 7,990,980         | 7,777,742         |
| Loans and advances  | 3            | 16,183,353        | 11,461,571        |
| Other facilities  | 4            | -                 | 463,790           |
| Advances under finance lease  | 5            | 150,188           | 45,437            |
| Other assets  | 6            | 27,213,502        | 2,898,153         |
| Long-term investments   | 7            | 394,500           | 307,000           |
| Fixed assets  | 8            | 2,417,425         | 1,843,687         |
| Equipment on lease  | 9            | 756,517           | 1,016,752         |
| <b>TOTAL ASSETS</b>   |              | <u>66,918,315</u> | <u>31,341,507</u> |
| <b>LIABILITIES:</b>   |              |                   |                   |
| Deposits and other accounts   | 10           | 32,607,703        | 22,724,035        |
| Due to banks  | 11           | 2,790,319         | 849,947           |
| Other facilities  | 12           | -                 | 468,475           |
| Other liabilities   | 13           | 16,956,822        | 3,854,666         |
| Taxation payable  | 14           | 216,284           | 215,335           |
| Dividend payable  | 15           | -                 | 300,000           |
| Deferred taxation   | 14           | 275,263           | 226,219           |
| <b>TOTAL LIABILITIES</b>  |              | <u>52,846,391</u> | <u>28,638,677</u> |
| <b>NET ASSETS</b>   |              | <u>14,071,924</u> | <u>2,702,830</u>  |
| <b>CAPITAL AND RESERVES:</b>  |              |                   |                   |
| Share capital   | 16           | 4,055,607         | 1,500,000         |
| Bonus issue reserve   | 17           | 579,373           | 500,000           |
| Share premium   | 18           | 8,535,754         | -                 |
| Statutory reserve   | 19           | 638,240           | 487,785           |
| Small and medium industries reserve   | 20           | 262,950           | 187,847           |
| General reserve   | 21           | -                 | 27,198            |
| <b>SHAREHOLDERS' FUNDS</b>  |              | <u>14,071,924</u> | <u>2,702,830</u>  |
| Acceptances, bonds, guarantees and other obligations for the account of customers | 22           | 14,763,107        | 13,393,640        |
| <b>TOTAL ASSETS AND CONTINGENCIES</b>   |              | <u>81,681,422</u> | <u>44,735,147</u> |

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Mr. Aigboje Aig-Imoukhuede \_\_\_\_\_ )  
 Mr. Herbert Wigwe \_\_\_\_\_ ) Directors

Approved by the Board of Directors on 1 June 2005.

The accompanying notes form an integral part of these balance sheets.

## Profit and Loss Account

*For the year ended 31 March 2005*

|  | <u>Notes</u> | <u>2005</u><br>N'000 | <u>2004</u><br>N'000 |
|--|--------------|----------------------|----------------------|
| GROSS EARNINGS   |              | 7,494,855            | 5,515,086            |
| INTEREST AND DISCOUNT INCOME                           | 23           | 3,929,248            | 2,745,858            |
| INTEREST EXPENSE                                       | 24           | (1,576,555)          | (1,445,333)          |
| INTEREST MARGIN  |              | <u>2,352,693</u>     | <u>1,300,525</u>     |
| Provision for risk assets                              | 25           | (770,952)            | (357,658)            |
| NET INTEREST MARGIN                                    |              | <u>1,581,741</u>     | <u>942,867</u>       |
| Provision on other assets and<br>long-term investments | 25           | (213,476)            | (28,253)             |
| OTHER INCOME   | 26           | 3,565,607            | 2,769,228            |
|  |              | <u>4,933,872</u>     | <u>3,683,842</u>     |
| Operating expenses                                     |              | (4,182,839)          | (2,732,092)          |
| Profit on ordinary activities before taxation          | 27           | <u>751,033</u>       | <u>951,750</u>       |
| Taxation   | 14           | (249,518)            | (314,277)            |
| PROFIT AFTER TAXATION                                  |              | <u>501,515</u>       | <u>637,473</u>       |
| APPROPRIATIONS:  |              |                      |                      |
| Transfer to statutory reserve                          | 19           | (150,455)            | (191,242)            |
| Transfer to small and medium industries reserve        | 20           | (75,103)             | (95,175)             |
| Dividend   | 15           | -                    | (300,000)            |
| Transfer to general reserve                            | 21           | (275,957)            | (51,056)             |
|  |              | <u>-</u>             | <u>-</u>             |
| Earnings per share - unadjusted                        | 28           | <u>12k</u>           | <u>21k</u>           |
| - adjusted   |              | 12k                  | 16k                  |
| Dividend per share - unadjusted                        | 28           | <u>-</u>             | <u>10k</u>           |

The accompanying notes form an integral part of these profit and loss accounts.

## Statement of Cash Flows

*For the year ended 31 March 2005*

|   | <u>Notes</u> | <u>2005</u><br>N'000     | <u>2004</u><br>N'000    |
|---|--------------|--------------------------|-------------------------|
| Operating Activities:                                 |              |                          |                         |
| Net cash flow from operating activities               |              |                          |                         |
| before changes in operating assets                    | 29           | 2,461,506                | 1,851,061               |
| Changes in operating assets                           | 30           | (5,335,313)              | (2,101,732)             |
| Income tax paid                                       | 14           | (199,525)                | (140,359)               |
| Net cash outflow from operating activities            |              | <u>(3,073,332)</u>       | <u>(391,030)</u>        |
| Investing Activities:                                 |              |                          |                         |
| Purchase of fixed assets                              | 8            | (1,159,394)              | (771,960)               |
| Proceeds from sale of fixed assets                    |              | 118,655                  | 9,045                   |
| Purchase of lease equipment                           |              | -                        | (816,462)               |
| Purchase of long term investments                     |              | (87,500)                 | (50,000)                |
| Net cash inflow/(outflow) from investing activities   |              | <u>(1,128,239)</u>       | <u>(1,629,377)</u>      |
| Financing Activities:                                 |              |                          |                         |
| Dividend paid   |              | (300,000)                | (135,000)               |
| Proceeds from share issue                             |              | 11,922,522               | -                       |
| Share issue expense                                   |              | (1,054,943)              | -                       |
| Cash in/(out) flow from financing activities          |              | <u>10,567,579</u>        | <u>(135,000)</u>        |
| Net increase/ (decrease) in cash and cash equivalents |              | 6,366,008                | (2,155,407)             |
| Cash and cash equivalents, beginning of year          |              | 5,527,375                | 7,682,782               |
| Cash and cash equivalents, end of year                | 1            | <u><u>11,893,383</u></u> | <u><u>5,527,375</u></u> |

The accompanying notes form an integral part of these statements of cash flows.



## Notes to the Financial Statements

*For the year ended 31 March 2005*

### 1. Cash and Short-term Funds:

(a) Cash and short-term funds comprise:

|   | 2005       | 2004      |
|---|------------|-----------|
|   | N'000      | N'000     |
| Cash on hand  | 1,266,957  | 851,050   |
| Balances held with the Central Bank of Nigeria:                       |            |           |
| - Current account   | 2,204,623  | 622,671   |
| - Cash reserve  | 1,626,468  | 921,656   |
| - Investment account (see note (b))                                   | 11,608     | 11,608    |
| Balances held with other banks and financial institutions in Nigeria: |            |           |
| - Clearing settlement account   | 1,842,486  | -         |
| - Current account   | 213        | 725       |
| - Placements (see note (c) below)                                     | 175,000    | -         |
| Balances held with banks outside Nigeria:                             |            |           |
| - Other accounts  | 3,526,086  | 1,953,836 |
| - Placements with foreign Banks (see note (d))                        | 1,239,942  | 1,165,829 |
|   | 11,893,383 | 5,527,375 |
| Provision for doubtful cash balances (see note 25)                    | (81,533)   | -         |
|   | 11,811,850 | 5,527,375 |

(b) This represents the amounts debited to the Bank's current account by the Central Bank of Nigeria for investment in treasury bills until invested by the Bank in small and medium Scale industries.

(c) The maturity profile of placements with other banks and discount houses in Nigeria is as follows:

|               | 2005    | 2004  |
|---------------|---------|-------|
|               | N'000   | N'000 |
| Under 1 month | 50,000  | -     |
| Call          | 125,000 | -     |
|               | 175,000 | -     |

(d) The maturity profile of foreign placements is as follows:

|               | 2005      | 2004      |
|---------------|-----------|-----------|
|               | ₦'000     | ₦'000     |
| Under 1 month | 1,239,942 | 1,165,829 |
|               |           |           |

(e) Included in balances held with banks outside Nigeria is the naira value of foreign currencies held on behalf of customers in various foreign accounts amounting to ₦1,634,153,955 (2004: ₦1,168,232,739) to cover letters of credit transactions. The corresponding liability for this amount is included in other liabilities (see Note (13)).

**2. Investments:**

(a) Short-term investments represent:

|                                    | 2005      | 2004      |
|------------------------------------|-----------|-----------|
|                                    | ₦'000     | ₦'000     |
| Nigerian Government Treasury Bills | 7,990,980 | 7,777,742 |
|                                    |           |           |

**3. Loans and Advances:**

(a) The classification of loans and advances is as follows:

|                             | 2005        | 2004       |
|-----------------------------|-------------|------------|
|                             | ₦'000       | ₦'000      |
| Secured against real estate | 6,483,948   | 4,429,837  |
| Otherwise Secured           | 10,870,177  | 7,336,767  |
| Unsecured                   | 587,576     | 574,438    |
|                             | 17,941,701  | 12,341,042 |
| Provisions:                 |             |            |
| - Specific                  | (1,174,912) | (569,996)  |
| - General                   | (161,896)   | (114,737)  |
| - Interest in suspense      | (421,540)   | (194,738)  |
|                             | 16,183,353  | 11,461,571 |

- (b) The movement on specific provisions for bad and doubtful loans during the year was as follows:

|  | 2005      | 2004      |
|--|-----------|-----------|
|  | ₦'000     | ₦'000     |
| Specific provision:                    |           |           |
| Beginning of year                      | 569,996   | 451,490   |
| Provision no longer required           | (55,751)  | (143,635) |
| Provisions during the year             | 769,552   | 429,939   |
| Provisions written-off during the year | (108,885) | (167,798) |
| End of year                            | 1,174,912 | 569,996   |

- (c) The movement on the general provisions for bad and doubtful loans during the year was as follows:

|                                    | 2005     | 2004     |
|------------------------------------|----------|----------|
|                                    | ₦'000    | ₦'000    |
| General provision:                 |          |          |
| Beginning of year                  | 114,737  | 63,598   |
| Provision during the year          | 47,159   | 51,139   |
| End of year                        | 161,896  | 114,737  |
| Interest in suspense:              |          |          |
| Beginning of year                  | 194,738  | 114,163  |
| Interest suspended during the year | 273,466  | 181,374  |
| Interest recovered                 | (8,243)  | (46,393) |
| Interest written-off               | (38,421) | (54,406) |
| Balance, end of year               | 421,540  | 194,738  |

(d) The maturity profile of loans and advances is as follows:

|                | <u>2005</u>       | <u>2004</u>       |
|----------------|-------------------|-------------------|
|                | N'000             | N'000             |
| Under 1 month  | 6,464,399         | 6,171,412         |
| 1 - 3 months   | 2,607,304         | 1,110,496         |
| 3 - 6 months   | 4,490,251         | 1,795,355         |
| 6 - 12 months  | 1,485,026         | 1,625,880         |
| Over 12 months | 2,894,721         | 1,637,899         |
|                | <u>17,941,701</u> | <u>12,341,042</u> |

(e) The analysis of loans and advances by performance is as follows:

|                 | <u>2005</u>       | <u>2004</u>       |
|-----------------|-------------------|-------------------|
|                 | N'000             | N'000             |
| Non-performing: |                   |                   |
| Substandard     | 47,848            | 244,107           |
| Doubtful        | 430,997           | 125,470           |
| Lost            | 1,273,387         | 497,731           |
|                 | <u>1,752,232</u>  | <u>867,308</u>    |
| Performing      | 16,189,469        | 11,473,734        |
|                 | <u>17,941,701</u> | <u>12,341,042</u> |

4. **Other Facilities:**

(a) This represents amounts received from Afrexim for on-lending (see Note 12). The classification of the outstanding balance by type as at year-end is as follows:

|                   | <u>2005</u> | <u>2004</u>    |
|-------------------|-------------|----------------|
|                   | N'000       | N'000          |
| Loans             | -           | 468,475        |
| General provision | -           | (4,685)        |
|                   | <u>-</u>    | <u>463,790</u> |

(b) During the year, the facility was repaid and taken over by another bank.

(c) The movement on the general provisions for other facilities during the year was as follows:

|                              | 2005    | 2004  |
|------------------------------|---------|-------|
|                              | ₦'000   | ₦'000 |
| General provision:           |         |       |
| Beginning of year            | 4,685   | -     |
| Provision no longer required | (4,685) | 4,685 |
|                              | -       | 4,685 |
| End of year                  | -       | 4,685 |

(d) The maturity profile of other facilities is as follows:

|                | 2005  | 2004    |
|----------------|-------|---------|
|                | ₦'000 | ₦'000   |
| Over 12 months | -     | 468,475 |
|                | -     | 468,475 |

5. **Advances under finance lease:**

(a) Advances under finance lease comprise:

|                                  | 2005     | 2004    |
|----------------------------------|----------|---------|
|                                  | ₦'000    | ₦'000   |
| Gross investment                 | 194,525  | 55,153  |
| Unearned income                  | (29,201) | (9,257) |
|                                  | 165,324  | 45,896  |
| Net investment in Finance leases | 165,324  | 45,896  |
| Specific provision               | (13,875) | -       |
| General provisions               | (1,261)  | (459)   |
|                                  | 150,188  | 45,437  |

- (b) The movement on specific provisions for advances under finance leases during the year was as follows:

|                                 | 2005   | 2004  |
|---------------------------------|--------|-------|
|                                 | N'000  | N'000 |
| Balance, beginning of year      | -      | -     |
| Provision no longer required    | -      | -     |
| Provisions made during the year | 13,875 | -     |
|                                 | 13,875 | -     |

- (c) The movement on general provisions for advances under finance leases during the year was as follows:

|                           | 2005  | 2004  |
|---------------------------|-------|-------|
|                           | N'000 | N'000 |
| Beginning of year         | 459   | 29    |
| Provision during the year | 802   | 430   |
| End of year               | 1,261 | 459   |

- (d) The maturity profile of advances under finance lease is as follows:

|                | 2005    | 2004   |
|----------------|---------|--------|
|                | N'000   | N'000  |
| Under 1 month  | 960     | 247    |
| 1-3 months     | 6,115   | 4,239  |
| 3-6 months     | 5,652   | 17,047 |
| 6 - 12 months  | 68,194  | 15,373 |
| Over 12 months | 84,403  | 8,990  |
|                | 165,324 | 45,896 |

6. **Other Assets:**

(a) Other assets comprise receivables and prepayments arising from:

|  | 2005       | 2004      |
|--|------------|-----------|
|  | N'000      | N'000     |
| Treasury Bills on open buy back (see note (c) below) | 13,575,000 | 1,900,000 |
| Treasury bill sold on forward contracts              | 11,630,674 | -         |
| Prepaid interest and discounts                       | 190,667    | 123,293   |
| Interest receivable                                  | 171,269    | 74,723    |
| Prepayments  | 503,720    | 385,836   |
| Other receivables                                    | 1,322,677  | 476,284   |
|  | 27,394,007 | 2,960,136 |
| Provision on other assets (see (b) below)            | (180,505)  | (61,983)  |
|  | 27,213,502 | 2,898,153 |

(b) The movement on the provision on other assets during the year was as follows:

|                                       | 2005     | 2004     |
|---------------------------------------|----------|----------|
|                                       | N'000    | N'000    |
| Balance, beginning of year            | 61,983   | 46,400   |
| Write back during the year            | -        | (9,578)  |
| Provision during the year             | 131,943  | 37,831   |
| Provision written off during the year | (13,421) | (12,670) |
| End of year                           | 180,505  | 61,983   |

(c) OBB Treasury Bills represent treasury bills pledged as security against open buy back interbank takings.

7. **Long-term Investments:**

(a) Long-term investments comprise:

|   | 2005    | 2004    |
|---|---------|---------|
|   | ₦'000   | ₦'000   |
| Nigerian Automated Clearing System<br>(see (b) below)   | 7,000   | 7,000   |
| ₦15 billion Second Lagos State Government<br>Floating Redeemable Bond 2005/2009<br>(see note (c) below) | 250,000 | 250,000 |
| 17.75% ₦30 billion First Federal Government<br>Bond 2006 (see note (d) below)                           | 50,000  | 50,000  |
| Central Security Clearing System Limited<br>(see note (e) below)  | 87,500  | -       |
|   | 394,500 | 307,000 |

- (b) This represents the Bank's investment in Nigerian Automated Clearing System.
- (c) This represents the Bank's investment in 2,500,000 units of ₦100 each in the ₦15 billion Second Lagos State Government Floating Rate Redeemable Bond 2005/2009.
- (d) This represents the Bank's investment in 50,000 units of ₦1,000 each in the 17.75% ₦30 billion Federal Government of Nigeria Bond 2006.
- (e) This represents the Bank's investment in 25,000,000 ordinary shares of ₦1 each in Central Securities Clearing system.



8. **Fixed Assets:**

(a) The movement on these accounts during the year was as follows:

|                                      | Construction<br>in<br>progress<br>N'000 | Freehold,<br>leasehold land<br>and improvement<br>N'000 | Furniture<br>Fittings &<br>Equipment<br>N'000 | Computer<br>hardware<br>N'000 | Motor<br>vehicles<br>N'000 | Total<br>N'000   |
|--------------------------------------|---|---|---|-------------------------------|----------------------------|------------------|
| <b>COST:</b>                         |   |   |   |                               |                            |                  |
| Beginning of year                    | 414,288                                 | 814,413   | 776,910                                       | 328,005                       | 414,952                    | 2,748,568        |
| Additions                            | 92,514                                  | 214,606   | 309,038                                       | 165,795                       | 377,441                    | 1,159,394        |
| Disposals                            | -                                       | (93,000)  | -   | -                             | (59,442)                   | (152,442)        |
| Transfers                            | (329,524)                               | 284,204   | 33,343  | 6,234                         | 5,743                      | -                |
| Reclassification to other<br>assets  | (1,191)                                 | -   | -   | -                             | -                          | (1,191)          |
| Write off                            | -                                       | (3,860)   | (3,330)                                       | -                             | -                          | (7,190)          |
| End of year                          | <u>176,087</u>                          | <u>1,216,363</u>  | <u>1,115,961</u>                              | <u>500,034</u>                | <u>738,694</u>             | <u>3,747,139</u> |
| <b>ACCUMULATED<br/>DEPRECIATION:</b> |   |   |   |                               |                            |                  |
| Beginning of year                    | -                                       | 154,820   | 364,192                                       | 190,110                       | 195,759                    | 904,881          |
| Charge for the year                  | -                                       | 73,209  | 145,702                                       | 125,309                       | 122,409                    | 466,629          |
| Disposals                            | -                                       | -   | -   | -                             | (41,796)                   | (41,796)         |
| End of year                          | <u>-</u>                                | <u>228,029</u>  | <u>509,894</u>                                | <u>315,419</u>                | <u>276,372</u>             | <u>1,329,714</u> |
| <b>NET BOOK VALUE:</b>               |   |   |   |                               |                            |                  |
| End of year                          | <u>176,087</u>                          | <u>988,334</u>  | <u>606,067</u>                                | <u>184,615</u>                | <u>462,322</u>             | <u>2,417,425</u> |
| Beginning of year                    | <u>414,288</u>                          | <u>659,593</u>  | <u>412,718</u>                                | <u>137,895</u>                | <u>219,193</u>             | <u>1,843,687</u> |

(b) No leased movable assets are included in the above fixed assets.

(c) Authorised and contracted capital commitments as at the balance sheet date amounted to ₦7,610,665 (2004: ₦59,097,452).

(d) During the year, the Bank revised its estimate of the useful life of computer from 5 years to 3 years. The change in useful life which has been accounted for as a change in accounting estimate resulted in an additional depreciation charge of ₦54,241,503 during the year.

9. **Equipment on lease:**

The movement on this account during the year was as follows:

|  | <u>Motor Vehicle</u><br>N'000 | <u>Equipment</u><br>N'000 | <u>Total</u><br>N'000 |
|--|-------------------------------|---------------------------|-----------------------|
| <b>Cost:</b>                           |                               |                           |                       |
| Balance, beginning and end of the year | 126,300                       | 1,143,302                 | 1,269,602             |
| <b>Accumulated Depreciation:</b>       |                               |                           |                       |
| Beginning of year                      | 44,184                        | 208,666                   | 252,850               |
| Charge for the year                    | 31,575                        | 228,660                   | 260,235               |
| End of year                            | 75,759                        | 437,326                   | 513,085               |
| <b>Net book value:</b>                 |                               |                           |                       |
| End of year                            | 50,541                        | 705,976                   | 756,517               |
| Beginning of year                      | 82,116                        | 934,636                   | 1,016,752             |

10. **Deposits and Other Accounts:**

(a) Deposits and other accounts comprise:

|               | <u>2005</u><br>N'000 | <u>2004</u><br>N'000 |
|---------------|----------------------|----------------------|
| Demand        | 17,210,408           | 15,011,490           |
| Savings       | 823,097              | 654,712              |
| Term and call | 14,574,198           | 7,057,833            |
|               | <u>32,607,703</u>    | <u>22,724,035</u>    |

(b) The maturity profile of deposits and other accounts is as follows:

|               | 2005       | 2004       |
|---------------|------------|------------|
|               | N'000      | N'000      |
| Under 1 month | 30,130,290 | 21,293,426 |
| 1 - 3 months  | 2,446,538  | 1,395,628  |
| 3 - 6 months  | 25,498     | 31,694     |
| 6 - 12 months | 5,377      | 3,287      |
|               | 32,607,703 | 22,724,035 |

**11. Due to banks:**

(a) Balances due to banks comprise:

|  | 2005      | 2004    |
|--|-----------|---------|
|  | N'000     | N'000   |
| Secured interbank takings              | 797,100   | 849,947 |
| Foreign borrowing (see note (b) below) | 1,993,219 | -       |
|  | 2,790,319 | 849,947 |

The maturity profile of secured inter-bank takings is as follows:

|               | 2005    | 2004    |
|---------------|---------|---------|
|               | N'000   | N'000   |
| Under 1 month | 797,100 | 849,947 |
|               | 797,100 | 849,947 |

(b) Foreign borrowing represents trade loans granted the Bank by its foreign correspondent banks in respect of letters of credit negotiated on the bank's behalf for its customers. The corresponding receivables from these customers are included in Loans and Advances.

**12. Other Facilities:**

(a) Other facilities represents obligation to Afrexim in respect of the Bank's role as an intermediary (see Note 4) in the disbursement of credits.

|   | 2005  | 2004    |
|---|-------|---------|
|   | N'000 | N'000   |
| Due to African Export-Import Bank (Afrexim) | -     | 468,475 |
|   | -     | 468,475 |

- (b) The maturity profile of amounts received from Afrexim stated in (a) above for on-lending is as follows:

|                | 2005  | 2004    |
|----------------|-------|---------|
|                | N'000 | N'000   |
| Over 12 months | -     | 468,475 |
|                | -     | 468,475 |

13. **Other Liabilities:**  
 Other liabilities comprise:

|   | 2005       | 2004      |
|---|------------|-----------|
|   | N'000      | N'000     |
| Foreign currency denominated liabilities in respect of customers' obligations (see Note 1(e)) | 1,634,154  | 1,168,233 |
| OBB Takings (see note 6(c))   | 13,575,000 | 1,900,000 |
| Interest payable  | 67,025     | 14,080    |
| Accrued expenses  | 25,997     | 17,240    |
| Managers' cheques   | 556,672    | 186,447   |
| Unearned income   | 973,207    | 128,997   |
| Staff Pension Fund  | 6,408      | 3,600     |
| Others  | 118,359    | 436,069   |
|   | 16,956,822 | 3,854,666 |

14. **Taxation Payable:**

- (a) The movement on this account during the year was as follows:

|  | 2005      | 2004      |
|--|-----------|-----------|
|  | N'000     | N'000     |
| Beginning of year                        | 215,335   | 153,519   |
| Current year charge (see Note (c) below) | 200,474   | 202,175   |
| Payments during the year                 | (199,525) | (140,359) |
| End of year                              | 219,284   | 215,335   |

(b) The movement on deferred tax account during the year was as follows:

|                     | 2005    | 2004    |
|---------------------|---------|---------|
|                     | N'000   | N'000   |
| Beginning of year   | 226,219 | 114,117 |
| Charge for the year | 49,044  | 112,102 |
| End of year         | 275,263 | 226,219 |

(c) The tax charge for the year comprises:

|                     | 2005    | 2004    |
|---------------------|---------|---------|
|                     | N'000   | N'000   |
| Income tax          | 167,767 | 168,581 |
| Education tax       | 32,707  | 33,594  |
|                     | 200,474 | 202,175 |
| Deferred tax charge | 49,044  | 112,102 |
|                     | 249,518 | 314,277 |

The current tax charge has been computed at the current company income tax rate of 30% (2004: 30%) plus 2% (2004: 2%) Education Levy for the year on the profit for the year after adjusting for certain items of income and expenditure which are not deductible or chargeable for tax purposes.

**15. Dividend Payable:**

The movement on this account during the year was as follows:

|                          | 2005      | 2004      |
|--------------------------|-----------|-----------|
|                          | N'000     | N'000     |
| Beginning of year        | 300,000   | 135,000   |
| Proposed dividend        | -         | 300,000   |
| Payments during the year | (300,000) | (135,000) |
| End of year              | -         | 300,000   |

16. **Share Capital:**

Share capital comprises:

|  | 2005      | 2004      |
|--|-----------|-----------|
|  | N'000     | N'000     |
| (a) Authorised:  |           |           |
| 12,000,000,000 (2004: 4,000,000,000<br>ordinary shares of 50k each)        | 6,000,000 | 2,000,000 |
|  | 6,000,000 | 2,000,000 |
| Issued and fully paid:   |           |           |
| 8,111,214,625 ordinary shares of 50k each<br>(2004: 3,000,000 of 50k each) | 4,055,607 | 1,500,000 |
|  | 4,055,607 | 1,500,000 |

(b) The movement on this account during the year was as follows:

|   | 2005      | 2004      |
|---|-----------|-----------|
|   | N'000     | N'000     |
| Balance, beginning of year                  | 1,500,000 | 1,350,000 |
| Bonus issue capitalized                     | 500,000   | 150,000   |
| Offer for subscription (See note (c) below) | 2,055,607 | -         |
|   | 4,055,607 | 1,500,000 |
| Balance, end of year                        | 4,055,607 | 1,500,000 |

(c) During the year, the Bank offered 4,000,000,000 ordinary shares for subscription at ₦2.90 per share, out of which 4,111,214,625 were allotted and paid for. The proceeds from the offer was accounted as follows:

|   | 2005        |
|---|-------------|
|   | N'000       |
| Gross Proceeds from Offer   | 11,922,522  |
| Share issue expenses  | (1,054,943) |
|   | 10,867,579  |
| Net proceeds  | 10,867,579  |
| Transfer to issued and fully paid share capital account<br>(see note (b) above) | (2,055,607) |
| Transfer to share premium account (see note 18)                                 | (8,811,972) |
|   | -           |
|   | -           |

**17. Bonus Issue Reserve:**

The movement on this account during the year was as follows:

|   | 2005      | 2004      |
|---|-----------|-----------|
|   | N'000     | N'000     |
| Balance, beginning of year                        | 500,000   | 150,000   |
| Transfer from share premium (See note (18) below) | 276,218   | 329,536   |
| Transfer to paid-up share capital                 | (500,000) | (150,000) |
| Transfer from general reserve (See note (21))     | 303,155   | 170,464   |
|   | 579,373   | 500,000   |

- (a). Subsequent to the balance sheet date, the directors proposed a bonus issue of one ordinary share for every seven existing shares as at year end. Accordingly, an amount of N579 million has been transferred to a bonus issue reserve account.

**18. Share premium:**

|   | 2005      | 2004      |
|---|-----------|-----------|
|   | N'000     | N'000     |
| Balance, beginning of year                    | -         | 329,536   |
| Transfer to bonus issue reserve (see note 17) | (276,218) | (329,536) |
| Premium from share issue (see note 16c)       | 8,811,972 | -         |
|   | 8,535,754 | -         |

**19. Statutory reserve:**

The movement on this account during the year was as follows:

|                                       | 2005    | 2004    |
|---------------------------------------|---------|---------|
|                                       | N'000   | N'000   |
| Balance, beginning of year            | 487,785 | 296,543 |
| Transfer from profit and loss account | 150,455 | 191,242 |
|                                       | 638,240 | 487,785 |

In accordance with existing legislation, the Bank transferred 30% (2004: 30%) of its profit after taxation to statutory reserve.

20. **Small and medium Industries reserve:**

The movement on this account during the year was as follows:

|                                       | 2005    | 2004    |
|---------------------------------------|---------|---------|
|                                       | N'000   | N'000   |
| Balance, beginning of year            | 187,847 | 92,672  |
| Transfer from profit and loss account | 75,103  | 95,175  |
|                                       | 262,950 | 187,847 |

In accordance with Monetary, Credit, Foreign Trade & Exchange Policy Guidelines for 2001 fiscal year of the Central Bank of Nigeria, 10% of profit before taxation for the year ended 31 March 2005 (2004: 10%) has been transferred to small and medium industries reserve.

21. **General reserve:**

The movement on this account during the year was as follows:

|   | 2005      | 2004      |
|---|-----------|-----------|
|   | N'000     | N'000     |
| Beginning of year                             | 27,198    | 146,606   |
| Transfer from profit and loss account         | 275,957   | 51,056    |
| Transfer to bonus issue reserve (see note 17) | (303,155) | (170,464) |
| End of year                                   | -         | 27,198    |

22. **Acceptances, Bonds, Guarantees and Other Obligations:**

These comprise:

(a) Amounts for the account of customers

|  | 2005       | 2004       |
|--|------------|------------|
|  | N'000      | N'000      |
| Guaranteed BAs/CPs                         | 1,520,000  | 2,670,937  |
| Transaction-related bonds and guarantees   | 5,336,187  | 3,572,667  |
| Letters of Credit                          | 7,641,220  | 6,882,336  |
| Guaranteed Facilities (see Note (b) below) | 265,700    | 267,700    |
|  | 14,763,107 | 13,393,640 |



(b) This represents amount disbursed by Afrexim to customers for which the Bank served as guarantor.

(c) **Claims and Litigation**

There are litigation claims against the Bank as at 31 March 2005 amounting to ₦3,263,441,085 (2004: ₦805 Million). These claims arose in the normal course of business and are being contested by the Bank. The Directors, having sought the advice of professional legal counsel, are of the opinion that no significant liability will crystallize from these cases. No provisions are therefore deemed necessary for these claims.

**23. Interest and Discount Income:**

Interest and discount income comprise:

|                                       | 2005      | 2004      |
|---------------------------------------|-----------|-----------|
|                                       | ₦'000     | ₦'000     |
| Source:                               |           |           |
| Lending to Financial Institutions     | 72,774    | 50,794    |
| Lending to non-bank customers         | 2,717,325 | 1,893,938 |
| Interest Income on Securities trading | 1,139,149 | 801,126   |
|                                       | 3,929,248 | 2,745,858 |
| Geographical location:                |           |           |
| Earned in Nigeria                     | 3,908,555 | 2,741,499 |
| Earned outside Nigeria                | 20,693    | 4,359     |
|                                       | 3,929,248 | 2,745,858 |

**24. Interest Expense:**

Interest expense comprises:

|  | 2005      | 2004      |
|--|-----------|-----------|
|  | ₦'000     | ₦'000     |
| Source:                                |           |           |
| Borrowing from Financial Institutions  | 182,959   | 129,937   |
| Borrowing from non-bank depositors     | 972,521   | 800,556   |
| Interest expense on Securities trading | 421,075   | 514,840   |
|  | 1,576,555 | 1,445,333 |

|                        |                  |                  |
|------------------------|------------------|------------------|
| Geographical location: |                  |                  |
| Paid in Nigeria        | 1,529,470        | 1,427,045        |
| Paid outside Nigeria   | 47,085           | 18,288           |
|                        | <u>1,576,555</u> | <u>1,445,333</u> |

25. **Provision:**

(a) Provision for risk assets comprise:

|   | <u>2005</u>    | <u>2004</u>    |
|---|----------------|----------------|
|   | N'000          | N'000          |
| Loans and advances:   |                |                |
| - Specific  | 713,801        | 286,304        |
| - General   | 47,159         | 51,139         |
|   | <u>760,960</u> | <u>337,443</u> |
| Other facilities  | -              | 4,685          |
| Provision for advances under finance lease                  | 14,677         | 430            |
| General Provision no longer required<br>on other facilities | (4,685)        | -              |
| Loan amount written off                                     | -              | 15,100         |
|   | <u>770,952</u> | <u>357,658</u> |

(b) Provision for other assets and bank balances comprise:

|                               | <u>2005</u>    | <u>2004</u>   |
|-------------------------------|----------------|---------------|
|                               | N'000          | N'000         |
| Other assets (see note 6(b))  |                |               |
| - Write back during the year  | -              | (9,578)       |
| - Provision during the year   | 131,943        | 37,831        |
|                               | <u>131,943</u> | <u>28,253</u> |
| Bank balances (see note 1(a)) | 81,533         | -             |
|                               | <u>213,476</u> | <u>28,253</u> |

26. **Other Banking Income:**

This comprises:

|   | 2005      | 2004      |
|---|-----------|-----------|
|   | N'000     | N'000     |
| Income from foreign exchange transactions | 580,484   | 391,749   |
| Commissions and similar income            | 1,356,398 | 1,092,655 |
| Fees                                      | 1,090,242 | 725,208   |
| Lease rental                              | 523,278   | 517,076   |
| Other income                              | 15,205    | 42,540    |
|   | 3,565,607 | 2,769,228 |

27. **Profit before Taxation**

(a) General:

Profit before taxation for the year is stated after charging/(crediting) the following:

|                                    | 2005    | 2004    |
|------------------------------------|---------|---------|
|                                    | N'000   | N'000   |
| Depreciation on fixed assets       | 466,629 | 311,914 |
| Depreciation on equipment on lease | 260,235 | 205,408 |
| Auditors' remuneration             | 13,000  | 14,000  |
| Deposit insurance premium          | 103,365 | 90,538  |
| Profit on disposal of fixed assets | (8,009) | (3,922) |
|                                    | 465,220 | 617,938 |

(b) Staff and directors' costs:

i. Employees' cost including those of executive directors, during the year amounted to:

|                     | 2005      | 2004    |
|---------------------|-----------|---------|
|                     | N'000     | N'000   |
| Wages and salaries  | 1,198,172 | 885,843 |
| Other pension costs | 15,445    | 10,450  |
|                     | 1,213,617 | 896,293 |

ii. The average number of persons employed during the year was:

|             | 2005   | 2004   |
|-------------|--------|--------|
|             | Number | Number |
| Managerial  | 78     | 60     |
| Other staff | 273    | 256    |
|             | 351    | 316    |

iii. Employees, other than directors, earning more than ₦60,000 per annum, whose duties were wholly or mainly discharged in Nigeria, received emoluments (excluding pension contributions and certain benefits) in the following ranges:

|                           | 2005   | 2004   |
|---------------------------|--------|--------|
|                           | Number | Number |
| ₦ 240,001 - ₦ 250,000     | -      | 6      |
| ₦ 610,001 - ₦ 620,000     | 8      | 2      |
| ₦ 900,001 - ₦ 910,000     | 4      | -      |
| ₦ 1,190,001 - ₦ 1,200,000 | 0      | 104    |
| ₦ 1,490,001 - ₦ 1,500,000 | 100    | -      |
| ₦ 1,890,001 - ₦ 1,900,000 | -      | 49     |
| ₦ 2,370,001 - ₦ 2,380,000 | 66     | -      |
| ₦ 2,390,001 - ₦ 2,400,000 | -      | 54     |
| ₦ 2,840,001 - ₦ 2,850,000 | -      | 30     |
| ₦ 2,990,001 - ₦ 3,000,000 | 48     | -      |
| ₦ 3,440,001 - ₦ 3,450,000 | -      | 24     |
| ₦ 3,490,001 - ₦ 3,500,000 | 46     | -      |
| ₦ 3,940,001 - ₦ 3,950,000 | -      | 16     |
| ₦ 3,980,001 - ₦ 3,990,000 | 2      | -      |
| ₦ 4,310,001 - ₦ 4,320,000 | 24     | -      |
| ₦ 4,930,001 - ₦ 4,940,000 | 18     | -      |
| ₦ 5,390,001 - ₦ 5,400,000 | -      | 10     |
| ₦ 5,990,001 - ₦ 6,000,000 | -      | 12     |
| ₦ 6,750,001 - ₦ 6,760,000 | 16     | -      |
| ₦ 6,990,001 - ₦ 7,000,000 | -      | 4      |
| ₦ 7,490,000 - ₦ 7,500,000 | 9      | -      |
| ₦ 8,640,001 - ₦ 8,650,000 | -      | 1      |

|                           | 2005   | 2004   |
|---------------------------|--------|--------|
|                           | Number | Number |
| ₦ 8,750,000 - ₦ 8,760,000 | 6      | -      |
| ₦10,090,001 - ₦10,100,000 | -      | 2      |
| ₦10,100,000 - ₦10,110,000 | -      | 2      |
| ₦10,810,000 - ₦10,820,000 | 3      | -      |
| ₦12,620,000 - ₦12,630,000 | 1      | -      |
|                           | 351    | 316    |
|                           | 351    | 316    |

(c) Directors' remuneration:

Remuneration paid to directors of the Bank (excluding pension contributions and other benefits) was as follows:

|                     | 2005   | 2004   |
|---------------------|--------|--------|
|                     | ₦'000  | ₦'000  |
| Fees as directors   | 430    | 359    |
| Other emoluments:   |        |        |
| Executive directors | 38,037 | 28,610 |
| Other directors     | 15,618 | 13,216 |
|                     | 54,085 | 42,185 |
|                     | 54,085 | 42,185 |

The directors' remuneration shown above includes:

|                        | 2005   | 2004   |
|------------------------|--------|--------|
|                        | ₦'000  | ₦'000  |
| Chairman               | 2,755  | 2,250  |
| Highest paid director: | 14,591 | 14,555 |
|                        | 14,591 | 14,555 |

The emoluments of all other directors fell within the following ranges:

|                           | 2005   | 2004   |
|---------------------------|--------|--------|
|                           | Number | Number |
| ₦2,500,001 - ₦3,000,000   | 6      | 4      |
| ₦3,000,001 - ₦3,010,000   | -      | 1      |
| ₦9,000,000 - ₦9,500,000   | 1      | -      |
| ₦14,050,001 - ₦14,060,000 | -      | 1      |
| ₦14,060,001 - ₦14,100,000 | 1      | -      |
|                           | 6      | 6      |
|                           | 6      | 6      |

**28. Earnings and Dividend per Share:**

Unadjusted earnings per share and dividend per share are based on the profit after taxation and a weighted average number of ordinary shares outstanding during the year ended 31 March 2005 of 4,342,601,219 (2004: 3,000,000,000).

Adjusted earnings per share are based on the profit after taxation and the number of ordinary shares outstanding during the year ended 31 March 2005 (excluding ordinary shares from fresh issues during the year) of 4,000,000,000 (2004: 3,000,000,000).

**29. Net cash flow from operating activities before changes in operating assets:**

This comprises:

|   | 2005      | 2004      |
|---|-----------|-----------|
|   | N'000     | N'000     |
| Profit before taxation  | 751,033   | 951,750   |
| Adjustments to reconcile profit before taxation to net cash flow from operations: |           |           |
| - depreciation on fixed assets  | 466,629   | 311,914   |
| - depreciation on equipment on lease  | 260,235   | 205,408   |
| - profit on disposal of fixed assets  | (8,009)   | (3,922)   |
| - fixed asset written off   | 7,190     | -         |
| - provision for risk assets   | 770,952   | 357,658   |
| - provision on other assets (Note 25 (b))   | 213,476   | 28,253    |
| Net cash flow from operating activities   | 2,461,506 | 1,851,061 |

30. **Changes in operating assets:**

This comprises:

|   | 2005         | 2004        |
|---|--------------|-------------|
|   | N'000        | N'000       |
| (Increase)/decrease in operating assets:      |              |             |
| - Short-term investments                      | (213,238)    | (5,917,855) |
| - Loans and advances                          | (5,482,742)  | (5,308,694) |
| - Other facilities                            | 468,475      | -           |
| - Advances under finance lease                | (119,428)    | (42,993)    |
| - Other assets                                | (24,447,292) | 1,541,921   |
| - Reclassification to other assets            | 1,191        | 11,288      |
| Increase/(decrease) in operating liabilities: |              |             |
| - Deposits and other accounts                 | 9,883,668    | 13,415,045  |
| - Due to banks                                | 1,940,372    | (506,852)   |
| - Other facilities                            | (468,475)    | -           |
| - Other liabilities                           | 13,102,156   | (5,293,592) |
|   | (5,335,313)  | (2,101,732) |

31. **Related Party Transactions:**

During the year, the Bank granted various credit facilities to companies whose directors are also directors of Access Bank Plc at rates and terms comparable to other facilities in the Bank's portfolio. An aggregate of ₦2,391,322,000 (2004: ₦767,281,000) was outstanding on these various facilities at the end of the year, of which ₦195,887,000 (2004: Nil) were non-performing. Details of the non-performing credits are on note 31 (1).

**31 (1) - Insider Credits**

| S/No. | Name of Borrower                 | Acct No        | Relationship to Reporting Institution | Date Granted | Expiry Date | Rate of interest | Principal | Cummulative interest | Total provision | Payment made | Outstanding Credit |                | Perfected Security |         | Date of Valuation | Remarks       |
|-------|----------------------------------|----------------|---------------------------------------|--------------|-------------|------------------|-----------|----------------------|-----------------|--------------|--------------------|----------------|--------------------|---------|-------------------|---------------|
|       |                                  |                |                                       |              |             |                  |           |                      |                 |              | Performing         | Non performing | Nature             | Value   |                   |               |
|       |                                  |                |                                       |              |             | %                | N'000     | N'000                | N'000           | N'000        | N'000              | N'000          | Nature             | N'000   |                   |               |
| 1.    | DotDot Nigeria Limited           | 0140150000434  | Ex-Director                           | 04/30/03     | 07/30/03    | 22.5             | 9,700     | 1,820                | 4,992           | 6,528        | 0                  | 4,992          | Mortgage           | 11,500  | Apr-03            | Not perfected |
|       |                                  |                |                                       |              |             |                  |           |                      |                 |              |                    |                | PG                 | 9,700   | Apr-03            | Perfected     |
| 2.    | Coscharis Motors Ltd             | 0140010000883  | Director                              | 08/29/03     | 01/10/05    | 23.0             | 660,000   | 123,828              | 0               | 260,000      | 150,000            | 0              | Legal Mortgage     | 15,000  | Nov-04            | Not perfected |
|       |                                  |                |                                       |              |             |                  |           |                      |                 |              | 144,733            | 0              | Debenture          | 100,000 | Nov-04            | Perfected     |
|       |                                  |                |                                       |              |             |                  |           |                      |                 |              | 110,000            | 0              | PG                 |         | Nov-04            | Perfected     |
|       |                                  |                |                                       |              |             |                  |           |                      |                 |              |                    |                | Legal Mortgage     | 35,000  | Nov-04            | Not perfected |
|       |                                  |                |                                       |              |             |                  |           |                      |                 |              |                    |                | Lien on Shares     | 585,647 | Nov-04            |               |
| 3.    | Macaw Communication              | 01400100006019 | Ex-Director                           | 08/20/02     | 02/18/04    | 8.0              | 222,381   | 25,796               | 0               | 130,216      | 117,961            | 0              | PG                 | 0       |                   | Perfected     |
|       |                                  |                |                                       |              |             |                  |           |                      |                 |              |                    |                | Legal Mortgage     |         |                   | Perfected     |
| 4.    | Integrated Wireless Technologies | 0140010002040  | Director                              | 08/09/04     | 08/08/05    | 22.5             | 20,000    | 6,661                | 0               | 6,661        | 20,000             | 0              | Debenture          | 61,900  | Aug-04            | Perfected     |
|       |                                  |                |                                       |              |             |                  |           |                      |                 |              |                    |                | PG                 |         |                   | Perfected     |



**31 (1) - Insider Credits (Cont'd)**

| S/No. | Name of Borrower                    | Acct No       | Relationship to Reporting Institution | Date Granted          | Expiry Date | Rate of interest | Principal | Cumulative interest | Total provision | Payment made | Outstanding Credit |                | Perfected Security              |           | Date of Valuation | Remarks       |
|-------|-------------------------------------|---------------|---------------------------------------|-----------------------|-------------|------------------|-----------|---------------------|-----------------|--------------|--------------------|----------------|---------------------------------|-----------|-------------------|---------------|
|       |                                     |               |                                       |                       |             |                  |           |                     |                 |              | Performing         | Non performing | Nature                          | Value     |                   |               |
|       |                                     |               |                                       |                       |             | %                | ₦'000     | ₦'000               | ₦'000           | ₦'000        | ₦'000              | ₦'000          |                                 | ₦'000     |                   |               |
| 5.    | Aluko & Oyebode                     | 0020010002960 | Chairman                              | 11/28/03              | 03/09/06    | 22.5             | 35,000    | 16,130              | 0               | 14,480       | 11,597             | 0              | Lien on Equipment               | 20,311    | Nov-03            | Perfected     |
|       |                                     |               |                                       |                       |             |                  |           |                     |                 | 7,188        |                    |                | PG                              |           |                   | Perfected     |
|       |                                     |               |                                       |                       |             |                  |           |                     |                 | 6,832        |                    |                |                                 |           |                   |               |
|       |                                     |               |                                       |                       |             |                  |           |                     |                 |              |                    |                | Cash backed                     | 5,200     |                   | Perfected     |
| 6.    | Combined Ind Agro Con               | 0140010011802 | Chairman                              | 01/30/04              | 06/30/06    | 23.0             | 102,000   | 28,656              | 0               | 28,656       | 102,000            | 0              | Mortgage                        | 100,000   | May-03            | Not perfected |
|       |                                     |               |                                       |                       |             |                  |           |                     |                 |              |                    |                | Domiciliation                   | \$1,000   | May-03            |               |
|       |                                     |               |                                       |                       |             |                  |           |                     |                 |              |                    |                | Domiciliation                   | \$630,000 | May-03            |               |
|       |                                     |               |                                       |                       |             |                  |           |                     |                 |              |                    |                | Lien on Shares                  | 146,122   | Nov-04            | Perfected     |
| 7.    | Wigwe Christian                     | 0140020006445 | Director                              | 03/29/04              | 04/28/04    | 22.5             | 3,000     | 209                 | 0               | 3,186        | 3,000              | 0              | Domiciliation                   | 3,000     | Mar-04            |               |
| 8.    | MTN Nigeria Communications          | 0140010022718 | Director                              | 12/08/04              | 02/15/05    | 19.0             | 993,900   | 345,338             | 0               | 345,338      | 993,900            | 0              | Pari Pasu Interest on Debenture | 993,900   | Dec-05            | Perfected     |
| 9.    | TeleAfrica Nigeria Limited          | 0140150001379 | Ex-Director                           | Long outstanding debt |             |                  | 14,461    | 4,788               | 20,557          | 0            | 0                  | 20,557         |                                 |           | N/A               |               |
| 10.   | Union Dicon Salt Plc                | 0110010000014 | Ex-Director                           | 06/14/04              | 06/27/04    | 22.5             | 100,000   | 45,611              | 0               | 22,894       | 0                  | 122,707        |                                 | 540,000   |                   |               |
| 11.   | Access Investment & Sec Ltd (AISEC) | 0140150000332 | Subsidiary                            | 04/08/02              | 01/31/03    | 22.5             | 35,422    | 12,210              | 47,631          | 0            | 0                  | 47,631         |                                 | 0         |                   |               |
| 12.   | Henige Productions Nig. Ltd.        | 0240010001846 | Director                              | 07/29/04              | 01/31/06    | 29.0             | 80,000    | 16,671              | 0               | 16,671       | 80,000             | 0              | Legal Mortgage                  | 38        | Jul-04            | Not perfected |

| S/No.        | Name of Borrower         | Acct No       | Relationship to Reporting Institution | Date Granted | Expiry Date | Rate of interest | Principal | Cummulative interest | Total provision | Payment made | Outstanding Credit |                | Perfected Security |           | Date of Valuation | Remarks       |
|--------------|--------------------------|---------------|---------------------------------------|--------------|-------------|------------------|-----------|----------------------|-----------------|--------------|--------------------|----------------|--------------------|-----------|-------------------|---------------|
|              |                          |               |                                       |              |             |                  |           |                      |                 |              | Performing         | Non performing | Nature             | Value     |                   |               |
|              |                          |               |                                       |              |             | %                | ₦'000     | ₦'000                | ₦'000           | ₦'000        | ₦'000              | ₦'000          |                    | ₦'000     |                   |               |
| 13.          | Divine-Pharmacy Nig. Ltd | 0080010007507 | Chairman                              | 01/26/05     | 01/25/06    | 19.0             | 1,000     | 43                   | 0               | 43           | 1,000              | 0              | PG                 | 1,000     | Jan-05            | Perfected     |
| 14.          | Okumu Oil palm Coy. Ltd  | 0230010002868 | Chairman                              | 08/02/04     | 12/31/07    | 19.0             | 250,000   | 47,910               | 0               | 47,910       | 250,000            | 0              | Debenture          | 3,800,000 | Aug-04            | Not perfected |
|              |                          |               |                                       |              |             |                  |           |                      |                 |              |                    |                | Cash Backed        | 150,000   |                   |               |
| 15.          | Blatech Ltd              | 0140010008717 | Director                              | 06/12/04     | 12/09/04    | 27.0             | 140,000   | 16,992               | 0               | 26,993       | 130,000            | 0              | Lien On Shares     | 228,900   | Jun-04            | Perfected     |
| 16.          | Wemy Industries Ltd      | 0140010000114 | Ex-Director                           | 10/13/03     | 08/18/05    | 22.5             | 127,700   | 14,427               | 0               | 76,524       | 81,244             | 0              | Debenture          | 250,000   | Nov-03            | Perfected     |
|              |                          |               |                                       |              |             |                  |           |                      |                 |              |                    |                | Legal Mortgage     | 175,000   | Nov-03            | Perfected     |
|              |                          |               |                                       |              |             |                  |           |                      |                 |              |                    |                | Legal Mortgage     | 182,400   | Nov-03            | Perfected     |
| <b>Total</b> |                          |               |                                       |              |             |                  | 2,794,564 | 707,090              | 73,180          | 1,000,120    | 2,195,435          | 195,887        |                    |           |                   |               |

32. **Contraventions:**

During the year, the Bank paid a total of N13 million being N1 million each for each of the following contraventions of BOFIA, 1991 and CBN circulars:

| <u>Section of BOFIA times</u> | <u>Nature of Contravention</u>   | <u>Number of</u> |
|-------------------------------|--|------------------|
| 24(1) (2), 25(2) and 28(1)    | Failure to disclose AISEC as one of its subsidiaries in the MBR 300 and for not reporting some director-related facilities in the QBR 650.   | 1                |
| 20(2) (a) (ii)                | Granting of facilities to some director-related companies without adequate securities.   | 1                |
| 20 (2) (f)                    | Acquiring real estate without the prior approval of the CBN.   | 1                |
| 47 & 60                       | Allowing fixed assets acquisition to exceed shareholders' fund contrary to CBN's directive.  | 1                |
| 6                             | Closure of two branches without prior approval of CBN  | 1                |
| 24 (1) (2) & 28 (1)           | Rendition of inaccurate returns to the regulatory authorities through the abuse of the use of Commercial Papers and Bankers Acceptances as well as the understatement of its fixed assets. | 1                |
| 19 (4) & 5                    | Failure to ensure execution of the Code of Conduct forms by the Managing Director/Chief Executive Officer, Deputy Managing Director and a director.  | 1                |
| 44 (2)(b)                     | Failure to service the facility granted to the company of a non-executive director of the bank.  | 1                |
| 15 (4) (a & c)                | Non attainment of statutory minimum liquidity ratio of 40%.  | 2                |

CBN Circulars

|  |  |   |
|--|--|---|
| CBN circulars of<br>20 <sup>th</sup> March, 1995   | Failure to provide minimum information<br>required in credit print-outs.   | 1 |
| CBN circulars of<br>31st March 2004                | Booking Commercial Papers and Bankers<br>Acceptances up to 255% of shareholders' fund.   | 1 |
| CBN circulars of<br>22 <sup>nd</sup> December 2000 | Lending to some customers<br>amounts that exceeded its single obligor<br>limit of ₦827.9 million as at 31 <sup>st</sup> March, 2004. | 1 |

**34. Capitalization plans**

Access Bank Plc, Capital Bank International Limited and Marina International Bank Limited are merging by way of a Scheme of Arrangement. The proposed merger is expected to bring about substantial cost savings, improved efficiency and an expanded product and customer range. Additionally, the merger is expected to achieve the minimum capital requirement for banks set at ₦25billion by the Central Bank of Nigeria, before 31 December, 2005. It is intended that the assets, liabilities and undertakings of Capital and Marina Banks will be transferred to Access Bank and Access Bank will issue its shares to the shareholders of Capital and Marina Banks. The name of the new entity will be Access Bank Plc.

**35. Prior-year Comparatives**

Certain prior year balances have been reclassified in line with current year presentation format.

## Statement of Value Added

|   | <u>2005</u>      |            | <u>2004</u>      |            |
|---|------------------|------------|------------------|------------|
|   | N'000            | %          | N'000            | %          |
| Gross earnings  | 7,494,855        |            | 5,515,086        |            |
| Interest expense  | (1,576,555)      |            | (1,445,333)      |            |
|   | <u>5,918,300</u> |            | <u>4,069,753</u> |            |
| Loan loss expense   | (770,952)        |            | (357,658)        |            |
| (Provision) on other<br>assets and bank balances  | (213,476)        |            | (28,253)         |            |
| Bought-in materials and services  | (2,242,358)      |            | (1,318,477)      |            |
|   | <u>2,691,514</u> | <u>100</u> | <u>2,365,365</u> | <u>100</u> |
| Applied to pay:   |                  |            |                  |            |
| Employee costs  | 1,213,617        | 45         | 896,293          | 38         |
| Government as taxes   | 249,518          | 9          | 314,277          | 13         |
| Shareholders as dividend  | -                | -          | 300,000          | 13         |
| Retained in the business:   |                  |            |                  |            |
| - Depreciation - Fixed asset  | 466,629          | 17         | 311,914          | 13         |
| Equipment on lease  | 260,235          | 10         | 205,408          | 9          |
| - Profit for the year<br>(including statutory and<br>small and medium industries<br>reserves) | 501,515          | 19         | 337,473          | 14         |
|   | <u>2,691,514</u> | <u>100</u> | <u>2,365,365</u> | <u>100</u> |

## Five-Year Financial Summary

|  | <u>2005</u>       | <u>2004</u>       | <u>2003</u>       | <u>2002</u>       | <u>2001</u>      |
|--|-------------------|-------------------|-------------------|-------------------|------------------|
|  | N'000             | N'000             | N'000             | N'000             | N'000            |
| <b>ASSETS:</b>   |                   |                   |                   |                   |                  |
| Cash and short-term funds                                      | 11,811,850        | 5,527,375         | 7,682,782         | 3,794,586         | 2,133,916        |
| Short-term investments   | 7,990,980         | 7,777,742         | 1,859,887         | 1,669,490         | 1,532,444        |
| Loans and advances   | 16,183,353        | 11,461,571        | 6,505,420         | 4,248,697         | 2,794,614        |
| Other facilities   | -                 | 463,790           | -                 | -                 | -                |
| Advances under finance lease                                   | 150,188           | 45,437            | 2,874             | 42,451            | -                |
| Other assets   | 27,213,502        | 2,898,153         | 4,468,327         | 583,469           | 708,516          |
| Long-term investments  | 394,500           | 307,000           | 257,000           | 114,018           | 122,250          |
| Fixed assets   | 2,417,425         | 1,843,687         | 1,400,052         | 890,230           | 736,217          |
| Equipment on lease   | 756,517           | 1,016,752         | 405,698           | -                 | -                |
|  | <u>66,918,315</u> | <u>31,341,507</u> | <u>22,582,040</u> | <u>11,342,941</u> | <u>8,027,957</u> |
| <b>LIABILITIES:</b>  |                   |                   |                   |                   |                  |
| Deposits and other accounts                                    | 32,607,703        | 22,724,035        | 9,308,990         | 6,475,336         | 4,859,315        |
| Due to banks   | 2,790,319         | 849,947           | 1,356,799         | -                 | 563,357          |
| Other facilities   | -                 | 468,475           | -                 | -                 | -                |
| Other liabilities  | 16,956,822        | 3,854,666         | 9,148,258         | 2,846,462         | 1,627,886        |
| Taxation payable   | 216,284           | 215,335           | 153,519           | 69,249            | 57,906           |
| Dividend payable   | -                 | 300,000           | 135,000           | -                 | -                |
| Deferred taxation  | 275,263           | 226,219           | 114,117           | 8,110             | -                |
|  | <u>52,846,391</u> | <u>28,638,677</u> | <u>20,216,683</u> | <u>9,399,157</u>  | <u>7,108,464</u> |
| <b>NET ASSETS:</b>   | <u>14,071,924</u> | <u>2,702,830</u>  | <u>2,365,357</u>  | <u>1,943,784</u>  | <u>919,493</u>   |
| <b>CAPITAL AND RESERVES:</b>                                   |                   |                   |                   |                   |                  |
| Share capital  | 4,055,607         | 1,500,000         | 1,350,000         | 1,350,000         | 600,000          |
| Bonus issue reserve  | 579,373           | 500,000           | 150,000           | -                 | 150,000          |
| Share premium  | 8,535,754         | -                 | 329,536           | 479,536           | -                |
| Statutory reserves   | 638,240           | 487,785           | 296,543           | 129,571           | 129,571          |
| Small and medium industries reserve                            | 262,950           | 187,847           | 92,672            | 11,608            | 11,608           |
| General reserve  | -                 | 27,198            | 146,606           | (26,931)          | 28,314           |
|  | <u>14,071,924</u> | <u>2,702,830</u>  | <u>2,365,356</u>  | <u>1,943,784</u>  | <u>919,493</u>   |
| Commitments and Contingencies                                  | <u>14,763,107</u> | <u>13,393,640</u> | <u>6,376,970</u>  | <u>2,735,705</u>  | <u>1,318,690</u> |
| <b>Total Assets and Contingencies</b>                          | <u>81,681,422</u> | <u>44,735,147</u> | <u>28,959,010</u> | <u>14,078,646</u> | <u>9,346,647</u> |
| Gross earnings   | <u>7,494,855</u>  | <u>5,515,086</u>  | <u>4,367,887</u>  | <u>2,604,378</u>  | <u>1,589,555</u> |
| Profit/(loss) on ordinary activities before exceptional charge | 751,033           | 951,750           | 1,010,805         | (17,947)          | 116,081          |
| Exceptional charge   | -                 | -                 | (200,166)         | -                 | -                |
| Profit/(loss) before taxation                                  | 751,033           | 951,750           | 810,639           | (17,947)          | 116,081          |
| Profit/(loss) after taxation                                   | 501,515           | 637,473           | 556,573           | (55,245)          | 77,743           |
| Dividend   | -                 | 300,000           | 135,000           | -                 | -                |
| Unadjusted Earnings/(loss) per share                           | 12k               | 21k               | 21k               | (2k)              | 6k               |
| Adjusted Earnings/(loss) per share                             | 12k               | 16k               | 14k               | (1k)              | (2k)             |
| Dividend per share   | -                 | 10k               | 5k                | -                 | -                |
| Number of ordinary shares of 50k                               | 8,111,215         | 3,000,000         | 2,700,000         | 2,700,000         | 1,200,000        |